



2025

Franchise Disclosure Document



SURE DOCUMENT

Taco John's International, Inc. ~~(a~~
(a Wyoming
corporation) 1650 West End
Blvd., Suite 200 St. Louis Park,
MN 55416 (307) 635-0101
www.tacjohns.com
www.tacjohnsfranchise.com
FranDev@tacjohns.com

The franchise offered is to develop and operate a Taco John's Restaurant that ~~serves~~offers for sale various food
products prepared on site, mainly Mexican food, ~~for carry-out or consumption on the premises~~purchase through
dine-in, carryout, or drive-thru.

The total investment necessary to begin operation of a Taco John's franchise varies depending upon the

size and seating capacity of the Taco John's Restaurant. The total investment ~~(except for real estate)~~ for a freestanding traditional restaurant ~~ranges~~ from \$~~1,365,000~~811,400 to \$~~2,120,000~~2,034,250, for an endcap traditional restaurant ranges from \$~~805,000~~802,310 to \$~~1,342,000~~1,418,750, and for a ~~DT Digital Olé—traditional~~drive-thru focused freestanding restaurant ranges from \$~~985,000~~1,066,100 to \$~~1,745,000~~2,010,750. This includes \$40,000 that must be paid to us. For a non-traditional restaurant the total investment ranges from \$~~390,000~~454,175 to \$~~632,000~~843,000. This includes \$15,000 ~~to \$40,000 that must be paid to the franchisor for the Initial Franchise Fee~~that must be paid to us.

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

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 Taco John's International, Inc., at 1650 West End Blvd., Suite 200, St. Louis Park, MN 55416 and (307) 635-0101.

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

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

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

Issuance Date: March 31, ~~2025, as amended July 17, 2025.~~2026

~~FOR USE IN: AL, AK, AZ, AR, CA, CO, CT, DE, DC, GA, FL, ID, IL, IN, IA, KS, KY, LA, ME, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI, WY, and U.S. TERRITORIES (see State Effective Dates page for effective dates in certain states.)~~Taco John's FDD (March 31, 2026)

~~NOT FOR USE IN: HI or MD.~~

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require

you to make additional investments in your franchise business or may harm your franchise business.

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

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

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

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

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

Some States Require Registration

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

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 Minnesota. 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 Minnesota than in your own state.

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

INFORMATION FOR PROSPECTIVE FRANCHISEES IN

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY
THE 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~~ FRANCHISE INVESTMENT LAW

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

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

- (A) A prohibition on the right of a franchisee to join an association of franchisees.
- (B) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act (the Michigan Franchise Investment Law¹). This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (C) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (D) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.
- (E) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (F) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state. (The above language has been included in this Disclosure Document as a condition for registration. We and you do not agree that the parties are restricted from choosing to conduct arbitration outside of Michigan and believe that each of the provisions of the Franchise Agreement, including each of the arbitration provisions, is fully enforceable. We and you intend to rely on the federal pre-emption under the Federal Arbitration Act.)
- (G) A provision which permits a franchisor to refuse to permit a transfer of ownership of a

franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed franchisee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

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

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

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 the notice should be directed to:

State of Michigan
Department of Attorney General
Corporate Oversight Division
Attn: Franchise ~~Section—Consumer Protection Division~~
G-670 G. Mennen Williams Building, ~~1st Floor~~ 525 W.
Ottawa Street
Lansing, Michigan 4893348909 Telephone Number: (517)
373-7117335-7567

Despite subparagraph (F) above, we intend to enforce fully the provisions of the arbitration

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sections contained in our Area Development Agreement and Franchise Agreement. We believe that subparagraph

(F) is unconstitutional and cannot preclude us from enforcing our arbitration sections. If you acquire a franchise, you acknowledge that we will seek to enforce those sections as written, and that the terms of the Area Development Agreement and Franchise Agreement will govern our relationship with you, including the specific requirements of the arbitration sections.

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ATTACHMENT A Franchise Agreement

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~~Exhibit I—Addendum to Area Development Agreement~~

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Addenda ATTACHMENT ~~N~~ K Receipts

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

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

We are a Wyoming corporation incorporated on May 7, 1985. Our principal business address is 1650 West End Blvd., Suite 200, St. Louis Park, Minnesota 55416 and our telephone number is 307-635-0101. We do business under our corporate name and as "Taco John's." Our agents for service of process are listed on Attachment GF. There are no parents or predecessors that are required to be disclosed in the Disclosure Document.

~~In March 2020, we relocated our franchise support services departments, consisting of operations, marketing, supply chain, research and development, training, and restaurant technology, to 1650 West End Boulevard, Suite 200, St. Louis Park, Minnesota 55416, telephone number 800-854-0819. Between February and July 2025, we relocated our administrative services departments to our St. Louis Park office.~~

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

~~The Taco John's concept was first developed in 1969 by Woodson Holmes Enterprises, Inc., a Wyoming corporation formed on February 10, 1969 ("Woodson Holmes"). Prior to our formation in 1985, Woodson Holmes operated Taco John's Restaurants and franchised Taco John's Restaurants to third parties. In 1985, Woodson Holmes was merged into what is presently known as Taco John's International, Inc., at which time we began operating our own Taco John's Restaurants and franchising Taco John's Restaurants.~~ As of December 31, ~~2024~~2025, there were a total of ~~340~~327 Taco John's Restaurant units ~~in 22 states. This includes 333,~~ including 316 franchised Taco John's Restaurants and ~~seven~~11 company-owned and operated Taco John's Restaurants. We are not engaged in any other line of business. ~~Woodson Holmes may be deemed a predecessor of ours.~~

~~In 2015, we began offering Area Development Agreements for the sale of multiple Taco John's Restaurants. As of December 31, 2024, there were seven Area Development Agreements to develop Restaurants at various locations.~~

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

through a reorganization of

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

We have, in some limited situations, allowed a Franchisee to operate its restaurant facility as a dual branded unit, offering products authorized under the Restaurant System together with products licensed from an independent third party. As of December 31, ~~2024~~2025, there was one Franchisee-owned Taco John's/Steak Escape restaurant located in South Dakota, and two Franchisee-owned Taco John's/Good Times Burgers and Frozen Custard restaurants located in Wyoming.

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

Taco John's Franchise Agreement

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

Traditional Taco John's Restaurants. Our feature concept is our traditional restaurant concept, which has three prototype building models: a freestanding building, an endcap location in a shopping mall, strip mall or alternative facility with our approval, and a DT (drive-thru) Digital Olé building. The freestanding building and endcap location models typically have a Premises size of 1,800 to 2,250 square feet with the capacity to seat 20 to 40 patrons and with drive-thru window service. The DT Digital Olé models are designed for smaller markets and typically have a Premises size of 946 to 1,500 square feet and focus on drive-thru, pickup, and walk-up service with limited or no seating. These DT Digital Olé models are currently being offered on a limited test basis only by invitation from us based on several factors including, but not limited to, the franchisee's geographic location, overall business experience, operating experience within the Taco John's system, and available capitalization and funding resources. Our DT Digital Olé models include the "DT Digital Olé" (without seating) and the "DT Digital Olé+" (with seating). Unless otherwise noted, references in this Disclosure Document to our traditional restaurant ~~refers~~refer to the freestanding, endcap, and DT Digital Olé models. See Item 7 for additional information on each of these restaurant designs.

Non-Traditional Taco John's Restaurants. The second franchise concept is for non-traditional locations. A non-traditional location is a venue or facility where the primary purpose of the consumer's visit is typically for reasons other than the purchase of goods from a Taco John's Restaurant. Examples include airports and other transportation hubs, travel plazas, hospitals, college campuses and other educational facilities, convention centers, grocery stores, department stores, "big box" retail centers, sports arenas and stadiums, hotels and office buildings, military installations (Army and Air Force Exchange Services), and food courts. Typically, these are full-service restaurants with a Premises size of ~~675~~600 to 2,000 square feet. Non-traditional locations typically do not have a drive-thru window.

We franchise both concepts under our standard form of Franchise Agreement. ~~In some cases,~~

~~we~~We may modify certain terms of the Franchise Agreement for non-traditional locations to address different conditions and circumstances. See the Non-Traditional Facility Rider, which is attached to the Franchise Agreement as Exhibit V.

Taco John's Area Development Agreement

Certain qualified persons or entities may also be offered the right to develop and operate multiple Taco John's Restaurants in a designated geographical area (the "Development Area") under the terms of an Area Development Agreement ("ADA"). You must meet our multi-unit development criteria to enter an ADA with us. Our current standard form of ADA ~~for the development of Taco John's Restaurants~~ is attached as Attachment B. In the sections of this Disclosure Document where we describe the ADA, we will refer to a person who has been granted rights under such agreement as "you" or the "Developer." A Developer must sign our then-current form of Franchise Agreement for each Taco John's Restaurant opened in the Development Area, ~~which~~and each Franchise Agreement may be materially different from the form of Franchise Agreement attached to this Disclosure Document. The ADA states the number of Taco John's Restaurants that you must open in your Development Area, at specific locations accepted by us. The deadlines for opening and commencing operations of those Restaurants will be described in a Development Schedule which establishes the number of Restaurants you must have open and continuously operating by certain established dates.

The Market and Competition

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

Laws and Regulations

The food industry is regulated. You must investigate and comply with all local, state and federal laws governing health and sanitation ~~laws, and~~ safety standards relating to food handling and preparation, and the sale of food. You will need to understand and comply with those laws in the operation of your Taco John's Restaurant. In addition, ~~franchisees~~you must comply with other laws and regulations which affect the operation of a business generally, including employment, workers' compensation, business entities, insurance, corporate, taxing, building and construction, licensing, zoning, ~~and similar laws~~marketing, menu labeling, and regulations ~~more~~. You should consult with an attorney regarding state and local laws, rules, and regulations that may affect the operation of your Taco John's Restaurant at ~~your~~a particular location. In addition, some states have extended producer liability laws that impose registration and fee requirements on businesses that produce certain types of packaging and paper products.

ITEM 2. BUSINESS EXPERIENCE

Director: John V. Blankenship

~~Mr. Blankenship became a member of our Board of Directors in January 2022. From March 2019 to the present, he has served as a member of the board of Juniper Grill Enterprise, LLC.~~

Director: Kelley Digby

Ms. Digby ~~became~~has been a member of our Board of Directors ~~in~~since December 2014. Ms. Digby is based in Cherry Hills Village, Colorado. Since January 2025, Ms. Digby has also served on the Board of Directors for Valor Christian High School, located in Highlands Ranch, Colorado, and since January 2021, has served on the Board of Directors for Ladies 4 Liberty, located in Cherry Hills Village, Colorado.

Director: Greg Haggis

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

Director: Erik Hess

Mr. Hess ~~became~~has been a member of our Board of Directors ~~in~~since January 2022. Mr. Hess is based in Scottsdale, Arizona. In addition to serving on our Board of Directors, since January 2026 he has served on the Board of Directors for Sarku Japan located in Markham, Ontario, Canada. From August 2020 to May 2021, he served as President of Focus Brands LLC - Restaurant Category (Moe's Southwest Grill, McAlister's Deli, and Schlotzsky's Deli) in Atlanta, Georgia. ~~From August 2019 to August 2020, he served as President of Moe's Southwest Grill in Atlanta, Georgia.~~ From June 2021 to the present, he served as President of Hess Consulting Group, LLC, in ~~St. Charles, Illinois~~Scottsdale, Arizona.

Director: Les Karel

Mr. Karel ~~was elected to~~has been a member of our Board of Directors ~~in~~since January 2020. Mr. Karel is based in Roswell, Georgia. Since December 2020, he has also served as Executive Vice President of National DCP, LLC, in Duluth, Georgia. National DCP distributes products to Dunkin' franchise restaurants.

Director: Clint Langer

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

Director: Gerard Lewis

Mr. Lewis has been a member of our ~~board~~Board of Directors since June 2018 and ~~since January 2021 serves~~has served as the Chairman of the Board since January 2021. Mr. Lewis is based in Buckeye, Arizona. He served as our Interim President from January 2024 to February 2024. In addition to serving on our Board of Directors, since June 2022, he has served on the Board of Directors for Legacy Pie Co., located in Denver, Colorado, and since December 2025, he has served on the Board of Directors for Sarku Japan, located in Markham, Ontario, Canada. From January 2014 to present, he founded and has operated G&S Food Group ~~located in Castle Pines, Colorado, which he still runs,~~ located in Buckeye, Arizona.

Director: Brandy O'Connor

Mr. O'Connor ~~became~~has been a member of our Board of Directors ~~in~~since January 2017. Mr.

O'Connor is based in Greenwood Village, Colorado. He has been Chief Revenue Officer of TRC Healthcare, a Colibri Group Company, in Roseville, California, since December 2016.

Director: Bart Taylor

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

Director: Scott Weisberg

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

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

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

Chief Financial Officer and Corporate Treasurer: Richard Bundy

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

Chief Operating Officer: Jackie Secor

Ms. Secor joined Taco John's ~~in June 2025~~ as ~~our~~ Chief Operating Officer in June 2025. Ms. Secor is based in Brick Township, New Jersey. Prior to joining us, she served in various roles with GoTo Foods (formerly known as Focus Brands) located in Atlanta, Georgia, including as Senior Vice President-GTF Operations & Training for seven brands from December 2024 to May 2025, and as Senior Vice President-GTF Operations & Training, Specialty Category for four brands from October 2020 to December 2024. ~~Ms. Secor is based out of our St. Louis Park, Minnesota office.~~

Chief Marketing Officer: Kevin Flaherty

Mr. Flaherty joined Taco John's ~~in October 2024~~ as ~~our~~ Chief Marketing Officer in October 2024 in St. Louis Park, Minnesota. From May 2024 to October 2024, he was self-employed as a restaurant marketing consultant located in Seattle, Washington. From April 2023 to February 2024, he served as Interim Chief Marketing Officer for MOD Pizza located in Bellevue, Washington. Prior to that, he served in various roles for MOD Pizza located in Bellevue, Washington, including as Senior Vice President, Digital Marketing and Off-Premises Ordering from January 2022 to March 2023, and as Vice President, Digital Marketing from December 2015 to December 2021. ~~Mr. Flaherty is located in our St. Louis Park, Minnesota office.~~

Chief of Staff: Nicole Hostetter

Ms. Hostetter joined Taco John's ~~in May 2024~~ as ~~our~~ Chief of Staff in May 2024. Ms. Hostetter is based in Shallotte, North Carolina. From April 2022 to May 2024, she served as the Executive Assistant at KBP Brands, located in Leawood, Kansas. She previously served as the Executive Assistant at Benchmark Construction, located in Lancaster, Pennsylvania, from August 2021 to April 2022, and also served as the Executive Assistant at Penn Medicine Lancaster General Health ~~located in Lancaster, Pennsylvania from January 2021 to August 2021. Prior to that, she was the Manager, Administration with Auntie Anne's, Inc., located in Lancaster, Pennsylvania, from January 2018 to January 2021.~~ Ms. Hostetter is based out of our St. Louis Park, Minnesota office.

General Counsel and Corporate Secretary: Kristin M. Nuss

Ms. Nuss became our General Counsel and Corporate Secretary in January 2025. Ms. Nuss is based in Cheyenne, Wyoming. From May 2021 to December 2024, she served as our Associate General Counsel and Director of Franchise Compliance & Contracts. From April 2015 to May 2021, she served as a Supervising Attorney General in the Wyoming Attorney General's Office. ~~Ms. Nuss is based out of our St. Louis Park, Minnesota office.~~

Vice President/Technology: Thomas A. Perella, Jr.

Mr. Perella joined Taco John's as Vice President/Technology in March 2025. Mr. Perella is based in Leola, Pennsylvania. From April 2023 to January 2025, he served as Vice President of Technology, and from May 2022 to April 2023, he served as Director of Technology, for Duck Donuts, located in Mechanicsburg, Pennsylvania. Prior to that, from October 2020 to May 2022, he served as Director – Retail Information Implementation for FOCUS Brands, LLC, located in Atlanta, Georgia. ~~Mr. Perella is located in our St. Louis Park, Minnesota office.~~

Vice President/Development: Shannon Iverson

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

Vice President/Supply Chain: Nick Davis

Mr. Davis joined Taco John's as Vice President/Supply Chain in July 2024 in St. Louis Park, Minnesota. From March 2023 to June 2024, he served as Senior Vice President, Procurement & Supply Chain for Promise Confections (Pearson's Candy Company, Edward Marc Brands, Seattle Gourmet Foods and Annabelle's Candy Company) headquartered in Pittsburgh, Pennsylvania. Prior to that, from October 2016 to February 2023, he served as Vice President, Procurement, Supply Chain and Co-Manufacturing Business Development for Pearson's Candy Company located in St. Paul, Minnesota. ~~Mr. Davis is located in our St. Louis Park, Minnesota office.~~

Vice President/~~Human Resources~~ People & Enterprise Operations: Damian Hanft

Mr. Hanft joined Taco John's as Vice President ~~Human Resources~~ People & Enterprise Operations in April 2025 in St. Louis Park, Minnesota. Prior to joining us, he served in various roles ~~with~~ Inspire Brands, located in Atlanta, Georgia, including ~~as~~ VP/Talent Experience from April 2023 to April 2025, ~~as~~ VP/Brand Ambassador from April 2022 to April 2023, and ~~as~~ VP/Learning & Development from October 2018 to April 2022. ~~Mr. Hanft is located in our St. Louis Park, Minnesota~~

~~office.~~

ITEM 3. LITIGATION

Arbitration Actions Brought by Us Against Franchisees and Guarantors to Collect Royalty Payments: Taco John's International, Inc. v. Bierschenk, Inc., Bierschenk-Worthington, Inc., and Todd A. Bierschenk, No. 2024-1765A (Judicial Arbitrator Group, Denver, Colorado office, December 16, 2024).

~~No other~~ Except for the above, no litigation is required to be disclosed in this ~~Disclosure Document~~ Item.

ITEM 4. BANKRUPTCY

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

Except ~~for the ones~~ as disclosed above, no bankruptcy ~~matter noted above, no bankruptcies are~~ information is required to be disclosed in this ~~Disclosure Document~~ Item.

ITEM 5. INITIAL FEES

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

Area Development Agreement

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

Franchise Agreement

Initial Franchise Fee for Traditional Taco John's Restaurants. For a single traditional Taco John's Restaurant, we currently charge an Initial Franchise Fee (referred to in those sections of this Disclosure Document in which we describe the Franchise Agreement as the "Initial Franchise Fee") of \$40,000, payable in full when you sign the Franchise Agreement. Except for the differences described below, the Initial Franchise Fee is imposed uniformly for all new franchisees who sign our current Franchise Agreement. Some of our existing franchisees have the right to develop additional Restaurants under existing agreements and on different terms.

The Initial Franchise Fee may be discounted if you qualify for one of our promotional incentives

described below. We reserve the right to negotiate the Initial Franchise Fee with prospective franchisees in the future and may, in our sole discretion, consider a number of factors in those negotiations, including, but not limited to, previous experience, prior relationship with us, the number of franchise agreements to be entered, and local market conditions.

Initial Franchise Fee for Non-Traditional Taco John's Restaurants. For a non-traditional Taco John's Restaurant, we currently charge an Initial Franchise Fee of \$15,000, payable in full when you sign the Franchise Agreement. *If the term for a non-traditional Taco John's Restaurant is fewer than 10 years, the Initial Franchise Fee will be reduced pro rata.*

If you sign an ADA with us, the Initial Franchise Fee for the subsequent outlets is payable in full when you sign each Franchise Agreement, and that Initial Franchise Fee will be the then-current fee that we charge. We will apply \$5,000 of your Deposit or Development Fee to the Initial Franchise Fee due when you sign the Franchise Agreement for each Restaurant.

Promotional Incentives

~~Our current promotional incentives are listed below. Promotional incentives cannot be combined or transferred, and cannot be combined with other pre-existing incentive agreements.~~

Military Service. ~~We currently charge a discounted Initial Franchise Fee as follows:~~

- ~~1. \$24,000 for qualified U.S. veterans for the first Restaurant.~~
- ~~2. \$0 for qualified U.S. veterans with a 50% or more military service-connected disability rating for the first Restaurant.~~
- ~~3. \$28,000 for qualified U.S. veterans for the second or subsequent Restaurant.~~ The "Military Service incentives are available to veterans who have received an honorable discharge Incentive Program" is designed to provide career opportunities for honorably discharged military veterans, wounded warriors, and to active-duty personnel. If To qualify for the Military Service Incentive Program, you (or, if the franchisee is will be an entity, the veteran participant must have and maintain individuals that own at least 51% or more ownership interest in the entity to qualify for the incentive. To apply for the incentive, you) must provide us be a copy of Form DD-214 or evidence of qualified active-duty status before the Franchise Agreement is signed.

~~Multi-Unit Franchisees (New). We currently charge a discounted or honorably discharged military veteran. If you qualify for the Military Service Incentive Program, then we will reduce the Initial Franchise Fee for qualified first time franchisees who are acquiring franchises for multiple Restaurants, based on the total number of Restaurants initially purchased, as follows:~~

Military Service Incentive Program

- ~~1. \$32,000 per Applicable Initial Franchise Agreement for two Restaurants.~~
- ~~2. \$28,000 per Franchise Agreement for three or four Restaurants.~~
- ~~3. \$24,000 per Franchise Agreement for five or more Restaurants. To qualify for this incentive, we generally require that the Franchise Agreements be signed at the same time.~~

~~We currently reduce the Royalty to 4% of Net Sales for each Restaurant for~~ **Fee Applicable Qualifications**
\$0 For the first Restaurant developed and operated by a qualified U.S. veteran with 50% or more military service-connected disability rating

\$24,000 For the first 12 months after the fourth Restaurant opening. All four Restaurants must be opened and continuously operating by the 18th month after the Franchise Agreements are signed.

~~To be eligible for the promotional incentives, you must meet our financial, creditworthiness, and operational criteria and be~~

~~approved by us to open each Restaurant. If~~ developed and operated by a qualified U.S. veteran

\$28,000 For the second and additional Restaurants developed and operated by a qualified U.S. veteran

Multi-Unit Franchisees. The “Multi-Unit Franchisee Incentive Program” is designed to increase the presence of the Taco John’s® brand. To qualify for the Multi-Unit Franchisee Incentive Program, you must satisfy the following conditions: (1) the franchisee ~~is~~ (or, if the franchisee will be an entity, the qualifying owner must have and maintain individuals that own at least 51% or more ownership interest in the entity ~~and in each Restaurant to qualify for the incentive and must comply with all program requirements.~~

~~The development and opening timeframe for a multi-unit purchase should not exceed 18 months for 2 to 4 units and should not exceed 24 months for five or more units.~~

~~Multi-Unit Franchisees (Existing). We currently charge a discounted Initial Franchise Fee for qualified existing franchisees who are acquiring franchises for multiple Restaurants, based on the total number of new built Restaurants (excluding acquired Restaurants) which are opened and continuously operating, as follows:~~

~~1. \$32,000 per Franchise Agreement for 2 to 4 total new built Restaurants.~~

~~2. \$28,000 per Franchise Agreement for 5 to 10 total new built Restaurants.~~

~~3. \$24,000 per Franchise Agreement for 11), must not be an existing Taco John’s® franchisee, (2) you must meet our financial, creditworthiness, and operational criteria, (3) you must sign a Development Agreement to develop multiple Taco John’s® Restaurants, (4) if you agree to develop 2 to 4 Restaurants, then you must develop and open each Restaurant no later than 18 months after signing the Development Agreement, and if you agree to develop 5 or more total new built Restaurants.~~

~~To qualify for this incentive, we generally require that the Franchise Agreements be signed at the same time.~~

~~We currently reduce the Royalty to 4% of Net Sales for, then you must develop and open each Restaurant for the first 12 no later than 24 months after signing the fourth Restaurant opening. All four Restaurants must be opened and continuously operating by the 18th month after the Franchise Agreements are signed.~~

~~To be eligible for the promotional incentives, you must meet our financial, creditworthiness, and operational criteria and be approved by us to open each Restaurant. If the franchisee is an entity, the qualifying owner must have and maintain at least 51% or more ownership interest in the entity and in each Restaurant to qualify for the incentive and must comply with all program requirements~~ Development Agreement, and

(5) you must develop and open each Restaurant in compliance with the Development Agreement and each applicable Franchise Agreement. If you qualify for the Multi-Unit Franchisee Incentive Program, then we will reduce the Initial Franchise Fee as follows:

Multi-Unit Franchisee Incentive Program

Applicable Initial Franchise Fee Additional Qualifications

\$24,000 You agree to develop and operate 5 or more Restaurants

\$28,000 You agree to develop and operate 3 or 4 Restaurants

\$32,000 You agree to develop and operate 2 Restaurants

Incentives, Generally. You cannot combine or transfer any promotional incentives. In the future, we may modify or eliminate any of our incentive programs.

Other Information

You are not obligated under the Franchise Agreement to purchase any other pre-opening goods or services from us or our affiliates. All initial fees are due to us upon signing the ADA or Franchise

Agreement and are non-refundable once paid. Except as described above, the Initial Franchise Fee is uniform for all Franchise Agreements executed pursuant to this Disclosure Document. In 2025, the initial franchise fees paid by franchisees ranged between \$20,000 and \$25,000 for a Taco John's Restaurant.

ITEM 6. OTHER FEES

Area Development Agreement

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

Column 1-Name of Fee	Column 2-Amount	Column 3-Due Date	Column 4-Remarks
Extension Fee	4.5% of the monthly average system-wide sales of both franchised and company- owned outlets in the prior month	Due on the 20 th of each month	If you fail to meet your Development Schedule under an ADA, ~~at your discretion and in lieu of termination of the ADA or loss of exclusivity,~~ you may request an extension to the Development Schedule ~~and.~~ <u>If we agree to extend the Development Schedule, you must</u> pay an Extension Fee for up to a maximum of 13 months. ~~If we agree to grant such extension in our discretion, then this fee is paid to us and is non-refundable.~~

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

Franchise Agreement

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

Column 1-Name of Fee¹	Column 2-Amount	Column 3-Due Date	Column 4-Remarks
Royalty	5% of Net Sales ^{2,5,6}	Currently due on the 20 th day of each month	We reserve the right to change the frequency of the payment and/or the due date(s) of the payment on 60 days' prior ~~advance~~ written notice to you.
Advertising and Marketing Fees	<u>Currently,</u> 4% of Net Sales ² for traditional Restaurants; <u>Currently,</u> 2% of Net Sales ² for non-traditional Restaurants	Payable at the same time as the Royalty	~~For traditional Restaurants, we will not change the amount of this fee before January 1, 2026, but thereafter we~~ <u>We</u> may modify this fee upon 60 days' notice up to a maximum of 4.25% of the Net Sales of ~~the a traditional~~ <u>a traditional</u> Restaurant or up to a maximum of <u>2.25% of the Net Sales of a non-traditional</u> Restaurant during the Initial Term of the Franchise Agreement. ~~We will not increase this~~

			~~fee for non-traditional Restaurants during the Initial Term of the Franchise without your consent.~~
Financial Reporting System Fee	<u>Then-current fee</u> ~~Currently, none; fee will be determined once implemented, based on price charged by the vendor, which shall not exceed \$15 per month when initially implemented~~	As incurred	<u>The Financial Reporting System Fee will be determined once implemented, based on price charged by the vendor, which shall not exceed \$15 per month when initially implemented.</u> We reserve the right to implement this fee upon 180 days' notice to you. Once implemented, this fee will be payable to us or our third-party vendor as we direct for a system that allows you to upload and deliver to us electronic reports containing the Net Sales of the Restaurant, Profit and Loss statements, and any other data, information, and supporting records concerning the financial condition of the Restaurant that we reasonably require. Once implemented, ~~this fee may be changed upon 30 days' notice to you.~~ <u>we may change this fee in any year by no more than the Allowed Adjustment.</u> ⁷
Grand-Opening-Marketing	\$25,000, plus up to an additional \$10,000 in those markets we define as underpenetrated	As incurred	You must conduct a grand opening advertising program that we approve. We may require a higher expenditure for underpenetrated markets.
Required-Purchases	Will vary under circumstances	Upon receipt of merchandise or installation of equipment	You must purchase only products to be sold from the Restaurant that we have approved, and you must purchase only from suppliers and distributors that we approve, which may include us or our affiliates. For more information about required purchases, see Items 8, 11 and 16.
~~The Olé! Way~~ Online Learning Management System License Fee	<u>Then-current fee</u> ~~Currently, \$240 per year; and subject to change annually in an amount equal to any increase in the price charged by the vendor~~	Annually	~~Payable to us or our third party online vendor as we direct for access to our online~~ <u>We require you to license an electronic learning management system called The Olé! Way, which provides you with (the "Learning Management System") to participate in certain ongoing required training materials programs and access to the Operations Manual, Manuals defined in Item 8. We may require you to pay this fee to us or our third-party vendor as we direct. Currently, franchisees pay this amount directly to the vendor, but we reserve the right to begin collecting this fee directly from you upon notice. We may change this fee in any year by no more than the Allowed Adjustment.</u>
Column-1-Name	Column-2-Amount	Column-3-Due-Date	Column-4-Remarks

of Fee ¹			
Gift Card Fee	~~Then-current fee~~ ~~Currently, none;~~ ~~fee will be~~ ~~determined once~~ ~~implemented;~~ ~~subject to~~ ~~change annually~~ ~~to an amount~~ ~~designated by~~ ~~the gift card~~ ~~processor;~~ ~~estimated not to~~ ~~exceed \$100~~	~~Annually~~ <u>As</u> <u>incurred</u>	~~You must~~ <u>We anticipate the gift card</u> <u>fee will not exceed \$100 per year once</u> <u>implemented. Once implemented, you</u> <u>will be required to</u> participate in the Gift Card System and pay us a fee which we will submit to the gift card processor on your behalf. ~~You will be~~ ~~required to enter into the Gift Card~~ ~~Onboarding and Change Form, in the~~ ~~form attached to this Disclosure~~ ~~Document as Attachment J~~ <u>We may</u> <u>change this fee in any year by no more</u> <u>than the Allowed Adjustment.</u>
Back of House Information System	~~\$140 per month;~~ ~~and subject to~~ ~~change annually~~ ~~in an amount~~ ~~equal to any~~ ~~increase in the~~ ~~price charged by~~ ~~the~~ ~~vendor~~ <u>Then-c</u> <u>urrent fee</u> <u>Currently, \$145</u>	Monthly	~~Payable~~ <u>We require you to license a</u> <u>back of house information system for</u> <u>your Computer System. We may</u> <u>require you to pay this fee</u> to us or our third-party vendor as we direct ~~for the~~ ~~back of house information system.~~ <u>Currently, we collect this amount and</u> <u>pay the vendor on your behalf. We may</u> <u>change this fee in any year by no more</u> <u>than the Allowed Adjustment.</u>
Geofencing Service Fee	~~Then-current fee~~ ~~Currently, \$35-~~ ~~per month, and~~ ~~subject to~~ ~~change annually~~ ~~in an amount~~ ~~equal to any~~ ~~increase in the~~ ~~price charged by~~ ~~the vendor~~	Monthly	Payable to us or our third-party vendor as we direct for the geofencing service integrated with the mobile ordering platform. <u>Currently, we collect this</u> <u>amount and pay the vendor on your</u> <u>behalf. We may change this fee in any</u> <u>year by no more than the Allowed</u> <u>Adjustment.</u>
Digital Menu Board License Fee (only applicable to certain existing Restaurants)	~~\$18.80~~ <u>Then-current</u> <u>fee Currently, \$20</u> per screen ~~per month;~~ ~~subject to change~~ ~~annually~~	Monthly	Our current standards require that franchisees acquire the digital menu boards from our approved third-party vendor and pay any fees to that vendor rather than to us (the third party fees may vary from the fee stated here). However, we may charge this fee in limited cases for existing Restaurants operating under an existing digital menu board system, including existing Restaurants that are transferred. <u>We</u> <u>may change this fee in any year by no</u> <u>more than the Allowed Adjustment.</u>
Loyalty/Rewards Program Fee	~~Then-current fee~~ ~~Currently, none;~~ ~~fee will be~~ ~~determined once~~ ~~implemented;~~ ~~subject to~~ ~~change annually~~ ~~in an amount~~ ~~equal to any~~	As incurred	You must, at your expense, participate in our customer loyalty/rewards program. You must honor loyalty/rewards presented by members in your Restaurant. We reserve the right to modify or terminate the program.

	increase in the price charged by the vendor		
~~Guest Experience~~ <u>Mystery Shop</u> Program Fees	~~Mystery Shop: As designated by the suppliers. Currently \$95 monthly plus cost of the food, subject to change annually in an amount equal to any increase in the price charged by the vendor.~~ ~~Guest Surveys: Currently none; subject to change annually in an amount equal to any increase in the price charged by the vendor. Then-current fee~~ Currently, \$95 per shop	As determined ~~incur~~ <u>red</u>	~~We have established a guest experience program to evaluate guest satisfaction of your Restaurant, which consists of mystery shops and guest surveys. You must require you to participate in it and pay the fees or charges associated with it. We the~~ <u>We the Mystery Shop program on a monthly basis. We may require you to pay this fee to us or our third-party vendor as we direct. Currently, we collect this fee from you amount and submit it to pay the vendors vendor on your behalf. We have the right to review the results of the service evaluations and reserve the right to charge you for the cost of resolving complaints may change this fee in any year by no more than the Allowed Adjustment.</u>
<u>Guest Recovery Fee</u>	<u>Then-current fee</u> <u>Currently, \$50 per guest complaint or other contact request not timely responded to</u>	<u>As incurred</u>	<u>In addition to any other remedies that we are entitled to pursue (including reimbursement of any costs or expenses we may incur related to responding to or resolving such complaint on your behalf), this fee is payable to us if you fail to respond to a guest contact request or guest complaint in accordance with our standards and within 72 hours. We may also impose this fee for the fourth and each subsequent guest complaint (each an “excessive complaint”) for your Restaurant received in any given month. We may change the fee, the time period for responding to complaints, and the number of complaints deemed to be excessive from time to time, provided that the fee may not change in any year by more than the Allowed Adjustment.</u>
Column-1 Name of Fee¹	Column-2 Amount	Column-3 Due Date	Column-4 Remarks
Technology Fee ³	<u>Then-current fee</u> <u>Currently, none;</u> ~~fee will be determined once implemented, subject to change annually in an amount equal to any increase in the underlying~~	Once implemented, payable at the same time as the Royalty	We reserve the right to implement this fee upon 60 days’ notice to you. Once implemented, this fee will replace some or all of the following fees as we specify: the Digital Menu Board License Fee, ~~The Olé!~~ Way-Online Learning Management System License Fee, financial reporting system fee, back of house information system fee, geofencing service fee, <u>online ordering subscription fees</u> , gift card fee,

	~~prices charged by the vendors~~		loyalty/rewards program fee, and guest ~~experience program~~ <u>recovery</u> fees noted above, and other technology-related implementation, subscription, or license costs. The fee may be in the amount of the total fees charged to us by our vendors of the underlying services, plus up to 10% of that total cost which amount we will use toward additional development and support of technology. <u>We may change this fee in any year by no more than the Allowed Adjustment.</u>
<u>Additional Training and Conferences</u>	~~Then-current rate~~ <u>fee</u> <u>Currently, up to \$2,500 per attendee</u>	As incurred	~~We do not charge a fee for initial training, and we do not charge any additional fee for training on The Olé! Way system, but we may charge a fee for any other training programs, workshops or seminars that we may periodically offer and for additional in-unit training requested by a Franchisee from time to time. For more information about training requirements, see Item 11.~~ <u>In addition to the Online Learning Management System License Fee, we may charge a reasonable fee for any conferences, conventions, programs, webinars, teleconferences, sessions, or other training that we conduct, whether voluntary or mandatory (including as a condition of renewing your franchise agreement or as a result of a failed brand standards or food safety audit). We may change this fee in any year by no more than the Allowed Adjustment.</u>
~~Certified Manager~~ <u>Subsequent Trainee Management Training Fee</u>	~~Will vary as designated by the method of training~~ <u>Then-current fee</u> <u>Currently, \$500 per trainee per day</u>	~~As incurred~~ <u>Before attending training</u>	~~Your management team must participate in a training program that we provide for no charge (our Management Certification Program). They must also obtain a food safety certification through programs offered from third party suppliers that we approve. You are responsible for expenses of attendance. See Item 11 for more information on the Management Certification Program requirements applicable to your Active Certified Managers. You must pay this fee to us if you appoint a new Manager, Primary Contact, Director of Operations, or other person we designate after your Restaurant opens, and we provide the Operations and Management Training and Business Systems Training to them at our designated training location. You may also be required to pay this fee if~~

			you cancel any required training program. We may change this fee in any year by no more than the Allowed Adjustment. You will be responsible for the costs to attend such training, including travel and lodging.
<u>On-Site Training and Assistance Fee</u>	<u>Then-current fee</u> <u>Currently, \$500 per trainer per day</u>	<u>As incurred</u>	<u>At any time, you can request, or we may require, additional on-site (at your Restaurant) training and assistance beyond that which we must provide. We have no obligation to provide on-site training or assistance. We may change this fee in any year by no more than the Allowed Adjustment. You will be responsible for the costs to attend such training, including travel and lodging.</u>
<u>Food Safety Audits</u>	<u>Then-current fee</u> <u>Currently, \$246 per visit and \$255 per refused visit</u>	<u>As incurred</u>	<u>If you fail a food safety visit, you must pay for the second or subsequent visits until you earn a passing score. If you refuse any food safety visit, you must pay the then-current visit refusal fee. We may require you to pay this fee to us or our third-party vendor as we direct. Currently, we collect this amount and pay the vendor on your behalf. We may change this fee in any year by no more than the Allowed Adjustment.</u>
Non-Attendance Fee	\$1,000	As incurred- ~~immediately following the convention~~	If you do not attend the ~~Association of Taco John's Franchisees' convention~~ <u>Franchisee Convention</u> or if you do not have at least one manager per Restaurant attend the ~~manager-convention~~ <u>Manager Convention</u> , we have the right to charge you a non-attendance fee.
~~Non-Compliance Fees~~	~~Will vary under circumstances~~	~~As incurred~~	~~If you are determined by us to be non-compliant with remodel, renovation, refresh, reimage, refurbishment, modernization, equipment, financial reporting system, or other technology requirements, or fail to sign up for third-party delivery or catering as required in the Franchise Agreement, we have the~~
~~Column 1 Name of Fee[†]~~	~~Column 2 Amount~~	~~Column 3 Due Date~~	~~Column 4 Remarks~~
<u>Non-Compliance Fees</u>	<u>Inspection Failure: \$1,000 per failed inspection</u> <u>Delivery, Catering, and Hours of Operations:</u>	<u>As incurred</u>	~~right to charge you a fee of~~ <u>If you fail any inspection of the Restaurant (including Brand Standards Assessment or Food Safety visits), we have the right to charge you a fee of \$1,000, and payment is due to us immediately upon notice.</u> <u>If you fail to participate in all required</u>

	<u>\$1,000 to \$3,000 per day of non-compliance</u> <u>Other Non-Compliance: 3% of Net Sales per day of non-compliance</u>		<u>third-party delivery and/or catering services, or operate your Restaurant, in accordance with the required hours of operations, you must pay us a non-compliance fee equal to \$1,000 for any partial day of non-compliance and \$3,000 for any full day of non-compliance, and payment is due to us immediately upon notice.</u> <u>If you fail to comply with any other term of the Franchise Agreement, you must pay us a non-compliance fee equal to 3% of Net Sales² to offset during the administrative and management costs incurred as a result of your period of non-compliance. This fee The Non-Compliance Fee will be charged based on the Restaurant's Net Sales from the date that is 15 days after the date you are notified of the non-compliance issue and. If you cure all instances of non-compliance during the 15-day period, you will be deemed to have cured the non-compliance and you will not be required to pay this fee. If you do not cure, this fee must be paid weekly through the date when the all instances of non-compliance issue is are cured, up to a maximum of six months for each act of non-compliance.</u> ~~If you are determined by us to be non-compliant with third party delivery, catering, or hours of operations standards in the Operations Manual, we have the right to charge you a fee of \$1,000 per day for any partial day of non compliance or \$3,000 per day for any full day of non-compliance, to offset the administrative and management costs incurred as a result of your non-compliance. This fee will be payable immediately upon notification by us.~~
Delayed Opening Fee	\$250 for each support member, up to a maximum of \$2,000	As incurred	If your scheduled opening date is delayed for any reason, we have the right to charge you a delayed opening fee. This fee is to help offset the cost we incur in preparing to attend your opening, including rescheduling our team member resources and modifying travel arrangements.
Media Relations Support Fee	\$500 <u>per instance</u>	As incurred, ~~for each instance of media support~~	If your restaurant or organization has a crisis that could generate negative media attention for the brand, and you

		~~provided by us~~	do not report it to us within 24 hours, we have the right to charge you a fee.- ~~This fee is to help offset the cost we incur in assisting you with media relations or engaging public relations professionals.~~
Insurance Cost Reimbursement	Will vary under circumstances	As incurred	You are required to obtain the insurance we require ~~(see Item 8)~~ . If you do not secure or maintain the specified coverage or give us evidence of that coverage, we may obtain the insurance and charge you for it and any expenses we incur.
Premium for Loss of Business Income and Incident Response for Foodborne Illness Insurance Coverage	~~\$340 per year; and subject to change annually in an amount equal to any increase in the price charged by the insurance carrier~~ <u>Then-current fee</u> Currently, \$350	~~As-incurred~~ <u>Annually</u>	We will provide this insurance coverage. It covers our locations and each individual franchised location. You must participate in this required coverage and pay the premium associated with it. We collect this amount from you and submit it to the insurance carrier on your behalf. <u>This amount is subject to change in an amount equal to any increase in the price charged by the insurance carrier.</u>
Transfer Fee	<u>Up to \$10,000, plus our reasonable costs and expenses</u>	Upon our approval of the transferee	~~Payable by you.~~ <u>The exact fee will vary depending on the proposed transfer, as outlined in the Manuals. This amount includes the applicable transfer fee plus the reasonable costs and expenses (including reasonable attorneys' fees) we incur to process the proposed transfer. The fee and reimbursement of our reasonable costs and expenses are due whether a transfer occurs and is nonrefundable once paid.</u>
~~Column 1 Name of Fee¹~~	~~Column 2 Amount~~	~~Column 3 Due Date~~	~~Column 4 Remarks~~
Renewal Fee	25% of our then current Initial Franchise Fee	Upon renewal	You must pay us a renewal fee for each renewal of your Franchise Agreement.
Conceptual Floor Plan and Conceptual Site Plan	~~Will vary under circumstances~~ <u>Then-current fee</u> Currently, \$200 per hour	As incurred	~~We will provide one set of conceptual plans at no charge. Additional layouts or revisions will be invoiced at our then-current rate.~~ ~~Our current rate is \$200.00 per hour to prepare additional layouts or revisions to your~~ <u>Only due if you require revisions in addition to the initial conceptual plans.</u>
Site Evaluation and Site Acquisition Support Services	Will vary under circumstances	As incurred	We may require you to reimburse us for actual expenses if we assist you with site evaluation and site acquisition support if you request our assistance.
Temporary Management Fee	~~Will vary under circumstances~~ <u>15% of Net Sales for the days we manage the Restaurant</u>	As incurred	~~If~~ <u>Only charged if</u> you cannot operate your Restaurant due to death or permanent disability, ~~we may appoint a manager and charge you a fee for the management services of 15% of the~~

			Net Sales for the days we managed <u>and we temporarily manage</u> the restaurantRestaurant.
Advertising-Cooperative-Bookkeeping Fee ⁴	Optional, but if obtained, currently \$250 to \$350 per month, depending on the amount of services provided	As incurred	If a local or regional Advertising-Cooperative requests we provide bookkeeping services to it, it pays us this fee.
Relocation Fee	<u>Traditional Restaurants:</u> \$10,000 ~~(or, for a non-traditional location,~~ <u>Non-Traditional Restaurants:</u> 25% of our then <u>current</u> Initial Franchise Fee) <u>for Non- Traditional Restaurants</u>	~~At time we accept the new site~~ Upon commencement of the relocated Restaurant	If (a) you lose the right to possess the Premises, ~~you request~~ <u>through no fault of yours,</u> (b) the Premises are destroyed, condemned or deemed unusable, or (c) you request to relocate and the existing premises no longer meet our standards and specifications for a new Taco John's Restaurant, then so long as you are in substantial compliance with the terms of the Franchise Agreement, we will grant <u>permission for the</u> relocation of the Restaurant, ~~or we determine that your current location is not suitable under our standards, you may relocate to a~~ <u>to an alternate location and</u> site which meets our then-current <u>site</u> criteria <u>for Taco John's Restaurants</u> and is accepted by us. ~~This fee is due for each Restaurant that is approved for relocation when we accept the new site. We may charge you this fee for our time and efforts in approving your new location regardless if a relocation actually occurs, and you must pay the~~ <u>Relocation Fee.</u>
Interest on Late Payments	Not more than 1.5% ~~on amounts due~~ per month	As incurred	~~After the date that they are due, all payments you owe to us or our affiliates will bear interest of up to 1.5% per month.~~
Nonsufficient Funds (NSF) Fee	<u>Then-current fee</u> <u>Currently, \$35</u>	<u>As incurred</u>	~~Currently \$35, subject to~~ <u>We may change annually; this fee in any year by no more than the Allowed Adjustment, and will</u> not ~~to~~ exceed \$100.
Column-1-Name-of-Fee¹	Column-2-Amount	Column-3-Due-Date	Column-4-Remarks
~~Remodeling-Expenses~~ <u>Audit</u>	Varies	As incurred	~~At our request, you must remodel, renovate, refresh, reimage, refurbish, and modernize the Premises and the Restaurant to reflect changes in the operations of Taco John's Restaurants that are prescribed and required of new Franchisees. We currently cannot estimate a range of these expenses. Material alterations to remodel or renovate will not be required more often than once every 10 years, but may be required within 12 months after a~~

			~~transfer. Non-material alterations to refresh, reimage, refurbish, or modernize will not be required more often than once every 5 years, but may be required within 12 months after a transfer.~~ ~~Maintenance and repair of the Restaurant are required on an ongoing basis.~~ <u>If an audit determines that there is a deficiency of 3% or less of Net Sales, you must pay us the royalties owed plus interest.</u> <u>If an audit determines that there is a deficiency of greater than 3% of Net Sales, you must pay us the Royalties owed, plus interest, plus the costs we incurred to conduct the audit.</u>
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we defend against or are held liable for claims that arise from your Restaurant operations- ~~unless your operations were in strict compliance with our Operations Manual, standards or procedures or the claims result from negligence or willful or reckless misconduct on our part or on the part of our agents.~~

NOTES:

1. Unless otherwise noted, these payments are non-refundable and are imposed by and payable to us. All of these fees are imposed uniformly on our franchisees who sign our current Franchise Agreement, but we may, in unique situations, modify certain fees. Certain fees in the current Franchise Agreement differ from those charged in the past and may change in the future. Therefore, existing and future franchisees may pay fees that are different from those listed in Item 6.
2. ~~1.~~ We currently require that all fees due to us be paid directly and automatically from your bank account. Before you commence operations of your Taco John's Restaurant and as we may from time-to-time request, you must sign and deliver to us and your bank the authorization agreement for direct payments attached as Exhibit II to the Franchise Agreement and any other documents needed to permit us to debit your bank account for the fees and other payments due to us under the Franchise Agreement or otherwise. We reserve the right to require payment of fees ~~by~~ for other similar technology now or hereafter developed.
3. ~~2.~~ "Net Sales" means the total ~~receipts~~ revenue from all sales of the Restaurant, including all ~~receipts~~ revenue from sales made at or away from the Premises of the Restaurant and revenue from the redemption of Taco John's gift certificates, customer loyalty rewards, gift cards and other prepaid cards, and sales through mobile ordering, delivery and catering, and all other income of every kind and nature related to, derived from, or originating from the Restaurant, including proceeds of any business interruption insurance policies, but does not include sales tax or equivalent taxes. We reserve the right to modify our policies and practices regarding inclusion or exclusion of certain revenue from "Net Sales" as circumstances, business practices, and technology change.

4. ~~3.~~ Once implemented, when we collect the Technology Fee, we will submit a portion of it to the third-party vendors who provide the services covered by this fee on your behalf. The up to 10% portion retained by us shall be used by us for technology development and support services. Such development and support may be conducted in-house and/or with third parties, and we may ~~compensate ourselves from the Technology Fee for~~ recover the costs of any personnel time or expenditures ~~that~~ we incur in providing these services from the Technology Fee. The portion retained by us will be used for further development and support of technology by or for us, including changes or enhancements to ordering and AI platforms, the mobile app, data reporting platforms, custom development, or other technology innovations. We may increase the Technology Fee at any time, provided that the increase will never ~~be more than~~ exceed the increase in the actual prices charged by the vendors to provide the products and services, plus 10% of the total cost to provide the products and services.
5. ~~4.~~ We are a member of the advertising cooperatives for the designated marketing areas in Billings, Montana, Cheyenne, Wyoming, and Minneapolis, Minnesota. We have controlling voting power in the Cheyenne cooperative.
6. ~~5.~~ The ~~Unless you qualify for an incentive program, the~~ Royalty ~~may be reduced to 4~~ Fee is 5 % of Net Sales ~~under our~~.
- Multi-Unit Franchisee* ~~incentives described in Item 5, with such reduction applying for all of your~~ Incentive Program. If you qualify for the Multi-Unit Franchisee Incentive Program, and you agree to develop 4 or more Restaurants opened as part of the multi-unit group for a period of 12 months following the opening of your fourth, then so long as you qualify for the incentive, we will reduce the Royalty Fee to 4% of Gross Sales for the 4th and subsequent Restaurant beginning the date the applicable Restaurant opens and continuing for one calendar year, then the Royalty Fee will revert to 5% of Gross Sales for the remainder of the term.
7. For any fee that may be increased by no more than the Allowed Adjustment, the “Allowed Adjustment” in any calendar year will not exceed, at our option, (a) 50% of the fee that is in effect at the start of the calendar year, or (b) the increase in the actual costs and expenses that we incur or that a vendor requires to provide such goods or services to you.

ITEM 7.

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Area Development Agreement

AREA DEVELOPMENT AGREEMENT

As described in Item 5 of this Disclosure Document, when you sign an ADA, you must pay a Development Fee equal to \$5,000 multiplied by the number of Taco John's Restaurants you agree to develop under the ADA. We will apply \$5,000 of the Development Fee to the Initial Franchise Fee payable under each Franchise Agreement you sign under the ADA. The Development Fee is non-refundable under all circumstances. Except for the payment of the Development Fee ~~and certain working capital funds that you may need to cover miscellaneous expenses to establish your business operations (which will vary greatly depending upon the circumstances of each Developer and which we are not able to estimate)~~, no initial investment is required of you when you execute the ADA. An initial

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

Franchise Agreement

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

SINGLE FRANCHISE AGREEMENT

Traditional Freestanding Restaurants—~~The~~ Traditional freestanding ~~traditional~~ restaurant ~~location~~ has locations have a premises size typically between 1,900 to 2,250 square feet with seating for 30 to 40. ~~It requires a people, and the lot sizes range~~ between 26,000 and 39,000 square feet. Traditional freestanding restaurants must have at least one drive-thru ~~capability, window~~ and space to park 20 to 30 cars. The following chart describes your estimated initial investment to establish a freestanding traditional Taco John's Restaurant.

<u>Column 1— Expenditures Type of Expenditure</u>	<u>Column 2 Estimated Amount or Estimated Low-High Range</u>	<u>Column 3 Method of Payment</u>	<u>Column 4— When Payable Due</u>	<u>Column 5—To Whom Paid Payment is to be Made</u>
Initial Franchise Fee (1)	\$40,000	Cash	In full on signing the Franchise Agreement	Us
~~Real Estate Purchase~~ or Ground Lease (2)	~~(See Note 2)~~ \$17,300 to \$48,750	As arranged	As arranged	Seller or landlord
Design Costs	\$13,900 to \$55,600	As arranged	As arranged	Contractors
Site Preparation and Completion Costs (3)	~~\$250,000~~ 42,200 to ~~\$500,000~~ 479,300	As arranged	As scheduled	Contractors
Construction Costs (4)	~~\$650,000~~ 332,200 to ~~\$900,000~~ 645,100	As arranged	As scheduled	Contractors
Operating Equipment (5)	~~\$185,000~~ 131,900 to ~~\$250,000~~ 360,700	As arranged	As arranged	Suppliers
Furniture, Fixtures and Decor (6)	\$35,000 to \$55,000	As arranged	As arranged	Suppliers
Signage and Installation (7)	\$30,000 to ~~\$70,000~~ 52,000	As arranged	As arranged	Manufacturers and installers
Point of Sale/Computer System (8)	\$20,000 to ~~\$35,000~~ 46,300	As arranged	As arranged	Suppliers
Digital Menu Boards (9)	~~\$35,000~~ 21,400 to ~~\$65,000~~ 36,500	As arranged	As arranged	Suppliers
Initial Inventory (10)	\$15,000 to \$22,000	As arranged	As arranged	Suppliers
Grand Opening Marketing (11)	\$25,000 to \$35,000	As incurred	As arranged	Suppliers
Pre-Opening Training (Travel and Living Expenses) (12)	\$35,000 to \$48,000	As incurred	Before opening	Suppliers
Insurance (13)	\$7,500 to \$10,000	As arranged	As arranged	Suppliers

Miscellaneous Opening Costs (4 and ~~13~~ 14)	\$20,000 to \$60,000	As incurred	As arranged	Governmental authorities, providers, and other third parties
Additional Funds – <u>3 Months</u> (~~14~~)15)	\$25,000 to \$40,000	As incurred	As arranged	Various suppliers and providers
TOTAL ESTIMATED INITIAL INVESTMENT (without real estate costs)- (~~15~~ 16)	~~\$1,365,000~~ <u>811,400</u> to ~~\$2,120,000~~ <u>2,034,250</u>			

~~The endcap traditional restaurant location is~~Traditional Endcap Restaurants. Traditional endcap restaurants are typically located in a shopping mall, strip mall or ~~alternative~~similar facility ~~with~~upon our approval. ~~It has~~Traditional endcap restaurants have a premises size typically between 1,800 to 2,200 square feet with seating for 20 to 40. Traditional endcap restaurants must have at least one drive-thru window and have access to a space to park 20 to 30 cars. The following chart describes your estimated initial investment to establish an endcap traditional Taco John's Restaurant.

Column 1- Expenditures <u>Type of Expenditure</u>	Column 2 <u>Estimated Amount or Estimated Low-High Range</u>	Column 3 <u>Method of Payment</u>	Column 4- <u>When Payable Due</u>	Column 5-To Whom Paid <u>Payment is to be Made</u>
Initial Franchise Fee (1)	\$40,000	Cash	In full on signing the Franchise Agreement	Us
~~Real Estate Purchase- or~~ Ground Lease (2)	(See Note 2) ~~\$17,300 to \$48,750~~	As arranged	As arranged	Seller or landlord
<u>Design Costs</u>	<u>\$13,900 to \$21,000</u>	<u>As arranged</u>	<u>As arranged</u>	<u>Contractors</u>
Leasehold Improvement Costs (4)	\$350,000 to ~~\$650,000~~ <u>613,000</u>	As arranged	As scheduled	Contractors
Operating Equipment (5)	~~\$185,000~~ <u>168,000</u> to ~~\$254,000~~ <u>316,000</u>	As arranged	As arranged	Suppliers
Furniture, Fixtures and Decor (6)	~~\$35,000~~ <u>24,210</u> to \$55,000	As arranged	As arranged	Suppliers
Signage and Installation (7)	\$20,000 to ~~\$38,000~~ <u>50,000</u>	As arranged	As arranged	Manufacturers and installers
Point of Sale/ <u>Computer</u> System (8)	\$20,000 to \$35,000	As arranged	As arranged	Suppliers
Digital Menu Boards (9)	~~\$35,000~~ <u>21,400</u> to ~~\$65,000~~ <u>25,000</u>	As arranged	As arranged	Suppliers
Initial Inventory (10)	\$15,000 to \$22,000	As arranged	As arranged	Suppliers
Grand Opening Marketing (11)	\$25,000 to \$35,000	As incurred	As arranged	Suppliers
Pre-Opening Training (Travel and Living Expenses) (12)	\$35,000 to \$48,000	As incurred	Before opening	Suppliers
<u>Insurance (13)</u>	<u>\$7,500 to \$10,000</u>	<u>As arranged</u>	<u>As arranged</u>	<u>Suppliers</u>
Miscellaneous Opening Costs (4 and ~~13~~ 14)	\$20,000 to \$60,000	As incurred	As arranged	Governmental authorities, providers, and other third parties
Additional Funds – <u>3 months</u> (~~14~~)15)	\$25,000 to \$40,000	As incurred	As arranged	Various suppliers and providers
TOTAL ESTIMATED INITIAL INVESTMENT (without real estate costs)- (~~15~~ 16)	~~\$805,000~~ <u>802,310</u> to ~~\$1,342,000~~ <u>1,418,750</u>			

Drive-Thru Focused Freestanding Restaurants. Some franchisees may be granted the opportunity to participate in test programs for new unit concepts being evaluated by us. Our test programs currently include ~~two modular building designs:~~ a DT Digital Olé (without seating) and a DT Digital Olé+ (with seating), ~~which are further discussed in Item 1. The DT Digital Olé traditional restaurant location is a.~~ These test concepts are drive-thru focused ~~building~~buildings targeted for small market development and can be either a manufactured modular unit or a stick-built unit. ~~It has~~They have a premises size typically between 946 to 1,500 square feet with limited or no seating inside. ~~It requires~~They require a lot size between 15,000 to 25,000 square feet, drive-thru capability, and space to park 5 to 10 cars. The following chart describes your estimated initial investment to establish a DT Digital Olé traditional Taco John's Restaurant.

Column 1 Expenditures Type of Expenditure	Column 2 Estimated Amount or Estimated Low-High Range	Column 3 Method of Payment	Column 4 When Payable Due	Column 5 To Whom Paid Payment is to be Made
Initial Franchise Fee (1)	\$40,000	Cash	In full upon signing the Franchise Agreement	Us
~~Real Estate Purchase~~ or Ground Lease (2)	~~(See Note 2)~~ \$17,300 to \$48,750	As arranged	As arranged	Seller or Landlord
Design Costs	\$26,300 to \$66,000	As arranges	As arranged	Contractors
Site Work (3)	\$125,000 to \$450,000	As arranged	As scheduled	Contractors
DT Digital Olé Manufacturing (4)	\$450,000 to \$650,000	As arranged	As arranged	Manufacturer
Operating Equipment (5)	~~\$175,000~~ 185,000 to ~~\$240,000~~ 316,000	As arranged	As arranged	Suppliers
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Furniture, Fixtures and Décor (6)	~~\$0~~ 10,000 to \$55,000	As arranged	As arranged	Suppliers
Signage & Installation (7)	~~\$20,000~~ 30,000 to ~~\$35,000~~ 70,000	As arranged	As arranged	Manufacturers and Installers
Point of Sale/ <u>Computer</u> System (8)	\$20,000 to ~~\$60,000~~ 35,000	As arranged	As arranged	Suppliers
Digital Exterior Menu Boards (9)	\$35,000 to \$65,000	As arranged	As arranged	Manufacturers and Installers
Initial Inventory (10)	\$15,000 to \$22,000	As arranged	As arranged	Suppliers
Grand Opening Marketing (11)	\$25,000 to \$35,000	As arranged	Set aside	Suppliers
Pre-Opening Training (Travel & Living Expenses) (12)	\$35,000 to \$48,000	As incurred	Before opening	Suppliers
Insurance (13)	\$7,500 to \$10,000	As arranged	As arranged	Suppliers
Miscellaneous Opening Costs (~~13~~ 14)	\$20,000 to \$60,000	As incurred	As arranged	Governmental authorities, providers, and other third parties
Additional Funds – <u>3 months</u> (~~14~~ 15)	\$25,000 to \$40,000	As incurred	As arranged	Various suppliers and providers
Total Estimated Initial Investment (without real-estate costs) (~~15~~16)	~~\$985,000~~ 1,066,100 to ~~\$1,745,000~~ 2,010,750			

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

1. **Initial Franchise Fee.** The Initial Franchise Fee is \$40,000 unless you qualify for any discounts described in our current promotional incentives. The Initial Franchise Fee is non-refundable in all circumstances once paid.
2. **Real Estate Purchase or Lease.** The estimate includes the cost of a deposit plus the first three months' rent for a ground lease to lease the land for your Restaurant based on a range of \$2 to \$5 per square foot. You may either purchase or lease the land for your Restaurant. Land purchase costs generally range between ~~\$15~~16 and \$45 per square foot, but such costs may vary substantially based upon the location of the site, and are generally higher in urban/suburban areas than in rural areas. Ground lease costs vary depending on the market, ~~generally range between \$2 and \$5 per square foot per year for the site~~ and, as with land purchase costs, the square footage costs for ground leases may vary substantially based upon the location of the site. ~~You will~~We require you to consult with a real estate agent or broker ~~approved~~accepted by us for a better estimate of your real estate costs.
3. **Site Preparation and Completion Costs.** The cost of site improvements (such as site demolition and preparation, grading, curbing, gutters, sidewalks, paving, utility extensions, site lighting, landscaping, exterior trash enclosure) will vary widely based on the condition of the site, its size, local code requirements, as well as local construction costs. The range of costs shown is for a 26,000 to 39,000 square foot site for a freestanding traditional Taco John's Restaurant and 15,000 to 25,000 square foot site for a DT Digital Olé Taco John's Restaurant. There may be unusual costs associated with a site.
4. **Construction Costs; Leasehold Improvement Costs.** If you acquire the right to open and operate a freestanding traditional restaurant model, you will need to construct or remodel a freestanding steel or wood- frame building of approximately 1,900 to 2,250 square feet, having a synthetic exterior finish according to brand standards and commonly accepted quick service restaurant interior finishes, which may include wall murals, painting and tile. The costs for the building will vary based upon local construction costs, local codes and standards, as well as factors such as the time of year the building is constructed or remodeled, the availability of a skilled work force, construction financing and other variables. The range of build-out cost estimates in these tables include both new construction and remodel of a second-generation space to meet our requirements and includes general conditions costs. You are required to use design and construction professionals ~~approved~~accepted by us. In addition, you will be required to obtain various permits and licenses associated with the development and construction of a new restaurant or for improvements to an existing restaurant. These amounts are reflected in this chart as Miscellaneous Opening Costs.

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

In the event an existing freestanding or endcap facility ([a gray shell or second-generation space](#)) is being converted to a Taco John's Restaurant, construction costs are estimated to range between \$350,000 and ~~\$750,000~~[\\$45,100](#), but costs may vary substantially depending upon the prior use, condition, and size of the facility.

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

5. **Operating Equipment.** The estimate of your investment for operating equipment is based upon equipping a newly constructed facility with specified food preparation and storage, and equipment. These costs will increase if you purchase additional optional equipment for the Restaurant.
6. **Furniture, Fixtures and Décor.** This estimate is based on a freestanding-~~or,~~ endcap [or DT Digital Olé+](#) Restaurant with a range of 20 to 40 seats. Your costs may differ depending on the type of facility and the location and seating capacity of your Restaurant. A DT Digital Olé Restaurant will typically have limited or no seating.
7. **Signage and Installation.** Your investment in signage may be higher or lower depending on the size and height requirements mandated by local laws and regulations.
8. **Point of Sale/Computer System.** You must purchase a Point of Sale System from our approved supplier. The Point of Sale System includes electronic cash registers, freestanding kiosks, kitchen video monitors, receipt printers, a drive-thru speed of service timing system, and headset system. [You must also purchase the required computer hardware, software, internet connections and service, and other computer-related accessories, peripherals and equipment necessary to support the Point of Sale System, mobile ordering and delivery platforms that utilize geofencing services, firewall and security service, and the required back of house information system from our approved supplier.](#)
9. **Digital Menu Boards.** You must purchase exterior digital menu boards, and you have the option to purchase interior digital menu boards, from our approved supplier. You must pay the license fee to us or our third-party supplier as we direct.
10. **Initial Inventory.** You must purchase all food products and supplies from distributors or suppliers that we approve, and which may include us or our affiliates.
11. **Grand Opening Marketing.** You are required to implement a grand opening local advertising and initial promotion of the Restaurant approved in advance by us. Although not required under the Franchise Agreement, we anticipate that many Franchisees will spend more than the minimum amount required to promote the opening of their Restaurants.

If you open a Restaurant in a market that is defined by us as underpenetrated, you must conduct a grand opening advertising program that we will develop with you that will be designed to introduce Taco John's to the market. In markets defined by us as underpenetrated, you may be required to spend up to an additional \$10,000, reflected in the high estimate in this table. An underpenetrated market is one where there is limited awareness of the Taco John's concept and

minimal Taco John's advertising penetration.

12. **Pre-Opening Training (Travel and Living Expenses)**. This amount includes airfare, hotel, food and transportation expenses for four people for 4 to 6 weeks of training in a Taco John's Restaurant we designate.
13. **Insurance**. You must obtain and maintain the insurance coverage that we periodically specify. The estimate covers the cost of one year's annual premium. The cost of insurance will vary based on policy limits, type of policies, any lease requirements, nature and value of physical assets, number of employees, square footage, geographical location, and other factors bearing on risk exposure.
14. ~~13.~~ **Miscellaneous Opening Costs**. This estimate includes the costs of permits and fees required by local governmental rules and regulations that will be associated with your project development, site preparation and building construction. These fees include standard permitting fees, but do not include tap fees or impact fees. Many jurisdictions impose these fees. In some cases, they may be paid by your developer. It also reflects the costs for professional services you may incur for architects, engineers, attorneys and/or accountants.
15. ~~14.~~ **Additional Funds**. The disclosure laws require us to include this estimate of costs and expenses to operate your Taco John's Restaurant during the "initial period" of the business, which is defined as three months or a longer period if "reasonable for the industry." We are not aware of any established longer "reasonable period," so our disclosures cover a three-month period. This estimate reflects the funds you should have available to cover operating costs during the initial period as a cash reserve for incidental costs not covered by cash flow during the start-up period and that are not included in any of the above categories. These figures are estimates, and we cannot guarantee that you will not incur additional expenses. Such operating costs may vary substantially depending upon many factors, including your management skill, experience, and business acumen, the size and location of the Restaurant, the number of persons you choose to employ and their experience and efficiency, local economic conditions, local market conditions, prevailing wage rates in your community, competition, and the sales level reached in the initial period. This item does not include the cost of any financing, interest, or the amount of debt service obligation that you may undertake.
16. ~~15.~~ **Total Estimated Initial Investment**. This amount reflects our current estimate of your initial investment for a traditional Taco John's Restaurant. The amounts shown are our best estimates of the amounts that Franchisees may spend for the purposes indicated. However, your actual costs may be higher or lower depending upon your particular circumstances including the size and/or location of the Premises of the Restaurant and whether you lease or purchase the land and/or building for the Premises, construction and labor costs in the area, your discretionary expenditures, and other factors, such as tenant allowances negotiated with the landlord, if any.

We relied on more than ~~56~~57 years of experience operating Taco John's Restaurants to compile these estimates and on the information we have obtained from our current Franchisees. The estimates are averages and reflect expenses for a single Restaurant under typical circumstances. Your situation may not be typical, and unforeseen circumstances may arise. You should review these figures carefully with various business advisors before making a decision to purchase a Taco John's Restaurant franchise. You should be aware that a variety of factors such as market demand, demographics, the extent to which you follow our methods and procedures, local economic conditions and your own business experience may affect many of the described expenses. We do not offer financing directly or indirectly for any part of the initial investment.

~~Non-traditional Restaurant~~ The non-traditional restaurant is generally Traditional Restaurants. Non-Traditional Restaurants are typically attached to or located within another structure. ~~It requires-~~ 675 The premises size typically ranges between 600 to 2,000 square feet with seating for 0 to ~~40~~ 40. Due to the capture-audience nature of most non-traditional locations, drive-thru windows and parking space are not typically considerations for Non-Traditional Restaurants. The following chart describes your estimated initial investment to establish a non-traditional Taco John's Restaurant.

Column-1 Expenditures Type of Expenditure	Column-2 Estimated Amount-or Estimated Low-High Range	Column-3 Method of Payment	Column-4 When Payable Due	Column-5 To Whom Paid Payment is to be Made
Initial Franchise Fee (1)	\$15,000	Cash	In full upon signing the Franchise Agreement	Us
Real Estate Lease (2)	~~(See Note 2)~~ <u>\$30,375 to \$90,000</u>	As arranged	As arranged	Seller or landlord
Design Costs	<u>\$26,300 to \$66,000</u>	<u>As arranges</u>	<u>As arranged</u>	<u>Contractors</u>
Leasehold Improvements (3)	\$125,000 to \$175,000	As arranged	As scheduled	Contractors
Operating Equipment (4)	\$100,000 to \$175,000	As arranged	As arranged	Suppliers
Furniture, Fixtures and Decor (5)	\$5,000 to ~~\$35,000~~ <u>55,000</u>	As arranged	As arranged	Suppliers
Signage and Installation (6)	\$5,000 to ~~\$25,000~~ <u>50,000</u>	As arranged	As arranged	Manufacturers and installers
Point of Sale/ <u>Computer</u> System (7)	\$20,000 to \$30,000	As arranged	As arranged	Suppliers
Digital Menu Boards (8)	\$10,000 to \$12,000	As arranged	As arranged	Suppliers
Initial Inventory (9)	\$15,000 to \$22,000	As arranged	As arranged	Suppliers
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Grand Opening Marketing (10)	\$25,000	As incurred	Set aside	Suppliers
Pre-Opening Training (Travel and Living Expenses) (11)	\$35,000 to \$48,000	As incurred	Before opening	Suppliers
<u>Insurance (12)</u>	<u>\$7,500 to \$10,000</u>	<u>As arranged</u>	<u>As arranged</u>	<u>Suppliers</u>
Miscellaneous Opening Costs (3 and ~~12~~ <u>13</u>)	\$10,000 to \$30,000	As incurred	As arranged	Governmental authorities, providers, and other third parties
Additional Funds ~~-- 3 months~~ ~~(13)~~ <u>14</u>	\$25,000 to \$40,000	As incurred	As arranged	Various suppliers and providers
TOTAL ESTIMATED INITIAL INVESTMENT (without real estate costs) (~~14~~ <u>15</u>)	~~\$390,000~~ <u>\$454,175 to \$632,000</u> <u>843,000</u>			

NOTES: The following notes apply to the Non-Traditional Restaurant model.

- Initial Franchise Fee.** The Initial Franchise Fee for a non-traditional Taco John's Restaurant is currently \$15,000. The Initial Franchise Fee is non-refundable in all circumstances once paid.
- Real Estate Lease.** You will typically enter into a lease for your non-traditional Restaurant. Lease costs generally range between \$15 and \$45 per square foot per year but the square footage

costs may vary substantially based upon the location of the site. You will consult with a real estate agent or broker ~~approved~~accepted by us for a better estimate of your real estate costs.

3. **Leasehold Improvements.** Costs vary widely, but generally range between \$125,000 and \$175,000. This estimate assumes that you will construct tenant finishes having a synthetic stucco exterior finish and commonly accepted quick service restaurant interior finishes, which may include wallpaper, painting, tile and /or wood paneling. The costs for the project will vary based upon local construction costs, local codes and standards, as well as factors such as the availability of a skilled work force, construction financing and other variables. In addition, you will be required to obtain various permits and licenses associated with the development of a new restaurant or for improvements to an existing restaurant. These amounts are reflected in this chart as Miscellaneous Opening Costs.
4. **Operating Equipment.** The estimate of your investment for operating equipment is based upon equipping a newly constructed facility with specified food preparation and storage, and equipment. These costs will increase if you purchase additional optional equipment for the Restaurant.
5. **Furniture, Fixtures and Décor.** This estimate is based on a Restaurant with a range of 0 to 40 seats. Your costs may differ depending on the type of facility and the location and seating capacity of your Restaurant.
6. **Signage and Installation.** Your investment in signage may be higher or lower depending on the size and height requirements mandated by local laws and regulations.
7. **Point of Sale/Computer System.** You must purchase a Point of Sale System from our approved supplier. The Point of Sale System includes electronic cash registers, freestanding kiosks, kitchen video monitors, receipt printers, and a drive-thru speed of service timing system and headset system if the non- traditional location has a drive-thru. You may also be required to purchase the required computer hardware, software, internet connections and service, and other computer-related accessories, peripherals and equipment necessary to support the Point of Sale System, mobile ordering and delivery platforms that utilize geofencing services, firewall and security service, and the required back of house information system from our approved supplier.
8. **Digital Menu Boards.** You must purchase exterior digital menu boards, and you have the option to purchase interior digital menu boards, from our approved supplier. You must pay the license fee to us or our third-party supplier as we direct.
9. **Initial Inventory.** You must purchase all food products and supplies from distributors or suppliers that we approve, and which may include us or our affiliates.
10. **Grand Opening Marketing.** You are required to implement a grand opening local advertising and initial promotion of the Restaurant approved in advance by us. However, because non-traditional restaurants are generally attached to or located within other structures with a captive audience, the grand opening marketing and initial promotion of the Restaurant will be determined based on the specific circumstances of the location and venue.
11. **Pre-Opening Training (Travel and Living Expenses).** This amount includes airfare, hotel, food and transportation expenses for four people for 4 to 6 weeks of training in a Taco John's Restaurant we designate.
12. **Insurance.** You must obtain and maintain the insurance coverage that we periodically specify. The estimate covers the cost of one year's annual premium. The cost of insurance will vary based

on policy limits, type of policies, any lease requirements, nature and value of physical assets, number of employees, square footage, geographical location, and other factors bearing on risk exposure.

13. ~~12.~~ **Miscellaneous Opening Costs.** This estimate includes the costs of permits and fees required by local governmental rules and regulations that will be associated with your project development. It also reflects the costs for professional services you may incur for architects, engineers, attorneys and/or accountants.

14. ~~13.~~ **Additional Funds.** The disclosure laws require us to include this estimate of costs and expenses to operate your Taco John's Restaurant during the "initial period" of the business, which is defined as three months or a longer period if "reasonable for the industry." We are not aware of any established longer "reasonable period," so our disclosures cover a three-month period. This estimate reflects the funds you should have available to cover operating costs during the initial period as a cash reserve for incidental costs not covered by cash flow during the start-up period and that are not included in any of the above categories. These figures are estimates, and we cannot guarantee that you will not incur additional expenses. Such operating costs may vary substantially depending upon many factors, including your management skill, experience, and business acumen, the size and location of the Restaurant, the number of persons you choose to employ and their experience and efficiency, local economic conditions, local market conditions, prevailing wage rates in your community, competition, and the sales level reached in the initial period. This item does not include the cost of any financing, interest, or the amount of debt service obligation that you may undertake.

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

We relied on more than ~~56~~⁵⁷ years of experience operating Taco John's Restaurants to compile these estimates and on the information we have obtained from our current Franchisees. The estimates are averages and reflect expenses for a single Restaurant under typical circumstances. Your situation may not be typical, and unforeseen circumstances may arise. You should review these figures carefully with various business advisors before making a decision to purchase a Taco John's Restaurant franchise. You should be aware that a variety of factors such as market demand, demographics, the extent to which you follow our methods and procedures, local economic conditions and your own business experience may affect many of the described expenses. We do not offer financing directly or indirectly for any part of the initial investment. The amounts set forth in the above tables are non-refundable.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to ensure a uniform image and uniform quality of products and services throughout the Taco John's system, you must maintain and comply with our quality standards, as we periodically modify them. Our standards may regulate, among other things, the equipment and other products and services you use to operate the Taco John's Restaurant, designated or approved suppliers (including manufacturers and distributors) of these items, and required or authorized products and services your Taco John's Restaurant offers. We issue and modify standards and specifications based on our, our

affiliates', and our franchisees' experience in operating and franchising Taco John's Restaurants. We will notify you in our Manuals or in other written communications of our standards and specifications and the names of some of our designated and approved suppliers. We also provide our relevant standards and specifications to approved suppliers. You must follow our standards and specifications in operating your Taco John's Restaurant. We formulate our standards and specifications according to our expectations of price and quality on an item- by-item basis, and we generally do not issue these specifications and standards to Franchisees.

Operations Manual

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

~~Our Operations Manual is provided online and consists of 250 pages plus linked documents. The Table of Contents is attached to this Disclosure Document as Attachment H.~~

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

Approved

Accepted Real Estate, Design, and Construction Professionals

We require you to use only qualified real estate agents and brokers ~~approved~~accepted by us to locate a site for your Restaurant. We also require you to use only qualified building design professionals, including architects and engineers, that are ~~approved~~accepted by us, for the build-out and improvement of your Restaurant. We also require you to complete the construction and build-out of your Restaurant using only a qualified general contractor ~~approved~~accepted by us. Upon reasonable request, we will consider the ~~approval~~acceptance of other professionals, but we are under no obligation to ~~approve~~accept any particular professional or any minimum number of them. All professionals are required to be licensed if required by the state in which the Restaurant is located. You must deal directly with any such real estate agent or brokers, architects, engineers, or general contractors. We will not receive any payments from ~~approved~~accepted real estate agent or brokers, architects, engineers, or general contractors, and we will not have any liability to you for their acts or omissions.

Approved Modular Building Manufacturers

If you build a modular model of the DT Digital Olé model Restaurant, we require you to use only

the modular building manufacturers approved by us. We will not receive any payments from approved modular building manufacturers and we will not have any liability to you for their acts or omissions.

Equipment, Fixtures, Furnishings and Signs

When you develop and operate your Restaurant, you must use only the brands, types, and/or models of equipment and furniture, ~~computer hardware and software~~, fixtures, furnishings, digital menu boards, and signs that meet our standards and specifications. You may only purchase these from our approved suppliers. You will be required to purchase certain types of restaurant equipment and supplies for the kitchen of the Restaurant. We approve certain manufacturers to supply you with these supplies and equipment items.

Required Systems and Purchases

When you develop and operate your Restaurant, you are required to purchase or license the brands, types, and/or models that we specify for all components of the Computer System, Learning Management System, and financial reporting system. You may only purchase or license these from our approved suppliers. Currently, we have approved suppliers for the components of the Computer System and for certain software and systems that you must use in your Restaurant. We also require you to use our approved suppliers for point-to-point encryption (“P2PE”) solutions (hardware and software) that are used in cooperation with your Point of Sale System to provide secure and compliant payment processing services. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute any software license agreements that we or the licensor of the software require and any related software maintenance agreements. We may require you to maintain certain network connections, which may include using an Internet Service Provider or other communications provider that we approve or designate. We may require you to maintain other support service contracts and/or maintenance service contracts from us or designated or approved suppliers. We may require that you pay a fee to us or our designated and approved suppliers for purposes of obtaining access to our learning management system or financial reporting system, and we may implement a Technology Fee to cover various technology services in the future.

~~Except as described above, neither we nor our affiliates will derive revenue as a result of your purchase of such items in accordance with our standards and specifications other than as described above.~~We require you to accept major credit cards (Visa, MasterCard, American Express, and Discover) for customer purchases, and we may require you to accept alternate payment methods in the future. You may be required to invest in additional equipment and incur fees from the credit card processing vendors, gift card processing vendors, and other hardware and software vendors that we designate.

Condition and Appearance of Restaurant

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

You may not make any material alterations to the Premises, or to the appearance of the Restaurant, as originally developed, without our prior approval. If you do so, we have the right, at your

expense, to rectify alterations we have not previously approved. You must replace or add new equipment when we require to meet changing standards, or to accommodate new menu items, or new preparation methods, and service methods, including the manner or method used to deliver food to the guest. At our request, you must remodel, renovate, refresh, reimage, refurbish, and modernize the Premises and the Restaurant, including the building design, parking lot, landscaping, equipment, signs, interior and exterior décor items, fixtures, furnishings, trade dress, and color scheme, to meet our then-current standards, specifications, and design criteria required of new Franchisees, and including, without limitation, such structural changes, remodeling, and redecoration, and such modifications to existing improvements as may be necessary to do so, all within the time frame we require.

Material alterations to remodel or renovate will not be required more often than once every 10 years. Non-material alterations to refresh, reimage, refurbish, or modernize will not be required more often than once every five years. The frequency limitations do not apply to your obligations to regularly maintain, repair, and replace the Restaurant and related property, and they also do not apply to your obligation to replace or add equipment to meet our standards. Material or non-material alterations may be required within 12 months after a Transfer. If you do not comply with equipment or remodel requirements, you may be required to pay a non-compliance fee.

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

Compliance with Laws and Good Business Practices

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

Additional Quality Control Requirements

You further agree to notify us of any crisis within your restaurant or organization that could result in negative media attention in accordance with our crisis management procedures contained in the ~~Operations Manual~~[Manuals](#).

You must participate, at your sole expense, in ~~a guest experience program~~[recovery programs we require](#), which [currently](#) includes a mystery shop service ~~and~~, guest ~~satisfaction~~[feedback or](#) survey ~~service or platforms~~, and such other similar ~~services~~[services](#) that we may designate from time to time to evaluate the conduct and quality of your Restaurant, including but not limited to cleanliness, food quality, merchandising and customer service. You must use our approved providers of such services and utilize the service at a frequency and in the manner prescribed by us. We have the right to review the results of the service evaluations and reserve the right to charge you for the cost of resolving guest complaints.

Insurance

Before you begin constructing your Restaurant, you must obtain and have in effect the following insurance coverage under policies issued by carriers of your choice whom we approve, unless we designate a required carrier for systemwide brand protection policies: (1) comprehensive public, product and automobile liability insurance against claims for personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Restaurant or your conducting business under the Franchise Agreement under one or more policies of insurance containing minimum liability coverage we prescribe from time to time; (2) general ~~casualty~~[property](#) insurance including fire and extended coverage, vandalism, and malicious mischief insurance for the replacement value of the Restaurant and its contents;-

~~(3)~~

(3) cyber liability insurance; (4) loss of business income and incident response for foodborne illness insurance; (5) employment practices liability insurance, (6) umbrella insurance, (7) workers' compensation insurance required by your state, (8) commercial auto insurance, and ~~(89)~~ business interruption insurance. We may require that you carry additional insurance policies in the future.

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

Currently, we require for each Restaurant location comprehensive general liability insurance coverage of at least \$1 million per occurrence and \$2 million in the aggregate; cyber liability insurance coverage of at least \$50,000; loss of business income and incident response for foodborne illness insurance coverage of at least \$1 million (which we purchase on behalf of the system as discussed below); ~~and~~ employment practices liability insurance coverage of at least \$25,000; and commercial auto insurance coverage of at least \$1 million. In addition to those required coverages, you must also maintain a separate \$1 million umbrella policy for each Restaurant location. If you operate two to five Restaurants, your umbrella policy requirement is \$2 million total umbrella coverage. If you operate six to nine Restaurants, your umbrella policy requirement is \$5 million total umbrella coverage. If you operate ten or more Restaurants, your umbrella policy requirement is \$10 million total umbrella coverage. We currently require you to carry business interruption insurance that provides coverage for actual loss sustained over a 12- month time period.

We currently maintain the insurance coverage for loss of business income and incident response for foodborne illness, which covers our locations and each individual franchised location in the required amounts. We may designate a specific required carrier and collect your share of the premium for this insurance from you and pay it to the insurance carrier on your behalf. We may require you to obtain this insurance directly from the insurance carrier in the future. We reserve the right to obtain a master insurance policy on behalf of the franchise system for certain types of coverage and require you to pay all or a portion of your proportionate share of coverage under the master policy to us or our approved supplier.

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

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

Gift Cards and Loyalty Program

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

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

Approved Products

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

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

Approved and Designated Suppliers and Distributors

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

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

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

We currently have purchasing arrangements~~agreements~~ with certain national beverage suppliers for fountain beverage ingredients and products. You are required to offer those fountain beverages in your Taco John’s Restaurant and will be generally prohibited from using other beverage products in your Restaurant. You will be required to obtain from approved suppliers, and use in your Taco John’s Restaurant, specific equipment related to the fountain beverage services.

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

approved supplier.

We may negotiate ~~other~~ purchase agreements for the benefit of franchisees and the Restaurant System. Currently, we have a purchasing arrangement with a national distributor as our products and supplies distributor. You are required to purchase ~~those~~ products and supplies distributed by our approved distributor and its affiliates. You will enter into any and all agreements and documents required of franchisees by the approved distributor. We may derive revenue from purchases or leases of inventory and supplies from any approved supplier of ours on account of their dealings with you and other franchisees.

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

Under the Franchise Agreement, you authorize us to act as your sole agent to enter into contracts with parties that offer promotions, discounts or other programs under which you would receive rebates or marketing allowances ("Rebates") from handling items offered for sale by such parties. Except as discussed below, all Rebates will be paid to us and will be our sole property to be used at our discretion, unless we designate otherwise. In certain situations, we may agree with certain suppliers for portions of the Rebates to be paid to you, but we have no obligation to arrange for any particular Rebate amounts to be paid to you. Currently, we arrange for beverage rebates to be paid directly to franchisees.

As of the date of this Disclosure Document, our beverage suppliers pay us Rebates ~~between \$0.80 to \$1.00 per gallon purchased by our~~ based on the number of gallons franchisees purchase. Other suppliers pay us Rebates ~~of between \$0.08 and \$2.26 per case of franchisee purchases~~ based on the number of cases franchisees purchase. Certain suppliers also pay us fixed amounts of Rebates, ~~which in our last fiscal year totaled \$127,000~~. Our agreement with our products and supplies distributor provides that it shall pay us an administrative allowance ~~of \$0.10 per case of franchisee purchases~~ based on the number of cases franchisees purchase. Any administrative allowance amounts paid to us are currently required to be used at our discretion to address supply chain issues or other supply chain initiatives.

In 2025, we earned Rebates totaling \$1,050,729 (the "Rebate Revenue") and administrative allowances totaling \$198,023 (which, collectively, constitutes 3.6% of our total revenue (\$34,788,783) from 2025). We deposited \$1,050,729, or 100% of the Rebate Revenue into the Advertising Fund for the entire Taco John's® system's benefit for national marketing, marketing support, and research and development. This information is taken from our and our affiliates' business records and financial statements.

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

If you would like to purchase any items or services from an unapproved supplier, you must submit to us a written request for approval of the proposed supplier. Upon receipt of your request to approve an alternate supplier, we will furnish the supplier with our relevant standards and specifications (except standards and specifications which are or include trade secrets) for suppliers of items or services

of the type to be furnished by the proposed supplier as long as the proposed supplier agrees to execute a confidentiality agreement in a form acceptable to us. We will have the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing in order to determine if the proposed supplier meets our requirements for approved suppliers. We do not generally make available to our Franchisees the criteria used in approving suppliers. We will inform you of our decision to approve or disapprove a proposed supplier within a reasonable time considering the nature of the products and specifications we must review. We reserve the right to charge the proposed supplier a fee (not to exceed the reasonable cost of the inspection and the actual cost of the testing) to make the evaluation. We reserve the right to revoke our approval upon written notice to the supplier and any Franchisees purchasing from that supplier if the supplier does not continue to meet any of our criteria. The time for our approval or disapproval of a proposed supplier ranges from 90 to 120 days from the date we receive all required information about the supplier.

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

Additional Information:

~~We may derive revenue from purchases or leases of inventory, supplies and equipment from any approved supplier of ours on account of their dealings with you and other franchisees. Currently, any amounts we receive as Rebates as a result of purchases of products or services by Franchisees from approved vendors are retained by us. In the past fiscal year ending December 31, 2024, we had \$36,370,278 in total revenues. Of these amounts, \$1,184,397 (3.3% of our total revenues) was derived based on Rebates paid by suppliers as described above. However, in the last fiscal year, all such Rebates were contributed by us to the Advertising Fund on a full pass-through basis, and funds from those Rebates were spent for the benefit of all franchisees. Any amounts we receive as administrative allowances as a result of purchases of products or services by Franchisees from approved suppliers are retained by us. However, in the last fiscal year, all such administrative allowance amounts were used by us to address supply chain issues on behalf of franchisees such as inventory disposition and minimizing outages, and we therefore did not retain any revenues from those administrative allowances.~~

We do not provide you or other Franchisees material benefits based on purchases from approved suppliers. We do not derive revenues from real estate leases. Neither we nor any affiliated or parent company of ours currently derives any revenues from the sale of any products or services to our franchisees, but we reserve the right to do so in the future. Neither we nor any affiliated or parent company of ours currently derive any revenue from the lease of any products or services to our franchisees, but we reserve the right to do so in the future.

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

ITEM 9. FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Agreement	Item in Disclosure Document
(a) Site selection and acquisition/	Section 3.1-3.3 of Franchise Agreement.	Items 7, 8, 11 and 12

lease		
(b) Pre-opening purchases/leases	Section 3.1 - 3.5 of Franchise Agreement.	Items 5, 7, 8 and 11
(c) Site development and other pre-opening requirements	Article 3 of Franchise Agreement.	Items 5, 7, 8 and 11
(d) Initial and ongoing training	Article 4 of Franchise Agreement.	Items 5, 6, 7 and 11
(e) Opening	Section 3.6 of Franchise Agreement.	Item 11
(f) Fees	Article 3 and 4 of ADA, Article 9 of Franchise Agreement, Section 6 of Non-Traditional Facility Rider.	Items 5 and 6
(g) Compliance with standards and policies/ ~~Operations-~~ ~~Manual~~ Manuals	Sections 5.2 and Article 10 of Franchise Agreement, Sections 7 through 10 of Non-Traditional Facility Rider.	Items 11, 14 and 16
(h) Trademarks and proprietary information	Section 2.E of ADA, Article 6 of Franchise Agreement.	Items 13 and 14
(i) Restrictions on products/services offered	Sections 10.4 and 10.5 of Franchise Agreement.	Items 8 and 16
(j) Warranty and customer service requirements	Not Applicable.	Item 16
(k) Territorial development and sales quotas	Article 4 of ADA, Article 3 of Franchise Agreement.	Item 12
(l) Ongoing product/service purchases	Section 10.5 of Franchise Agreement.	Item 8
(m) Maintenance, appearance and remodeling requirements	Section 10.2 of Franchise Agreement.	Item 11
(n) Insurance	Section 10.8 of Franchise Agreement.	Items 7 and 8
(o) Advertising	Sections 9.3 and 9.5 and Article 11 of Franchise Agreement, Section 6 of Non-Traditional Facility Rider.	Items 6 and 11
(p) Indemnification	Section 11.B of ADA, Sections 6.5 and 7.3 of Franchise Agreement, Section 5 of Non-Traditional Facility Rider.	Item 6
(q) Owner's participation/management and staffing	Sections 2.2 and 10.7 and Article 4 of Franchise Agreement.	Item 15
(r) Records/reports	Article 12 of Franchise Agreement.	Item 6
(s) Inspections/audits	Article 13 of Franchise Agreement.	Item 6
(t) Transfer	Article 8 of ADA, Article 14 of Franchise Agreement.	Items 6 and 17
(u) Renewal	Section 2.4 of Franchise Agreement.	Item 17
(v) Post-termination obligations	Section 7.C, D, and F of ADA, Article 16 of Franchise Agreement.	Item 17
(w) Non-competition covenants	Article 9 of ADA, Sections 8.3 and 16.5 of Franchise Agreement.	Item 17
(x) Dispute resolution	Article 13 of ADA, Section 17.10 of Franchise Agreement.	Item 17
(y) Gift Cards	Sections 9.2, 9.4, 10.4, and 11.3 of Franchise Agreement.	Items 6 and 8

ITEM 10. FINANCING

~~Neither we nor any agent or affiliate of ours~~[We do not](#) offer direct or indirect financing ~~to our franchisees~~. We do not ~~guarantee any notes, leases or other obligations of our franchisees~~[guaranty your note, lease, or obligation](#).

ITEM 11.

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

PERFORMED BEFORE COMMENCING OPERATIONS

Pre-Approval Operational Assessment

~~Before you sign an ADA or Franchise Agreement, we have the right to require all financially qualified and otherwise pre-qualified franchisee candidates to attend an Operational Assessment (“OA”). There is no cost paid by you to us to participate in the OA, but you are responsible for travel expenses. The objective of the OA is to provide both you and us with sufficient information about your in-store operational disposition and temperament to help predict your performance in the initial training program, including your ability to successfully handle customer contact, learn the fundamentals of Mexican quick-service restaurant operations, understand the challenges and rigors of the food service industry, and comprehend basic store administrative people leadership and management functions. The total time commitment for the OA is a minimum of three hours at a Taco John’s Restaurant during peak hours. You will be provided with a summary report checklist and recommendation by the responsible trainer. Before participation in the OA, you must sign a standard non-disclosure agreement and release of liability in the form attached as Attachment L. Satisfactory completion of the OA does not guarantee that we will enter into a Franchise Agreement with you, or that you will have success in the initial training program or its tests, or in actual operation of a Restaurant, and we make no warranties or representations that completion of the OA will result in the grant of a Taco John’s Restaurant franchise or ensure the success of your business.~~

Area Development Agreement

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

Franchise Agreement

Pre-Opening Obligations. Before you open the Restaurant, we will:

1. **Restaurant Development.** Evaluate your site and accept it if it meets our criteria; provide you with conceptual floor plans and specifications for construction, equipment, computer hardware and software, furniture, fixtures, furnishings, and signs; review your construction documents and hold regularly-scheduled ~~Stage Gate~~ New Restaurant Opening meetings. We will conduct at least one inspection of the Restaurant during construction (Franchise Agreement-Article 3).
2. **Training.** Provide initial training ~~for one owner and the number of managers required for your Restaurant specified in the Operations Manual~~, as more fully described below (Franchise Agreement- Article 4).

OBLIGATIONS TO BE PERFORMED DURING OPERATIONS

Franchise Agreement

Post-Opening Obligations. During the operation of your Restaurant, we will:

1. Guidance, Assistance and Additional Training. Provide guidance, assistance and additional training on how to operate and manage a Taco John's Restaurant as more fully described below (Franchise Agreement – Section 4.3).
2. ~~Operations Manual~~Updated Standards and Manuals. Make available to you our ~~Operations Manual~~Manuals (Franchise Agreement – Section 5.2).
3. Marketing. ~~Provide~~Administer the Advertising Fund, approve or disapprove of any of your proposed advertising that requires our approval, and provide you with marketing and promotional materials as more fully described below (Franchise Agreement - Article 11).
4. Pricing. At our discretion, provide guidance and assistance to you in recommending the prices to be charged by you for the services and products provided by you. At our discretion and to the extent permitted by law, we may periodically provide specifications to you for any maximum or minimum prices we establish to be charged by you for products and services in your Restaurant for systemwide discount programs and promotions, limited time offerings or offers and items we designate for inclusion in our value programs. You must comply with the maximum and minimum pricing guidelines we establish. If we do not establish pricing limits for certain products and services, we may provide you with suggested prices for those items at our discretion. In that case, any prices that we recommend to you are merely recommendations (Franchise Agreement – Section 10.4(jk)).
5. License of Marks. Permit you to use our Marks in accordance with our specifications (Franchise Agreement – Sections 2.1 and 6.2).
6. Use of Restaurant System. Permit you to use our Restaurant System, as it may be modified (Franchise Agreement – Section 2.1).
7. Relocation Review. Evaluate sites to which you propose to relocate your Restaurant in accordance with the site selection criteria described in this Item 11 (Franchise Agreement – Section 10.3).
8. Remodeling Review. We will review and accept your general contractor and proposed replacement designs, furniture, fixtures, equipment, and décor when you refresh or remodel your Restaurant (Franchise Agreement – Section 10.2).

Manuals

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

a restricted website on the Internet, will constitute provisions of the Manuals. All references in this Disclosure Document to the Manuals include the provisions of the Manuals and all mandatory specifications, standards and operating procedures and rules.

Our Manuals are provided online and consist of 41 pages plus linked documents. The Table of Contents is attached to this Disclosure Document as Attachment G.

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

Advertising Requirements

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

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

Grand Opening Marketing

Under the Franchise Agreement, you must set aside a sum of money that you will spend for the grand opening advertising of the Restaurant within the first 6 to 12 weeks of operation of the Restaurant. Your grand opening advertising program must be planned with the assistance of our marketing department and be approved by us. We require you to spend a minimum of \$25,000, but some franchisees may spend more depending upon local market circumstances. In markets defined by us as underpenetrated, you may be required to spend an additional \$10,000. We may require you to provide us with an accounting of your grand opening expenditures within 180 days after the date the Restaurant is opened.

Advertising and Marketing Fee

By signing the Franchise Agreement, you agree to pay to the Advertising Fund, ~~discussed~~ (described below), an Advertising and Marketing Fee (the "Advertising and Marketing Fee") equal to 4% of the Net Sales ~~of the traditional Restaurant. The Advertising and Marketing Fee for Non-traditional Restaurants is and~~ 2% of Net Sales. ~~We will not increase this fee for non-traditional Restaurants before January 1, 2026, but thereafter, we.~~ We may modify the Advertising and Marketing Fee ~~for traditional Restaurants on 60 days' notice to an amount equal to the amount we charge to new Franchisees, but in no event shall the Advertising and Marketing Fee exceed 4.25% of the Net Sales. We will not increase this fee for a Non~~ for traditional Restaurants or 2.25% of Net Sales for non-traditional Restaurant during the initial term of your Franchise Agreement Restaurants. The Advertising and Marketing Fee is payable at the same time and in the same manner as your Royalty payment. Taco John's Restaurants which we own pay Advertising and Marketing Fees on the same basis as franchised Taco John's Restaurants.

Although we try to use the Advertising and Marketing Fees to place advertising in a manner that will benefit all Taco John's Restaurants, we cannot ensure that expenditures of Advertising and Marketing Fees in or affecting any geographic area are proportionate or equivalent to Advertising and

Marketing Fees paid by Taco John's Franchisees operating in that geographic area or that any Taco John's Franchisee will benefit from the placement of advertising directly or in proportion to the amounts it has paid as Advertising and Marketing Fees. ~~Advertising and Marketing Fees paid to an Advertising Cooperative will be used for marketing and advertising programs conducted in the area where the Taco John's Restaurants owned by the members of the Advertising Cooperative are located.~~

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

Advertising Fund

We have established an advertising fund (the "Advertising Fund" or "Fund") in which we deposit the Advertising and Marketing Fee we receive from Franchisees. The Advertising Fund is administered by us. ~~Unless we have established a National Marketing Program as provided below, we will confer with an advertising production committee (the "Advertising Production Committee"), which is made up of seven Taco John's Franchisees and one of our management level employees. Five of the Franchisee members of the Advertising Production Committee are nominated by Franchisees and are elected by ballot vote to serve three years on the Committee. Two of the Franchisee members are appointed by the Board of Directors of the Association of Taco John's Franchisees, Inc. to serve three years on the Committee. The Advertising Production Committee is organized and governed pursuant to its bylaws that we approve. We may disband the Advertising Production Committee in our sole discretion. The Advertising Production Committee serves in an advisory role only. The artistic and creative aspects of advertising/marketing materials will be determined by us after conferring with the Advertising Production Committee.~~ The Advertising Fund ~~is~~ may be used to create and produce advertising materials that are made available to you, ~~to~~ other Taco John's Franchisees, and ~~to~~ advertising cooperatives ~~formed by Taco John's Franchisees~~ ("Advertising Cooperatives"), as they may exist from time to time. ~~We or our advertising agency may charge a fee for any advertising materials acquired by a Franchisee or Advertising Cooperative.~~ The funds in the Advertising Fund ~~are spent~~ may be used to foster recognition and promotion of the Marks, the brand, and retail sales of Taco John's Restaurants, generally, and to pay for the development, support, and dissemination of marketing materials and programs. ~~Materials produced using (including our operating expenses related to the administration of the Advertising Fund and the related proportionate share of overhead and employee compensation) (collectively, "Permitted Ad Fund Uses").~~ Permitted Ad Fund Uses may include television and radio spots, newspaper and billboard displays, freestanding inserts ~~("FSI")~~ and flyers, signs, menus, menu boards, e-mail or other social media campaigns, digital displays, and visual displays. We may use a variety of sources for advertising materials including in-house and regional or national advertising agencies. ~~We or our advertising agency may charge a fee for accessing or using approved advertising materials. These are all~~ Permitted Ad Fund Uses.

In the year ended December 31, ~~2024~~ 2025, the Advertising Fund was allocated to advertising production costs (99%) and administrative expenses (1%). No part of the Advertising Fund was used to solicit the sale of Taco John's franchises; however, a toll-free number for franchise sales information occasionally appears on marketing materials provided for retail promotions. ~~Neither we nor~~ We or our affiliates may receive payment for ~~any~~ goods or services we or they provide to the Advertising Fund. If fees that were collected in a particular year are not entirely spent in that year, the balance is carried over to the Advertising Fund's budget for the following year. An annual audited statement of monies collected and expended by the Advertising Fund will be made available to you on written request.

~~We may in the future establish a program for national, regional, or local media placement, digital advertising, and national advertising (the "National Marketing Program"). If we create a National~~

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

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

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

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

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

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

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

National Marketing Program

In July 2026, we will establish a marketing and advertising program (the “National Marketing Program”) that will support the growth, recognition, and long-term success of the brand by developing and implementing local, regional, and national marketing and advertising programs and initiatives, which may encompass media buying and placement, digital and social media marketing, creative development, brand strategy, market research, public relations, promotional materials, and other marketing activities that we determine are appropriate to promote and enhance the Taco John’s system and Taco John’s Restaurants (including our operating expenses related to the administration of the National Marketing

Program and the related proportionate share of overhead and employee compensation). The goals of the National Marketing Program include increasing overall consumer awareness, strengthening and maintaining a consistent brand image, and driving customer traffic to Taco John's Restaurants. We will endeavor to target the activities of the National Marketing Program in those geographic areas where Taco John's Restaurants are located. The National Marketing Program seeks to leverage economies of scale, increase buying power, support market research and innovation, and adapt marketing strategies to evolving consumer preferences and competitive conditions, all for the collective benefit of the Taco John's system and Taco John's Restaurants.

Once the National Marketing Program is established, we will use the Advertising Fund to support it. We will use 2.85% of the Advertising and Marketing Fee traditional Taco John's franchisees pay to the Advertising Fund for the National Marketing Program and 1.15% of the Advertising and Marketing Fee for the production of advertising materials with the advice of the Advertising Production Committee (described below). We reserve the right to change these percentages and how we allocate the Advertising and Marketing Fee in our sole discretion. In our sole discretion, we may modify or eliminate the National Marketing Program at any time upon notice to you. We will, however, continue to administer the Advertising Fund consistent with the Permitted Ad Fund Uses.

Advisory Councils and Committees

Once the National Marketing Program is established, we will also establish a national marketing advisory cooperative ("NMAC") that consists of representatives of all of Taco John's restaurants. We and all Taco John's franchisees with at least one active Taco John's Franchise Agreement will be members of the NMAC.

The NMAC may elect, and we may appoint, franchisees and our representatives to the national advisory council (the "NAC"). Among other things, the goal of the NAC is to provide advisory input on the National Marketing Program's strategy and initiatives. We retain ultimate authority over the National Marketing Program and how the Fund will be spent. NAC's members may be comprised of franchisees elected by the NMAC, franchisees selected by us based on a number of factors (including the number of Restaurants owned, diversity, geography, and tenure), and/or one or more of our designees. The NAC may be governed by bylaws approved by us.

In addition to the NAC, we currently have one other committee (the "Advertising Production Committee" or "APC") which is currently comprised of certain franchisees. The APC serves in an advisory capacity on marketing materials that franchisees use in their Restaurant, including POP materials.

In our sole discretion, we may form, change the structure, function or name of, dissolve, or otherwise modify or eliminate the NMAC, NAC, APC, or any other committees at any time. We will, however, continue to administer the Advertising Fund consistent with the Permitted Ad Fund Uses.

Local Advertising

You are expected to advertise and promote your Restaurant throughout the term of the Franchise Agreement. We will maintain, and provide to you upon your written request, a list of approved advertising and promotional materials which may be used by Taco John's Franchisees. You are permitted to use advertising and promotional materials you develop and to conduct independent local promotions so long as you obtain our prior written consent to do so. You must submit to us for our approval ~~any~~ samples of all local advertising and promotional materials which are not on the list of approved materials before using them. We will provide approval or disapproval within five business days after the date we receive the materials. If we do not approve your proposed advertising ~~and/or~~ promotional

~~materials you develop. We will provide approval or disapproval within~~withing five business days ~~after the date we receive the materials.~~

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

We may, in our sole discretion, use the Advertising Fund to reimburse Taco John's franchisees for amounts spent on approved local advertising and promotional materials after the start of the National Marketing Program, so long as you are in compliance with the terms of the Franchise Agreement, the advertising and promotional materials are approved by us in writing, you provide us with copies of any receipts and other information we may reasonably request, and such reimbursement is not for costs that occurred more than six months prior to submission.

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

Local or Regional Advertising Cooperatives

Before the Issuance Date of this Disclosure Document, we required some of the Taco John's franchisees to participate in a local or regional advertising cooperative (each a "Local Advertising Cooperative"). All Local Advertising Cooperatives are required to cease operations by July 2026. All members of the Local Advertising Cooperatives will become members of the NMAC.

We reserve the right to establish and require your participation in a Local Advertising Cooperative at our sole discretion at any time throughout the term of the Franchise Agreement, although you will not be required to participate in a Local Advertising Cooperative at the time you sign the Franchise Agreement. If we require you to join a Local Advertising Cooperative, the following shall apply: (a) we will determine each Designated Market Area ("DMA") for each Local Advertising Cooperative, in our sole discretion; (b) each Local Advertising Cooperative will consist of the franchisees in your DMA or such other area determined by us in our sole discretion; (c) we may change the size and scope of the DMAs upon 6 months' notice; (d) each Local Advertising Cooperative will be legally incorporated as a corporation and will operate under bylaws that we accept; (e) each Advertising Cooperative will have, at a minimum, a President and Treasurer elected by the members of the Advertising Cooperatives; (f) we may direct and require the Local Advertising Cooperative use approved or designated vendors or suppliers, including an approved or designated advertising agency, media buyer, or other professional marketing services provider; (g) each Local Advertising Cooperative will be required to prepare annual financial statements and provide the same to the members and to us; and (h) we will have the right to change the structure of, change the function of, and/or dissolve each Local Advertising Cooperative, in our sole discretion. If you are required to join a Local Advertising Cooperative, then we may contribute a portion of your Advertising and Marketing Fee to the Local Advertising Cooperative in an amount and in a manner we solely determine. A Local Advertising Cooperative may collect additional advertising fees for use by the Advertising Cooperative on approved advertising and marketing programs.

Websites and Social Media

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

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

Electronic Cash Register/Point of Sale System

You must purchase, from our approved vendor, and install the specific electronic cash register, freestanding kiosks, kitchen video monitors, receipt printers, drive-thru speed of service timing system, and headset system (collectively, the “Point of Sale System”) we specify from time to time, the principal functions of which are to manage permanent financial records of sales transactions at your Restaurant, cash control, inventory control, and menu and price change control, among other things. You must also purchase and install the required computer hardware, software, internet connections and service, and other computer- related accessories, peripherals and equipment necessary to support the Point of Sale System, mobile ordering and delivery platforms that utilize geofencing services, firewall and security service, and the required back of house information system we specify from time to time (collectively, with the Point of Sale System, the “Computer System”). The cost of the Point of Sale System is estimated to be between \$20,000 and \$35,000, with a license fee currently in the amount of \$475 to ~~\$650~~750 per month depending on the number of terminals selected. The cost of the back of house information system is currently ~~\$140~~145 per month. The current cost of geofencing services is \$35 per month, which we may require you to pay to us or the approved supplier.

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

You understand and agree that we have full rights and access to the information and data stored in your Point of Sale System. We have developed interfaces with our preferred providers that facilitate this access. You must provide any assistance we require to integrate your Point of Sale System with our headquarters system at the earliest possible time and in the manner we prescribe. You must accurately, consistently, and completely record, structure, capture and provide all required information through your

Point of Sale System in accordance with all applicable laws and protect such information as required.

We may revise our specifications for the Point of Sale System from time to time as we determine reasonably necessary. We may also change, upgrade, or discontinue the required Point of Sale System and any or all other elements of the Computer System from time to time in our discretion, and you will be required to ~~acquire any updated system~~ comply with our directions, at your ~~sole~~ expense, within a reasonable time after notice to you. Consequently, you may be required to upgrade or update your equipment. If we require you to use a different Point of Sale System, you must stop using the old Point of Sale System, acquire the new Point of Sale System, sign any required software license agreement and any required maintenance/update agreements with the vendor, pay any related Point of Sale System Support Fees, and use the new Point of Sale System, at your sole expense. There are no contractual limitations on the frequency or cost of this obligation. We estimate the cost of maintain the Computer System will be approximately \$1,000 per year, although we cannot estimate the cost of ~~maintaining~~, updating or upgrading your Computer System or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances we cannot predict at this time. If you do not comply with technology or equipment requirements, you may be required to pay a non-compliance fee.

We require use of a financial reporting system that we designate and which you must acquire from us or our designated vendor, allowing you to upload and deliver electronic reports of your Net Sales, Profit and Loss statements, and other data to us. There is currently no fee for this system, but we may require you to start paying a fee to us or our approved third-party vendor for use of that service upon 180 days' notice.

The amount of the fee will be determined if and when the fee is implemented, and once implemented is subject to change on 30 days' notice.

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

We currently have an online learning management system, ~~which we call The Olé! Way~~, which you may access to obtain information on various aspects of the operation of a Taco John's Restaurant, including the ~~Operations Manual~~ Manuals. You will enter into any and all agreements and documents required of our vendor for this online system and pay to us or the vendor of this system, as we direct, the Online Learning Management System Fee, currently in the amount of \$240 per year. We have no obligation to maintain this system and intranet site indefinitely. We can, after 60 days' advance written notice to you, remove this site and system entirely, and require you to subscribe, at your sole cost and expense, to a service or provider we designate to obtain access this or similar information, including the ~~Operations Manual~~ Manuals. You are required to purchase a dedicated iPad® or Windows® tablet or computer that meets the hardware and software specifications necessary to use our Learning Management System. This tablet or computer will be used to deliver training materials, digital recipes, videos, communication, and engagement activities digitally. We anticipate the cost for the tablet or computer, together with the software needed to operate it, will cost between \$300 and \$1,000 for the initial purchase.

You must dedicate a high-speed broadband connection that meets our specifications for the sole

purpose of supporting your Computer System. You also must obtain all telecommunications and computer infrastructure products required to access the Internet and to support our then-current information technology system. We or our vendors may require you to communicate, receive notices, or place orders through the Internet, including through websites or intranets, or other communication methods that we specify. We may require you to establish a Wi-Fi network for your guests, which must be separate from any networks that you use to process credit cards. We anticipate the cost for the dedicated broadband network will initially cost between \$100 and \$200 per month.

You must purchase exterior digital menu boards, and you have the option to purchase interior digital menu boards, from our approved third-party supplier. The cost of the Digital Menu Board License fee from the approved third-party supplier is currently \$75 per month for exterior digital menu boards and \$65 per month for interior digital menu boards, and you will pay that directly to the supplier. For certain existing Restaurants operating with an existing digital menu board system, we may collect the license fee for that system, currently in the amount of ~~\$18.80~~20 per screen license per month.

We may in the future establish a Technology Fee as described in Item 6 for further development of technology provided by or for us. If we create a Technology Fee, it will replace some or all of the following: the Digital Menu Board License Fee, ~~The Olé! Way-online learning management system~~the Online Learning Management System license fee, financial reporting system fee, back of house information system fee, geofencing service fee, online ordering subscription fees, gift card fee, loyalty/rewards program fee, guest ~~experience-program~~recovery fee, and other technology- related implementation, subscription, or license costs. The Technology Fee will also be used for further development and support of technology by or for us, including changes or enhancements to ordering and AI platforms, the mobile app, data reporting platforms, custom development, or other technology innovations. We reserve the right to implement this fee on 60 days' notice to you.

Site Selection

Under the Franchise Agreement, including each Franchise Agreement signed under an ADA, you must locate, within 90 days after the date of the Franchise Agreement, a site that is suitable for the operation of a Taco John's Restaurant (a "Proposed Site"). You will work with a real estate broker ~~approved~~accepted by us to locate a site which you believe in good faith to be suitable for development as a Taco John's Restaurant, and you will submit to us full and complete site documentation in our required form, a copy of the proposed purchase agreement or lease, and any other information about the site and its development that we may reasonably request. We will use reasonable efforts to evaluate and accept or reject a Proposed Site and will not unreasonably withhold acceptance of sites that meet our minimum standards for market type, trade area, general location, physical and demographic characteristics of the market or sub-market, traffic pattern, parking, restaurant competition, proximity of other businesses (including other Taco John's Restaurants), the nature of other businesses in proximity to the site, layout and other physical characteristics, development costs, rental, lease duration and other lease terms and conditions for the Taco John's Restaurant.

You may not execute a purchase agreement for a Proposed Site until you have provided us a copy of the purchase agreement and we have accepted the site and purchase agreement in writing. We have 30 days after receipt of your full and complete site documentation and purchase agreement to review and accept it.

You may not execute a lease for a Proposed Site until you have provided us a copy of the lease and have demonstrated to our reasonable satisfaction that your lease contains the required provisions described in our Lease Rider (currently in the form attached as Attachment K~~I~~ but subject to modification) and we have accepted the site and lease in writing. We have 30 days after receipt of your full and complete site documentation and lease to review and accept it.

We may provide you with suggestions and recommendations concerning the terms and conditions of the purchase agreement or lease. We have the right to require that certain provisions are included in the lease relating to duration, use, default, notices, assignment, remodeling, personal property rights, the right for our employees to enter the Premises, our right to protect our Marks, and ~~the~~our right of first refusal. Some provisions may be contained in our Lease Rider form. We make no representations or warranties as to the legal validity of these provisions. It ultimately is your responsibility, however, to negotiate and accept the final terms of these documents. Our involvement in the review and approval of the purchase agreement or lease for the Proposed Site does not constitute a recommendation, endorsement, or guarantee by us of the suitability or profitability of the location or the purchase agreement or lease, and you will need to take any additional steps necessary to ascertain whether such location and documentation are acceptable to you, which may include engaging your own legal counsel. You must provide us with a copy of the fully-executed purchase agreement or lease and Lease Rider.

An “Accepted Site” is a Proposed Site for which we have reviewed your full and complete site documentation, a copy of the proposed purchase agreement or lease, and any other required information, and which we have accepted in writing. Our acceptance of a site is not a representation or warranty, express or implied, that the Proposed Site is suitable for a Taco John’s Restaurant or for any other purpose. Upon execution of the Franchise Agreement, you may begin proposing locations immediately. We cannot estimate the time it will take you to secure an Accepted Site, but the time it takes you may depend on many factors including the local market and suitability of existing buildings. If you are unable to locate an Accepted Site within the specified time, we may terminate the Franchise Agreement. Upon our written acceptance of a Proposed Site for your Restaurant, you agree to attempt to obtain lawful possession of the Accepted Site through purchase or lease.

You are solely responsible for developing, constructing, remodeling and decorating the site for your Restaurant to the current brand image and standards, for all expenses associated with it, for conforming the premises to local ordinances and building codes and obtaining any required permits, and for compliance with the requirements of any applicable federal, state or local laws. You must engage building design professionals, including architects and engineers, and qualified general contractors, that are ~~approved~~accepted by us, for the buildout and improvements of your Restaurant.

We do not generally own the sites for Taco John’s Restaurants or lease them to franchisees.

Time for Commencement of Operations

We estimate the typical length of time between the signing of the Franchise Agreement and the opening of your Taco John’s Restaurant will be approximately ~~9~~3 to 12 months. Some factors which may affect this timing are pre-existing obligations, locating an Accepted Site, negotiating your purchase or lease for the Accepted Site, completion of your training, ~~the time to acquire~~obtaining necessary permits, construction and build out of your Restaurant location, delivery and installation of equipment and supplies, and your ability to secure financing. You must open your Restaurant for business within the earlier of: (i) two hundred ten (210) days after receiving your building permits for the Accepted Site, or (ii) 10 days after obtaining the Certificate of Occupancy for the Restaurant, and in any event within 12 months after the signing of the Franchise Agreement. If you are opening multiple outlets under the multi-unit franchisee incentives described in Item 5, we will agree to modify the opening date requirements ~~as described in Item 5.~~

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

Training

Below we describe our current training program. We reserve the right to modify our training program at any time, including the timing, frequency, length, content, format, and location of training. All training programs are provided to protect our brand and the Marks and not to control the day-to-day operation of your Restaurant. You are also solely responsible for hiring and training your employees.

Area Development Agreement

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

Franchise Agreement

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

~~*Initial Training.* We will provide an initial training program in the operation of a Taco John’s Restaurant for a specific number of Restaurant managers (Franchise Agreement – Section 4). Before the Restaurant opens for business, one owner, or if the owner is not an individual, the person designated by the owner to assume primary operational responsibility for the Restaurant (“Designated Principal”), and a minimum of three additional managers must attend the “Management Certification Program” at the time and location we designate. If the owner or Designated Principal will not have primary operating responsibilities, then four managers must attend this training and become certified as Active Certified Managers (defined below) in addition to the owner or Designated Principal. If you operate multiple Taco John’s Restaurants, we may require you to have members of your management team who oversee multiple Restaurant locations (each an “Above Store Leader”), attend additional training. If you open a new restaurant in an underpenetrated market, we may require you and your managers to attend additional training. You must pay all expenses incurred by any owners, Above Store Leaders, and/or manager(s) of the Restaurant in connection with attendance at the Management Certification Program. All persons who complete the Management Certification Program will be designated an Active Certified Manager, as defined below. We do not charge a fee for the Management Certification Program for up to four individuals, but you will be required to pay a fee for the food safety program and certification provided by a third party licensed to teach food safety that we approve. If you elect to train additional managers, there may be an additional fee. We pay no compensation to you or your employees while in training.~~

~~The Management Certification Program for Taco John’s includes instructions on guest service, operating and maintaining equipment, preparing Taco John’s food, food safety techniques, food purchasing and food cost analysis, business management, personnel management, and other details and procedures for operating a Taco John’s Restaurant. The four to six week Management Certification Program is a hands-on training course that is conducted in a Restaurant we designate or in our Restaurant Support Center located in the Minneapolis, Minnesota metropolitan area at the time we designate, with other training provided online. Your Field Training Manager or Franchise Business Consultant oversees and coordinates the training course. The initial Management Certification~~

Operations and Management Training Program. We will provide our Operations and Management Training Program to at least two persons you designate and up to two additional persons we designate (collectively, the “Required Trainees”). Two of your designees must be persons who will assume day-to-day management of the Restaurant (each a “Manager”). If you are an individual who will be a Manager, you and at least one additional Manager must attend the Operations and Management Training Program. If you are an entity, you must designate at least two Managers to attend the Operations and Management Training Program, and you must also designate one person to assume primary responsibility for making decisions for the business and interacting with us (the “Primary Contact”), who must attend a shorter Primary Contact Training Program as described below. The person(s) designated by us may be you, a Manager, or a member of your management team who oversees multiple restaurant locations (each an “Above Store Leader”). Prior to the opening of the Restaurant, your Required Trainees must attend and successfully complete the Operations and Management

Training Program.

All individuals attending our Operations and Management Training Program must be at least 18 years old in order for them to follow along with the pace of training that this program requires. If any of your Required Trainees have previously attended and successfully completed our Operations and Management Training Program within the past five years and you or they have not had a prior operational default or a default related to the topics covered in our training programs under any other franchise agreement with us, then we may, in our sole discretion, determine that such Required Trainee is not required to attend the Operations and Management Training Program again or will be required to attend the Primary Contact Training Program.

We conduct the Operations and Management Training Program periodically as needed, but typically we provide this training at least six times a year. Training programs and classes are subject to space and time availability. The Operations and Management Training Program is conducted at one of our company-owned and operated restaurants in Cheyenne, Wyoming, or Minneapolis, Minnesota. The initial Operations and Management Training Program must be completed to our satisfaction (by completing an assessment with a score of 80% or higher) prior to opening for business, typically at least two to four weeks prior to the opening. If your opening date changes and your Required Trainees completed our Operations and Management Training Program more than 120 days before the revised opening date, we may require them to attend up to an additional week of training and may require you to pay our then-current Subsequent Trainee Management Training Fee for each Required Trainee. Throughout the term of the Franchise Agreement, all your Required Trainees must successfully complete our Operations and Management Training Program before they may be involved in the operation of your Restaurant.

If a Required Trainee fails to successfully complete the Operations and Management Training Program, we may terminate the Franchise Agreement or permit you re-enroll the same or another Required Trainee through the Operations and Management Training Program, as we may determine in our sole discretion. If we permit you to re-enroll the same or another Required Trainee, then the Required Trainee must re-enroll in our next scheduled applicable program, and you must pay the then-current Additional Training fee. We may terminate the Franchise Agreement if one or more of the Required Trainees fail to successfully complete the Operations and Management Training Program.

Primary Contact Training Program. If you are an entity, then in addition to the requirement that your Required Trainees successfully complete the Operations and Management Training Program, your Primary Contact must attend the “Primary Contact Training Program.” The Primary Contact Training Program is training program designed for Primary Contacts that will not be involved in the day-to-day operations of the Restaurant and includes a shorter version of the Operations and Management Training Program conducted at one of our company-owned and operated restaurants in Cheyenne, Wyoming, or Minneapolis, Minnesota, plus the Business Systems Training Program described below. The Primary Contact must be at least 18 years old in order for them to follow along with the pace of training that this program requires.

We conduct the Primary Contact Training Program periodically as needed, but typically we provide this training at least six times a year. Training programs and classes are subject to space and time availability. The Primary Contact Training Program will be conducted at one of our company-owned and operated restaurants in Cheyenne, Wyoming or Minneapolis, Minnesota, or at our Restaurant Support Center in St. Louis Park, Minnesota. The Primary Contact Training Program must be completed to our satisfaction (by completing an assessment with a score of 80% or higher) prior to opening for business, typically at least two to four to six weeks prior to the opening. ~~We reserve the right to suspend or terminate the training program for any training candidate who fails to adhere to the established standards and guidelines. This includes, but is not limited to, non-compliance with operational procedures, failure~~

~~to meet performance benchmarks, or any conduct deemed detrimental to the franchise system's reputation and integrity. The decision to suspend or terminate training will be at~~If your opening date changes and Primary Contact completed the Primary Contact Training Program more than 120 days before the revised opening date, we may require them to attend up to an additional week of training and may require you to pay our then-current Subsequent Trainee Management Training Fee. Throughout the term of the Franchise Agreement, your Primary Contact must successfully complete our Primary Contact Training Program before they become your Primary Contact.

If your Primary Contact fails to successfully complete the Primary Contact Training Program, we may terminate the Franchise Agreement or permit you re-enroll the same or another Primary Contact in the training program, as we may determine in our sole discretion~~and is intended. If we permit you to ensure re-enroll~~ the ~~highest quality and consistency across all franchised locations.~~

~~The training program described in the chart below is conducted under the supervision of Jackie Secor, our Chief Operating Officer. Ms. Secor has over 26 years of experience in restaurant operations and training. She became employed by us in June 2025. The instructional materials consist of our Operations Manual, the Management Certification Program Course, and our online Learning Management System, available on The Olé! Way (monthly subscription required). The Olé! Way contains orientation training, job station training, and four levels of management development, including certified trainer, shift supervisor, certified manager, and advanced management training. Training content is delivered through test-based modules, videos, games, and simulation models.~~

MANAGEMENT CERTIFICATION PROGRAM

Subject	Hours of Classroom Training ¹	Hours of On-the-Job Training ²	Location
Food Safety Certification	8 hours		Online
Orientation, Guest Service and Station Training Program	10 hours	10 days (90 hours);- see schedule below	Online, and at a Taco John's Restaurant location we designate or our Restaurant Support Center located in the Minneapolis, Minnesota metropolitan area
Shift Supervision Training	5 hours	5 days (45 hours)	Online, and at a Taco John's Restaurant location we designate or our Restaurant Support Center
Management Training	5 hours	5 days (45 hours)	Online, and at a Taco John's Restaurant location we designate or our Restaurant Support Center
Systems Training	8-10 hours	4-5 days (32-40 hours)	Online, and at a Taco John's Restaurant location we designate or our Restaurant Support Center
Totals	36-38 hours	24-25 days (220 hours)	Total Training- 4-6 weeks

~~Tests given: — Relevant tests and quizzes relating to restaurant operations and food preparation. Continue review of Taco John's Operations Manual.~~

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

created for Week 3.

Week 3:

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

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

~~Test on full menu item assembly.~~

~~Finish reading Taco John’s Operations Manual.~~

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

Week 4:

~~**Management Training:** Manager on Duty responsibilities for all shifts. (Training Manager on site to support.)~~

~~Manager in Training Performance Appraisal.~~

~~Personnel management. Cash management.~~

~~In-store marketing execution. Profit & Loss Statement.~~

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

Week 5:

~~**Systems Training:**~~

~~Point of Sale System Back of House System Digital Sales platforms~~

~~Distribution or supply chain Local store marketing~~

Week 6:

~~**Additional Required Management training:** If required.~~

~~The owner, or if applicable, the Designated Principal, Above Store Leader, and manager(s) of the Restaurant must complete the entire training course and meet our standard certification requirements. (A person who has met our standard certification requirements or has completed the Management Certification Program and works regularly in the Restaurant is referred to as an “Active Certified Manager.”) If the owner or the manager(s) fails to complete the training program or is not certified, we will allow another owner or manager, as applicable, to attend training, provided he or she completes our training program and becomes an Active Certified Manager. You will not be allowed to open your new Restaurant until you have the required number of Active Certified Managers on staff, one of which may be you or your Designated Principal. same or another Primary Contact, then the Primary Contact must re-enroll in our next scheduled applicable program, and you must pay the then-current training fee. We may terminate the Franchise Agreement if the Primary Contact fails to successfully complete the required training.~~

Business Systems Training Program. Prior to the opening of the Restaurant, a minimum of one of your Required Trainees must also attend and complete our Business Systems Training Program which provides user training in our computer systems, software, and back of house platform.

All individuals attending our Business Systems Training Program must be at least 18 years old in order for them to follow along with the pace of training that this program requires. If any of your Required Trainees have previously attended and successfully completed our Business Systems Training Program within the past five years, and you or they have not had a prior operational default or a default

related to the topics covered in our training programs under any other franchise agreement with us, then we may, in our sole discretion, determine that such Required Trainee is not required to attend the Business Systems Training Program again.

We conduct the Business Systems Training Program periodically as needed, but typically we provide this training at least 12 times a year. Training programs and classes are subject to space and time availability. The Business Systems Training Program is conducted at our Restaurant Support Center in St. Louis Park, Minnesota. The Business Systems Training Program must be completed prior to opening for business, typically at least two to four weeks prior to the opening. If your opening date changes and your Required Trainees completed our Business Systems Training Program more than 120 days before the revised opening date, we may require them to attend up to an additional week of training and may require you to pay our then-current Subsequent Trainee Management Training Fee for each Required Trainee. Throughout the term of the Franchise Agreement, all your Required Trainees must successfully complete our Business Systems Training Program before they may be involved in the operation of your Restaurant.

If a Required Trainee fails to complete the Business Systems Training Program, we may terminate the Franchise Agreement or permit you re-enroll the same or another Required Trainee in the Business Systems Training Program, as we may determine in our sole discretion. If we permit you to re-enroll the same or another Required Trainee, then the Required Trainee must re-enroll in our next scheduled applicable program, and you must pay the then-current training fee. We may terminate the Franchise Agreement if one or more of the Required Trainees fail to successfully complete the Business Systems Training Program.

Once a Manager successfully completes the Operations and Management Training Program and the Business Systems Training Program, such Manager shall become a “Certified Manager.”

<u>Operations and Management Training Program</u>			
<u>Subject</u>	<u>Classroom Hours</u>	<u>On-the-Job Hours</u>	<u>Location</u>
<u>Hourly</u>			
<u>Subject</u>	<u>Classroom Hours</u>	<u>On-the-Job Hours</u>	<u>Location</u>
<u>Food Safety</u>	<u>0</u>	<u>15</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Station/Position Training</u>	<u>0</u>	<u>50</u>	<u>Restaurant Identified by us</u>
<u>Guest Service Program</u>	<u>0</u>	<u>2</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Shift Management</u>			
<u>Inventory</u>	<u>0</u>	<u>6</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Ordering</u>	<u>0</u>	<u>3</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Scheduling</u>	<u>0</u>	<u>3</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Guest Recovery</u>	<u>0</u>	<u>8</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Running a successful shift</u>	<u>0</u>	<u>25</u>	<u>Restaurant Identified by us</u>
<u>End of Day Procedures</u>	<u>0</u>	<u>6</u>	<u>Restaurant Identified by us</u>
<u>Administrative</u>			

Restaurant Technology	<u>0</u>	<u>20</u>	Online, St. Louis Park, Minnesota, and a Restaurant Identified by us
Financials	<u>0</u>	<u>8</u>	Online, St. Louis Park, Minnesota, and a Restaurant Identified by us
Reconciliation	<u>0</u>	<u>4</u>	Restaurant Identified by us
P&L Training	<u>0</u>	<u>5</u>	Online, St. Louis Park, Minnesota, and a Restaurant Identified by us
Marketing/Off-Premise			
Local Store Marketing	<u>0</u>	<u>2</u>	Online, St. Louis Park, Minnesota, and a Restaurant Identified by us
Loyalty/Digital/3PD	<u>0</u>	<u>1</u>	Online, St. Louis Park, Minnesota, and a Restaurant Identified by us
Off Premise and Catering Execution	<u>0</u>	<u>2</u>	Online, St. Louis Park, Minnesota, and a Restaurant Identified by us
Total	<u>0</u>	<u>160</u>	
<u>Business Systems Training Program</u>			
<u>Subject</u>	<u>Classroom Hours</u>	<u>On-the-Job Hours</u>	<u>Location</u>
<u>Hourly</u>			
Food Safety	<u>8</u>	<u>0</u>	Online, St. Louis Park, Minnesota
Guest Service Program	<u>4</u>	<u>0</u>	Online, St. Louis Park, Minnesota
<u>Shift Management</u>			
Inventory	<u>5</u>	<u>0</u>	Online, St. Louis Park, Minnesota
Ordering	<u>2</u>	<u>0</u>	Online, St. Louis Park, Minnesota
<u>Business Systems Training Program</u>			
<u>Subject</u>	<u>Classroom Hours</u>	<u>On-the-Job Hours</u>	<u>Location</u>
Scheduling	<u>2</u>	<u>0</u>	Online, St. Louis Park, Minnesota
Guest Recovery	<u>2</u>	<u>0</u>	Online, St. Louis Park, Minnesota
<u>Administrative</u>			
Restaurant Technology	<u>16</u>	<u>0</u>	Online, St. Louis Park, Minnesota
Financials	<u>2</u>	<u>0</u>	Online, St. Louis Park, Minnesota
P&L Training	<u>1</u>	<u>0</u>	Online, St. Louis Park, Minnesota
<u>Marketing/Off-Premise</u>			
Local Store Marketing	<u>2</u>	<u>0</u>	Online, St. Louis Park, Minnesota
Loyalty/Digital/3PD	<u>2</u>	<u>0</u>	Online, St. Louis Park, Minnesota
Off Premise and Catering Execution	<u>2</u>	<u>0</u>	Online, St. Louis Park, Minnesota
Total	<u>48</u>	<u>0</u>	
<u>Primary Contact Training</u>			
<u>Subject</u>	<u>Classroom Hours</u>	<u>On-the-Job Hours</u>	<u>Location</u>
<u>Hourly</u>			
			Online, St. Louis Park, Minnesota, and a

<u>Food Safety</u>	<u>8</u>	<u>3</u>	<u>Restaurant Identified by us</u>
<u>Station/Position Training</u>	<u>0</u>	<u>15</u>	<u>Restaurant Identified by us</u>
<u>Guest Service Program</u>	<u>4</u>	<u>1</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Shift Management</u>			
<u>Inventory</u>	<u>5</u>	<u>1</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Ordering</u>	<u>2</u>	<u>1</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Scheduling</u>	<u>2</u>	<u>1</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Guest Recovery</u>	<u>2</u>	<u>1</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Running a successful shift</u>	<u>0</u>	<u>15</u>	<u>Restaurant Identified by us</u>
<u>End of Day Procedures</u>	<u>0</u>	<u>1</u>	<u>Restaurant Identified by us</u>
<u>Administrative</u>			
<u>Restaurant Technology</u>	<u>16</u>	<u>5</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Financials</u>	<u>2</u>	<u>1</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Reconciliation</u>	<u>0</u>	<u>1</u>	<u>Restaurant Identified by us</u>
<u>P&L Training</u>	<u>1</u>	<u>1</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Primary Contact Training</u>			
<u>Subject</u>	<u>Classroom Hours</u>	<u>On-the-Job Hours</u>	<u>Location</u>
<u>Marketing/Off-Premise</u>			
<u>Local Store Marketing</u>	<u>2</u>	<u>1</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Loyalty/Digital/3PD</u>	<u>2</u>	<u>1</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Off Premise and Catering Execution</u>	<u>2</u>	<u>1</u>	<u>Online, St. Louis Park, Minnesota, and a Restaurant Identified by us</u>
<u>Total</u>	<u>48</u>	<u>50</u>	

Instructional Materials. We use various forms of instructional materials in the Operations and Management Training Program, the Business Systems Training Program, and the Primary Contact Training Program, including online modules, classroom lectures, videos, workbook assignments, role-playing, and hands-on experience working in a fully operational restaurant.

Training Experience. The training programs and training staff are under the supervision of Jackie Secor, our Chief Operating Officer. Ms. Secor has over 27 years of experience in the restaurant industry, and she joined Taco John's in June 2025. Other members of our staff may assist in training as needed.

For On-Site Support. If the Restaurant is your first or second Restaurant-opening, we will provide, at our expense, qualified Taco John's Operations or Training Team Member(s) who will, for a minimum of three days, assist you and/or your managers with the pre-opening of the Restaurant and, for up to 10 days (which may or may not be consecutive) no cost to you, one or more of our representatives to

provide up to 5 days of pre-opening and up to 12 days of post-opening on-site training and assistance (approximately seven days), assist after you and/or your managers with the post-opening of the Restaurant, provided you have notified us in writing of your request no less than 30 days prior obtain the certificate of occupancy and health permit) to facilitate the scheduled opening of the such Restaurants. If the Restaurant is your third Restaurant. For the second and subsequent Restaurants you open we will provide, at our expense, a minimum of one Taco John's Operations or Training Team Member to assist with opening and initial operation for, we will provide, at no cost to you, one or more of our representatives to provide up to eight5 days (which may or may not be consecutive days). If your scheduled opening date is delayed for any reason, you may be required to pay a delayed opening fee.

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

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

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

~~You may obtain food safety certification from a third party licensed to teach food safety that we approve. We do not provide this training, and you will be required to pay the fees associated with that training to the third party provider. You will need to complete the guest service class, the development class, the operations class, and the Taco John's standards test using a web-based certification program. We continuously evolve our training programs to provide the most thorough training to our franchisees and reserve the right to modify this outline and the training program requirements from time to time and health permit) to facilitate the opening of such Restaurants. We will determine, in our sole discretion, the number of representatives to be provided and the number of days for which assistance will be provided. Such on-site opening training and assistance is a second phase of our Operations and Management Training Program, which you are required to complete successfully.~~

You may request additional on-site training or assistance for your or your affiliates' first two Restaurants, or on-site training or assistance for your or your affiliates' third and subsequent Restaurants. We also may provide on-site training or assistance if we, in our sole discretion, deem it necessary during the term of the Franchise Agreement. We are not obligated to provide any additional on-site training. Unless we specify otherwise, you must pay us the then-current daily On-Site Training and Assistance Fee (currently, \$500 per trainer per day, plus travel and related living expenses) for any such on-site training and assistance that we provide.

Training By You. If you and your affiliates collectively operate two or more Restaurants, we may, in our sole discretion, permit (and reserve the right to require) you or your affiliates to provide the Operations and Management Training Program and the Business Systems Training to your trainees. If we require or permit you or your affiliates to provide the Operations and Management Training Program and the Business Systems Training to your trainees, before you or they may do so, one or more of your or your affiliates' Restaurants must be certified by us to provide the training. Certification will be based on, but not limited to, Scorecard results, Food Safety audits over a rolling 12-month period, and training certification requirements. To be designated as a Certified Location, your Restaurant must (a) meet compliance scores that we specify, (b) fully comply with our then-current standards, (c) employ at least three Managers, in addition to a General Manager, and (d) meet any other requirements that we may specify from time to time. We may, in our sole discretion and at any time, (i) grant, withhold, or revoke

certification for a Certified Location or (ii) change the minimum requirements for certification of a Certified Location. We may require a General Manager to be recertified if they transfer from one Restaurant to another, if they no longer meet our then-current requirements, or annually. A General Manager must follow our then-current Operations and Management Training Program and Business Systems Training Program.

Additional Training ~~Support~~.

~~As described in Item 6, in exchange for the fee of \$240 per year currently paid to us or our third-party online vendor, we will provide you with access to our online learning management system, currently called The Olé! Way, which includes ongoing training programs in webinar and other formats, and training materials for you and your employees. This system also provides you access to our Operations Manual. We may require your management team members to attend additional training programs, including both training that we may require on a system wide basis and training only for you or a limited number of franchisees in situations where we determine that you or any of your managers are not meeting our standards. We may also conduct ongoing on-site training for some or all franchisees at their Restaurant locations on a rotating basis or as we otherwise deem appropriate. In addition, from time to time we may also offer optional training programs and seminars at various locations. Some of these programs may be offered via The Olé! Way online learning management system, while others may require in-person attendance or participation.~~ **and Conferences.** In addition to the training programs described above, your Managers or other employees must obtain food safety certification, called the ServSafe Certification, from our designated third party, currently ServSafe. You must pay the third-party's then-current fees to obtain the ServSafe Certification. We require at least one person with a ServSafe Certification be present in the Restaurant during all operational hours. You may be required to also obtain other certifications or permits based on local or state requirements.

Additionally, we may, from time to time, conduct conferences, conventions, programs, webinars, teleconferences, sessions, and other training on matters related to the franchise system. We will determine the duration, curriculum, and location of such additional programs, which may take the form of web-based training modules, webinars, in-person training at locations that we designate, or web-based or in-person workshops, seminars, conferences, or conventions, including training we generally require of all franchisees and training we require only for you or a limited number of franchisees based on our determination that you have failed to meet any of our standards (collectively, "Ongoing Training Programs"). You, your Owners, Managers, Required Trainees, Primary Contact, and other supervisory personnel we reasonably require must attend any such Ongoing Training Programs that we specify, and you must pay us our then- current Additional Training and Conferences fee to attend such required or optional Ongoing Training Programs. Currently, the Additional Training and Conferences fee is up to \$2,500 per attendee. If you fail to attend any required Ongoing Training Programs, we reserve the right to charge you our then-current non- attendance fee.

You may be required to enter into an agreement with the provider of the Learning Management System or providers of Ongoing Training Programs, and you must abide by all terms of the agreement, including paying the provider all required fees. Each Certified Manager must complete the then-current annual re-certification training program. Currently, the re-certification training program is available through the Learning Management System. We may charge a reasonable fee (which we do expect will exceed \$2,500) for these additional programs, plus your costs and expenses to attend.

We may require your ~~manager~~Manager(s) to attend a ~~manager~~Manager convention or system-wide meeting of managers of Taco John's Restaurants (collectively referred to as "Manager Convention"). You must pay all expenses incurred by ~~managers~~Managers in connection with attendance at such training programs, plus our then- current Additional Training and Conferences fee (currently up to \$2,500 per attendee). We may charge a non-attendance fee, ~~at our sole discretion~~, if you do not have at least one ~~manager~~Manager per Restaurant attend the ~~manager convention~~. ~~We may charge a fee for the~~

~~optional training programs. Additional in-store training is available upon request by a Franchisee at our current rate~~Manager Convention, as described below.

We require you (or, ~~if you are an entity,~~ at least one of your owners ~~if the Franchisee is an entity~~), your Primary Contact, or your Above Store Leader to attend any convention or system-wide meeting of franchisees (collectively referred to as “Franchisee Convention”). In addition to the required attendee, you may choose to have additional owners, Above Store Leaders, or employees attend a Franchisee Convention. You will be responsible to pay ~~any registration fee and~~ all costs of travel, accommodations, wages (if your employees attend), and any other expenses associated with attendance. ~~If you employ,~~ plus our then-current Additional Training and Conferences fee (currently up to \$2,500 per attendee). If you operate multiple Taco John’s Restaurants and have an Above Store Leader, ~~that individual~~ you may have one or more of your Above Store Leaders attend the Franchisee Convention in your place. We reserve the right to charge you a non-attendance fee, ~~at our sole discretion~~ as described below.

Renewal Training Requirements. As a condition of renewing the Franchise Agreement, we may require you (or one or more of your owners) and/or your Required Trainees to attend our then-current training program and meet our standard certification requirements. As of the issuance date, as a condition to renew the Franchise Agreement, we require you and your Required Trainees to attend and successfully complete the Operations and Management Training Program and the Business Systems Training Program and require you to pay our then-current fee for each attendee (which we do not expect will exceed \$2,500).

Training Expenses. For all training programs, you must pay for all wages, travel, and living expenses, including transportation costs, meals, and lodging for you or your trainees. We will not pay compensation for any incidental services you or your trainees perform during training. You also must purchase uniforms for your trainees to be worn during training.

Non-Attendance Fees, Cancellation Fees. Not less than 60 days prior to the ~~opening~~ date of a Franchisee Convention or ~~manager convention~~ Manager Convention, you may submit a written request to us for a waiver of ~~this~~ the attendance requirement based on your specific circumstances. We will use our best business judgment to determine whether to approve the request. Our current non-attendance fee is \$1,000.

~~All training programs are provided to protect our brand and the Marks and not to control the day-to-day operation of your Taco John’s Restaurant. You are also solely responsible for hiring and training your employees.~~ In addition, if you fail to cancel any scheduled training without at least 14 days’ prior notice, or if you are not prepared to successfully participate in any scheduled training, we may charge you a cancellation fee and the cost of conducting the originally scheduled training (including any training fees and any travel and living expenses incurred by our representatives) and require you to pay an additional fee for the rescheduled training. Our current cancellation fee is \$500.

ITEM 12. TERRITORY

Area Development Agreement

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

depending upon the population concentration in the demographic market area and the number of Taco John's Restaurants to be developed.

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

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

~~Under the ADA, you are granted a right of first refusal for two years following the execution of the final Franchise Agreement signed pursuant to the ADA to establish and operate additional Taco John's Restaurants in your Development Area. We will notify you if we identify a location in the Development Area for a third party to open a Taco John's Restaurant, and you have 30 days to elect to enter our then-current Franchise Agreement for the location. If you fail to exercise this right of first refusal for any location, it will be terminated and of no further effect for all future locations.~~

To maintain your rights to the Development Area, you must have open and operating the cumulative number of Taco John's Restaurants by the dates set out in the Development Schedule, which is attached as an exhibit to the ADA. We will not typically grant development rights unless you agree to develop three or more Taco John's Restaurants within a Development Area within a 24 to 36 month period. If you do not meet your Development Schedule under an ADA, at our option we may treat such failure as a default of the ADA or we may terminate your exclusive rights to the Development Area and corresponding right of first refusal. At your discretion, and in lieu of termination of the ADA or loss of exclusivity, you may request an extension to the Development Schedule. If we agree to grant that extension, you will be charged a non-refundable Extension Fee as set forth in the ADA for each Restaurant not in compliance with the Development Schedule until such time as you comply with the Development Schedule, up to a maximum of 13 months. If you are not in compliance with the Development Schedule after 13 months, we may exercise our right to terminate the ADA or terminate your exclusivity rights and right of first refusal. The Development Area may not be changed during the term of the ADA except by mutual written consent.

Franchise Agreement

Premises.

The Franchise Agreement will grant you the right to operate a Taco John's Restaurant at a specific location, defined in this Disclosure Document as the "Premises." Provided that you are in substantial compliance with the provisions of the Franchise Agreement, if you lose the right to possession of the Premises through no fault on your part or if the Premises are destroyed, condemned or

otherwise rendered unusable, or if you request the relocation of your Restaurant and, in our reasonable judgment, the existing site for the Restaurant does not meet our then-current standards and specifications for sites for Taco John's Restaurants, we will grant permission for the relocation of the Restaurant to an alternate location and site which meets our then-current site criteria for Taco John's Restaurants and is accepted by us. If we agree on the relocation of the Restaurant, you agree to expeditiously develop the accepted site in compliance with our then-current specifications and requirements for Taco John's Restaurants, all at your sole cost and expense, and to open the relocated Restaurant within 150 days after receiving our permission to relocate, unless otherwise agreed to by us. You agree to de-identify, to our standards, the vacated location within 30 days of relocation. You will pay us the relocation fee at the time the relocation process commences with our acceptance of the new site. The relocation fee is due whether or not a relocation actually occurs and is nonrefundable once paid.

Protected Territory.

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

Except as described in this Item 12, we will not establish, operate, or grant a franchise for the operation of a Taco John's Restaurant within the Protected Territory as long as you are in substantial compliance with all the provisions of the Franchise Agreement. However, a delivery of goods, whether by a third-party delivery service or otherwise, to a customer located within your Protected Territory from a Taco John's Restaurant located outside of your Protected Territory is not a violation of your Protected Territory rights. Similarly, your Protected Territory rights do not prevent a Taco John's Restaurant located outside of your Protected Territory from providing catering services within your Protected Territory.

We also reserve the right for us and our affiliates to market, offer, and sell, and to authorize third parties to market, offer, and sell, any and all products and services through alternative channels of distribution (other than Taco John's Restaurants), at any location (including within your Protected Territory), and on any terms and conditions as we determine including, but not limited to, sales through channels such as wholesale or retail distribution, Internet marketing and distribution, social media marketing, mail order, catalog, retail store display, or made-to-order or pre-packaged product sales in grocery stores, at any location. The products and services available through these alternative channels may include those that are the same as or similar to those which you will offer and sell, such as any menu items offered at your Restaurant, or entirely different services and products. The prices advertised and charged by us, our affiliates, and our approved suppliers for the sale of the products and services to operators of alternative channels, and the prices advertised and charged by the operators of the alternative channels to third parties and the public for the products and services, may be higher or lower than the prices at which the same or similar products and services are made available by us, our affiliates, and our approved suppliers to you and the prices charged by you to customers of your Restaurant.

We retain all other rights in your Protected Territory including the right to distribute goods under similar or different marks, and through non-traditional Restaurants at any location.

You must offer delivery services from your Restaurant to customers located in your Protected Territory, through all third-party delivery services approved by us which are available in your Protected Territory. You may also offer delivery services from your Restaurant to customers located outside of your Protected Territory, even if the location of the customer is in the protected territory of another franchisee. We also require you to participate in catering programs through online catering platforms that

we designate or approve. You may conduct the catering services at any location, even if the location is in the protected territory of another franchisee. Similarly, another franchisee may offer delivery services from its Restaurant to customers located in your Protected Territory or provide catering services at a location in your Protected Territory. You must comply with all terms imposed from time to time by the third-party delivery services and catering platforms.

~~In the event (1) we or a Prospective Franchisee desires to locate, open and operate a Taco John's Restaurant, other than a Restaurant in a non-traditional location (discussed below), within two miles outside the boundary of your Protected Territory ("Right of First Refusal Area"); or (2) we or a Prospective Franchisee desires to locate, open and operate an Affiliated Business (as defined in Section 2.3 of the Franchise Agreement), other than in a non-traditional location, within your Protected Territory, then we will first offer you the right to locate, acquire and operate a Taco John's Restaurant in the Right of First Refusal Area under the terms and conditions of our then current Franchise Agreement for a Taco John's Restaurant or in your Protected Territory for an Affiliated Business. You will have 30 days after notice is given to you in which to accept the offer by signing our then current Franchise Agreement and paying the then current Initial Franchise Fee in full. If you do sign our then current Franchise Agreement and pay the then current franchise fee in full, you will have 120 days to bring an acceptable site to us in accordance with our then current requirements. If you fail to meet this requirement, we will be entitled to operate or grant a franchise for the operation of a Taco John's Restaurant or an Affiliated Business, as applicable, in the applicable area, and you will have no right to prevent or prohibit us from operating or granting a franchise for a Taco John's Restaurant or an Affiliated Business in the applicable area in the future. Our obligation to make the offers described above is subject to the condition that you are in substantial compliance with all of the provisions of the Franchise Agreement.~~

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

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

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

[You have no right of first refusal or similar rights to acquire additional franchises or establish](#)

additional Taco John's Restaurants. If we grant you an additional franchise, you must enter into a separate Franchise Agreement with us.

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

ITEM 13. TRADEMARKS

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

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

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

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

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

In addition to those Marks listed above, we claim common law service or trademark rights to a number of other words, phrases, or designs that you may use in your Taco John's Restaurant. The

following statements apply solely to any unregistered trademarks and service marks: We do not have a federal registration for these trademarks. Therefore, these trademarks do not have as many legal benefits and rights as federally registered trademarks. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

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

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

Your Obligations Regarding the Marks

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

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

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

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

Notification of Infringements and Claims

Under the Franchise Agreement, you agree to immediately notify us in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark or service mark of which you become aware. You agree not to communicate with anyone except us, our affiliate and our and their counsel in connection with any such

infringement, challenge, or claim. We and ~~SS, LLC~~[Spicy Seasonings](#) have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You agree to sign any documents, render any assistance, and do any acts that our or ~~SS, LLC~~[Spicy Seasonings](#)'s attorneys say is necessary or advisable in order to protect and maintain the Marks for the benefit of Taco John's Restaurants and Franchisees.

Indemnification

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

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patent Rights and Copyrights.

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

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

Trade Secrets and Other Confidential Information.

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

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

As described above in Item 13, we have the right to use certain of ~~SS, LLC~~[Spicy Seasonings](#)'s Trade Secrets under the License Agreement. We will disclose much of the above-described information to you in training or in the ~~Operations Manual~~[Manuals](#), and in providing guidance and assistance to you under the Franchise Agreement. In addition, in the course of the operation of the Restaurant, you or your employees may develop ideas, concepts, methods, techniques or improvements, relating to the Restaurant which you agree to disclose to us and which we may then authorize you and others in writing to use in

the operation of Taco John's Restaurants. (Any such information disclosed to or developed by you will be referred to as "Confidential Information.")

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

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

All ideas, concepts, techniques or materials relating to a Taco John's Restaurant, whether or not protectable intellectual property and whether created by you or for you by your directors, officers, shareholders, partners, members, employees or contractors (collectively, "Innovations") must be promptly disclosed to us and will be deemed to be our or our affiliate's sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any Innovation does not qualify as a work made-for-hire for us, by this paragraph you assign ownership of that Innovation, and all related rights to that Innovation, to us or our affiliate, as we may designate from time to time. You agree to execute (and to cause the applicable individual(s) to execute) whatever assignment or other documents we or our affiliate reasonably requests to evidence ownership or to help obtain intellectual property rights in the Innovation, and you understand and agree that neither we nor our affiliate have any obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Restaurant or otherwise without our prior approval.

ITEM 15.

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Area Development Agreement

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

Franchise Agreement

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

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

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

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

ITEM 16.

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Area Development Agreement

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

Franchise Agreement

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

ITEM 17.

RENEWAL, TERMINATION, TRANSFER AND DISPUTE

RESOLUTION THE FRANCHISE RELATIONSHIP

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

Provision	Section in ADA	Summary
(a) Length of the ADA term	Article 6	From execution of the ADA until the date for development of the last Restaurant as specified in the Development Schedule, or the deadline in the Development Schedule for signing the Franchise Agreement for the last Restaurant, which is typically three to five years.
(b) Renewal or extension of the term	None	You have no rights to renew or extend, but we may, in our sole discretion, grant an extension to the Development Schedule. You may be charged a fee for an extension.
(c) Requirements for you to renew or extend	None	See above.
(d) Termination by you	None	No specific provision.
(e) Termination by us without cause	None	No specific provision.
(f) Termination by us with cause	Section 7.B	We have the right to terminate if you commit any of several violations (see (g) and (h) below).
(g) “Cause” defined - defaults which can be cured	Section 7.B	30 days’ notice for any breach, including failure to meet the Development Schedule. Default due to failure to meet the Development Schedule will not cause a default of any Franchise Agreements then in place, but all other defaults may cause a default of all Franchise Agreements.
(h) “Cause” defined – non- curable defaults	Section 7.B	A termination of an underlying Franchise Agreement or other related agreements.
(i) Your obligations on termination/non-renewal	Sections 7.C, D and F	You will have no further rights to develop Restaurants and must satisfy the obligations under the Franchise Agreements that survive expiration or termination of the ADA.
(j) Assignment of contract by us	Section 8.A	There are no restrictions on our right to assign.
(k) “Transfer” by you - defined	Section 8.B	Includes assignment, sale, gift, exchange or other change in ownership, whether voluntary or involuntary.
(l) Our approval of transfer by you	Section 8.B	We must approve all transfers.
(m) Conditions for our approval of transfer by you	Sections 8.B, C, D, and E	Development Rights Transfer Fee paid; purchase agreement approved; concurrent transfer of underlying Franchise Agreements.
(n) Our right of first refusal to acquire your business	None	Not Applicable.
(o) Our option to purchase your business	None	Not Applicable.
(p) Your death or total disability	None	No specific provisions.
(q) Non-competition covenants during the term of the franchise	Article 9	You are subject to all restrictive covenants as set forth in any Franchise Agreement executed pursuant to the ADA and in any Nondisclosure and Noncompetition Agreements executed in conjunction with a Franchise Agreement.
(r) Non-competition covenants after the franchise is terminated or expires	Article 9	You are subject to all restrictive covenants as set forth in any Franchise Agreement executed pursuant to the ADA and in any Nondisclosure

		and Noncompetition Agreements executed in conjunction with a Franchise Agreement.
(s) Modification of the agreement	Section 12.D	No modification unless by mutual written agreement.
(t) Integration/merger clause	Section 12.D	Only the terms of the ADA are binding.
(u) Dispute resolution by arbitration or mediation	Section 13.B	The ADA incorporates the arbitration requirement of the last Franchise Agreement you executed pursuant to the ADA.
(v) Choice of forum	Section 13.B	The ADA incorporates the arbitration requirement of the last Franchise Agreement you executed pursuant to the ADA. If no Franchise Agreements have been signed, arbitration before the American Arbitration Association in Minneapolis, Minnesota (subject to applicable state law).
(w) Choice of law	Section 13.A	Wyoming law applies (subject to applicable state law).

THE FRANCHISE RELATIONSHIP

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

Provision	Section in the Franchise Agreement	Summary
(a) Length of the franchise term	Section 2.1	20 years for a traditional Taco John's Restaurant; 10 years for a non-traditional Restaurant.
(b) Renewal or extension of the term	Section 2.4(a)	~~Opportunity~~ Up to ~~renew for up to three~~ 3 additional terms of 10 years each.
(c) Requirements for you to renew or extend	Section 2.4, Section 4 of Non-Traditional Facility Rider	~~Compliance~~ Provide us notice of your intent to renew; correct identified deficiencies; compliance with the Franchise Agreement; right to maintain the premises of the Restaurant for the renewal term; agree to remodel, renovate, refresh, reimagine, refurbish, and modernize the Restaurant ~~if in the timeline~~ we require; notice to us; payment of renewal fee; ~~execution of~~ complete training; sign our then-current Franchise Agreement (which may have materially different terms than the Franchise Agreement), general release, and ancillary agreements and meet training requirements; ~~others. You may be asked to sign an agreement with materially different terms and conditions than your original agreement~~ pay renewal fee.
(d) Termination by you	Section 15.1	You may terminate ~~if we materially breach~~ the Franchise Agreement ~~and for cause~~ if we fail to cure ~~the~~ breach ~~after an opportunity to cure of of the~~ terms of the Franchise Agreement within 90 days, or such longer time period as necessary.
(e) Termination by us without cause	~~Section 15.2(g)~~ None	We ~~and do not have the right to~~ terminate ~~if there is a force majeure event that prevents the parties from performing under the Franchise Agreement and continues for six consecutive months or longer~~ without cause.
(f) Termination by us with cause	Section 15.2, <u>15.3</u>	We have the right to terminate ~~if you commit any of several violations (see (g) and (h))~~ the Franchise

(g) “Cause” defined - defaults which can be cured	Section ~~15.2(a-i)~~ <u>15.3</u>	<u>Agreement for cause.</u> ~~30 days~~ “Cause” includes <u>failure to cure failure to open the Restaurant as required or to obtain or maintain required certifications; loss of the Premises without your fault and violation of health and safety laws within 72 hours; failure to locate another suitable Premises; termination of your lease due to your default; unauthorized transfer; failure to comply with provisions, specifications, standards and procedures; relocation of the restaurant without obtaining our permission or failure to de-identify the location you vacated; failure to offer the Core Menu items; 10 days for failure to pay amounts due or misuse of Marks; 7 days for filing</u> <u>dismiss any</u> legal action in violation of dispute resolution terms in Franchise Agreement; ~~72 hours for violation of health and safety laws; others~~ <u>within 7 days; failure to pay amounts due within 10 days; failure to cure a misuse of the Marks within 10 days; failure to cure any other curable breach within 30 days.</u>
(h) “Cause” defined - non-curable defaults	Section 15.2 ~~(j-p, r) and Section 15.3~~ <u>15.4</u>	~~Your bankruptcy or insolvency; abandonment; false or material misrepresentation; seizure of the Premises; conviction for conduct that reflects adversely on the Restaurant; operation in an unsafe manner; sexual harassment or discrimination; three defaults in three years; defaults of other agreements with us or our affiliates by you or affiliates of yours, others.~~ “Cause” also includes the following, with no opportunity to cure: <u>failure to complete training; failure to open the Restaurant; failure to obtain or maintain the certifications required to operate the Restaurant; loss of right to Premises; unauthorized disclosure of Confidential Information; relocation without obtaining our prior written consent; failure to de-identify vacated Premises; failure to offer Core Menu items; offer or sale of unauthorized menu items; insolvency, bankruptcy and related actions; abandonment; material misrepresentations; foreclosure or seizure of the Premises; convicted or plea of no contest for criminal misconduct; operate the Restaurant in a manner that we believe imminently endangers the public health and safety; three or more defaults in a three-year period; force majeure that continues for at least 6 months; failure to maintain insurance; violates any laws; failure to pay vendors, suppliers, lenders, landlords, or otherwise in default with them; revoke or impair our right to effect electronic funds transfers.</u>
(i) Your obligations on termination/non-renewal	Article 16	Pay us amounts due; pay us liquidated damages, if terminated due to your default, based on your monthly average of Net Sales multiplied by the number of months remaining on the term of this Agreement but not to exceed 24; cease using any items with the Marks and confidential information; de-identify; return the ~~Operations Manual~~ <u>Manuals</u> and other materials; comply with non- competition covenants (see (r) below); allow us the right to operate the Restaurant, and comply with our option to purchase (see (o) below).

(j) Assignment of contract by us	Section 14.2	There is no restriction on our assignment or transfer of our interest.
(k) "Transfer" by you - defined	Section 14.3	~~Includes assignment, sale, gift, exchange or other change in ownership, whether voluntary or involuntary.~~ Includes transfer or assignment of the Franchise Agreement, the Restaurant, all or substantially all of the assets used in the operation of the Restaurant, or any direct or indirect ownership interest in you if you are an entity, or which results in the transfer or creation of a controlling ownership interest in you.
(l) Our approval of transfer by you	Section 14.3, <u>14.4</u>	~~By~~ All transfers require our prior written consent.
(m) Conditions for our approval of transfer by you	Section <u>14.3</u> , 14.4	~~Notice~~ The following require you provide us at least 60 days' prior notice and the transferee meets our then-current minimum qualifications: transfer upon death or disability to Immediate Family; transfer to entity wholly owned or controlled by you; single transfer of less than 50% ownership interest to an existing owner, Immediate Family, or an employee ownership or incentive plan; transfer to a trust; grant security interest in the Restaurant or its assets. All other notices require the following: notice to us; you pay amounts owed; the transfer fee is paid; the new owner is approved, trained and certified; you assign or sublease the Premises to the new owner, if necessary; the Restaurant meets our image according to current specifications; the purchase agreement is approved; the new owner executes our then-current franchise agreement and ancillary agreements; and you sign a general release.
(n) Our right of first refusal to acquire your business	Section 14.7	We have the right to match any offer.
(o) Our option to purchase your business	Sections 16.6 and 16.7	We may purchase your assets at fair market value, and acquire rights to your Premises by lease or purchase, upon prior written notice to you when the franchise terminates or expires.
(p) Your death or total disability	Section 14.5	Transfer of ownership upon your or your owner's death or total disability does not require our consent or trigger our right of first refusal so long as the transfer is to a family member or a partner that meets our qualifications.
(q) Non-competition covenants during the term of the franchise	Section 8.3	No involvement in a competing business anywhere.
(r) Non-competition covenants after the franchise is terminated or expires	Section 16.5, Section 12 of Non-Traditional Facility Rider	No involvement in a competing business for 2 years within five miles of the Protected Territory (or within five miles of the Premises of a non-traditional location) or within 5 miles of the Protected Territory of any other Taco John's Restaurant.
(s) Modification of the agreement	Section 17.14	No modification unless by mutual written agreement, or, at our option, upon approval of 75% of our franchisees affected by the modification.
(t) Integration/merger clause	Section 17.14	Only the terms of the Franchise Agreement and the exhibits are binding. However, nothing in the Franchise

		Agreement or any related agreement is intended to disclaim any representations made by us in this Disclosure Document.
(u) Dispute resolution by arbitration or mediation	Section 17.10	Arbitration of most claims in Minneapolis, Minnesota before the American Arbitration Association.
(v) Choice of forum	Section 17.10	Arbitration before the American Arbitration Association in Minneapolis, Minnesota (subject to applicable state law).
(w) Choice of law	Section 17.16	Wyoming law applies (subject to applicable state law).

ITEM 18. PUBLIC FIGURES

We do not use any public ~~figure~~[figures](#) to promote the franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

~~CHARTS OF PER FRANCHISED RESTAURANTS AVERAGE SALES AND ACTUAL SALES~~

~~Included in the charts below are all of the 312 franchised Taco John’s Restaurants with drive-thru windows that operated for all of calendar year 2024 and reported their sales to us through our approved Point of Sale System (or an alternative reporting method that we believe to be accurate and have approved) for all of calendar year 2024. The Notes that follow the charts explain the data included in the chart and you should review them carefully.~~

These financial performance representations provide actual, historical “Average Sales” for specific groups of Taco John’s Restaurants during the “2025 Calendar Year”, which is defined as the period beginning January 1, 2025, and ending December 31, 2025. Federal and state franchise laws permit us to include in Item 19 either a historical financial performance representation of the franchise system’s existing outlets or a subset of those outlets, or a forecast of the prospective franchisee’s future financial performance. The information in this Item 19 reflects the historical Average Sales for specific groups of Taco John’s Restaurants during the 2025 Calendar Year, and is not a forecast of future financial performance or a projection.

The first financial performance representation reflects the Average Sales during the 2025 Calendar Year of the 248 traditional Taco John’s Restaurants located in a freestanding building with drive-thru windows. The second financial performance representation reflects the Average Sales during the 2025 Calendar Year of the 26 traditional Taco John’s Restaurants located in an endcap space with drive-thru windows. The third financial performance representation reflects the Average Sales during the 2025 Calendar Year of the 25 Taco John’s Restaurants located in convenience stores or travel plazas with drive-thru windows.

[CHARTS APPEAR ON FOLLOWING PAGE]

CHART 1

AVERAGE SALES OF TRADITIONAL FREESTANDING 2025 RESTAURANTS DURING THE 2025 CALENDAR YEAR							
	Number of Restaurant s in group	Average Sales	Restaurants that met or exceeded the average		Highest performer	Median performer	Lowest performer
Top Quartile	62	\$1,889,495	26	41.9%	\$2,834,514	\$1,790,492	\$1,473,112
Second Quartile	62	\$1,317,012	31	50.0%	\$1,468,664	\$1,318,069	\$1,181,780
Third Quartile	62	\$1,061,782	34	54.8%	\$1,171,769	\$1,065,883	\$943,918
Lower Quartile	62	\$775,273	34	54.8%	\$931,297	\$795,540	\$455,745
Combined	248	\$1,260,890	104	41.9%	\$2,834,514	\$1,176,775	\$455,745
AVERAGE SALES OF ~~FREESTANDING~~ TRADITIONAL TACO- JOHN'S ~~ENDCAP 2025~~ RESTAURANTS ~~WITH DRIVE-THRU~~ ~~WINDOWS~~ DURING THE 2025 CALENDAR YEAR ~~2024~~							
Taco John's Restaurants	Number of Restaurant s in group	Average Sales	Number of Restaurants ~~and~~ percentage in the group that met or exceeded the average ~~sales of the~~ group		High ~~Hig~~ hest performer	Median performer	Low ~~Low~~ est performer
Top Quartile	~~65~~ 6	~~\$1,881,809~~ 1,465,754	~~27~~ 3	~~41.5%~~ 5 0.0%	~~\$3,087,487~~ 1,608,815	~~\$1,788,802~~ 1,484,211	~~\$1,470,885~~ 1,260,205
Second Quartile	~~65~~ 7	~~\$1,312,352~~ 1,127,082	~~33~~ 4	~~50.8%~~ 5 7.1%	~~\$1,466,536~~ 1,205,806	~~\$1,321,375~~ 1,133,550	~~\$1,185,932~~ 1,035,170
Third Quartile	~~65~~ 7	~~\$1,068,530~~ 858,864	~~33~~ 3	~~50.8%~~ 4 2.9%	~~\$1,181,008~~ 1,014,663	~~\$1,086,169~~ 829,428	~~\$961,098~~ 7 69,892
Lower Quartile	~~64~~ 6	~~\$771,452~~ 66 1,447	~~36~~ 3	~~56.3%~~ 5 0.0%	~~\$959,682~~ 7 65,079	~~\$802,923~~ 647,088	~~\$244,397~~ 5 51,530
Combined	~~259~~ 26	~~\$1,260,416~~ 1,025,570	~~104~~ 13	~~40.2%~~ 5 0.0%	~~\$3,087,487~~ 1,608,815	~~\$1,185,932~~ 1,024,916	~~\$244,397~~ 55 1,530

CHART 2

AVERAGE SALES OF ENDCAP TRADITIONAL TACO JOHN'S RESTAURANTS WITH DRIVE THRU WINDOWS DURING CALENDAR YEAR 2024							
Taco John's Restaurants	Number of Restaurants in group	Average Sales	Number of Restaurants and percentage in the group that met or exceeded the average sales of the group		High performer	Median performer	Low performer
Top Quartile	7	\$1,472,820	3	42.9%	\$1,667,333	\$1,459,707	\$1,268,805
Second Quartile	7	\$1,156,611	4	57.1%	\$1,264,434	\$1,157,483	\$1,055,930
Third Quartile	7	\$878,173	2	28.6%	\$1,022,734	\$864,118	\$804,158
Lower Quartile	7	\$714,016	5	71.4%	\$766,879	\$741,989	\$550,108
Combined	28	\$1,055,405	14	50.0%	\$1,667,333	\$1,039,332	\$550,108

CHART 3

AVERAGE SALES OF TACO JOHN'S SC-STORE AND TRAVEL PLAZA 2025 RESTAURANTS IN CONVENIENCE STORES OR TRAVEL PLAZAS WITH DRIVE THRU WINDOWS DURING THE 2025 CALENDAR YEAR 2024							
Taco John's Restaurants	Number of Restaurants in group	Average Sales	Number of Restaurants and percentage in the group that met or exceeded the average sales of the group		High Highest performer	Median performer	Low Lowest performer
Top Quartile	6	\$1,506,199 396,068	24	33.3% 66.7%	\$2,014,275 1,885,212	\$1,444,984 1,281,573	\$1,236,834 1,162,310
Second Quartile	6	\$1,003,213 87,673	2	33.3%	\$1,196,902 1,125,593	\$959,926 71,256	\$890,040 71,303
Third Quartile	6	\$833,587 806,233	34	50.0% 66.7%	\$883,168 37,419	\$826,153 05,604	\$792,939 74,839
Lower Quartile	7	\$643,610 631,061	4	57.1%	\$746,850 61,099	\$712,852 20,321	\$500,301 96,185
Combined	25	\$982,531 942,291	810	32.0% 40.0%	\$2,014,275 1,885,212	\$883,168 37,419	\$500,301 6,185

NOTES TO CHARTS

- Chart 1 is a statement of the average As used throughout this Item 19, "Sales" means the total revenue of the 259 Taco John's traditional freestanding Restaurants with drive thru windows and that reported Sales to us through our approved Point of Sale Restaurant but does not include sales tax or

equivalent taxes, and “Approved Alternative System” means an alternative reporting method from the standard Point of Sale System that we believe to be accurate and have approved (an “Approved Alternative System”) for all of calendar year 2024. Chart 2 is a statement of the average “Sales” of 28 Taco John’s traditional Restaurants located in the endcap space in strip malls with drive thru windows that reported Sales to us through our POS System or an Approved Alternative System for all of calendar year 2024. Chart 3 is a statement of the average “Sales” of 25 Taco John’s Restaurants located in Convenience Stores or Travel Plazas with Drive thru windows that reported Sales to us through our POS System or an Approved Alternative System for all of calendar year 2024. These charts collectively report the average “Sales” of 312 franchised Taco John’s Restaurants. The term, We calculate “Average Sales” as used in these charts means the average of this Item 19 by adding the Sales for each restaurant obtained during the 2025 Calendar Year in each applicable group and dividing by the total Sales number of each grouping for 2024 as reported to us through our POS System or an Approved Alternative System. The charts also show the Sales of the highest performer, lowest performer and the median sales. The term “median” means the data point that is the center of all data points used, or in the context of these charts, restaurants in the applicable group. We calculate the median by identifying the results of the franchisee falling in the middle of each grouping applicable group. For any groupings group with an even number of data points Restaurants, the two middle numbers results are added together and then divided by two.

2. We had a total of 333 franchised Taco John’s Restaurants in our system as of December 31, 2024. Of those, one Restaurant does not report its Sales obtained the sales data used in this Item 19 through our approved Point of Sale System (or an Approved Alternative System) and 10 Restaurants do. We have not independently audited the information. Prospective franchisees and sellers of franchises should be advised that no certified public accountant has audited these figures or expressed an opinion concerning the contents of this Item 19. Upon reasonable request, we will provide written substantiation for these financial performance representations.

3. As of December 31, 2025, there was a total of 316 open and operating franchised Taco John’s Restaurants. Of those, we excluded 2 Restaurants because they commenced operations during the 2025 Calendar Year and therefore had not operated for at least 12 months as of December 31, 2025. We excluded 1 Restaurant that was temporarily closed in 2025 due to tornado damage of the Restaurant. We excluded 3 non-traditional Restaurants. We excluded 7 Restaurants that did not have at least one drive-thru windows as part of their Restaurants. Because the restaurant models we are window because the franchise offering for a Restaurant under this Disclosure Document require the use of our approved Point of Sale System and are expected requires you to have develop a Taco John’s Restaurant with a drive-thru window. Finally, we did not include those excluded 4 Restaurants in these charts. Further, six because they are operating under a prototype of the DT Digital Olé or an earlier concept that are not representative of the franchise offering under this Disclosure Document. Therefore, the charts above collectively report the historical results of our the 299 franchised Taco John’s Restaurants operating open and operating for at least 12 months as of December 31, 2024 opened during the course of the year and did not operate a full year. Four additional locations are considered prototypes of the DT Digital Olé or earlier concepts 2025 (referred to as the “2025 Franchised Restaurants”). Of the total 2025 Franchised Restaurants:

a. 248 were Taco John’s Restaurants located at a freestanding building with one or more drive-thru windows (the “Traditional Freestanding 2025 Restaurants”);

b. 26 were Taco John’s Restaurants located in an endcap space with one or more drive-thru windows (the “Traditional Endcap 2025 Restaurants”); and

c. 25 were Taco John’s Restaurants located in convenience stores or travel plazas with one or more drive-thru windows (the “C-Store and Travel Plaza 2025 Restaurants”).

4. During the 2025 Calendar Year, 15 Taco John's Restaurants closed permanently and are not included in these charts. ~~Additionally, 30 Taco John's Restaurants closed during the year 2024, and are not included in these charts. Three, and none of the those outlets that closed permanently in calendar year 2024 had been open for less than 12 months. We also had a total of seven~~ As of December 31, 2025, there were 7 company-owned Taco John's Restaurants that operated for ~~the full 2024 calendar year that~~ at least 12 months, and 4 company-owned Taco John's Restaurants that we acquired during 2025 and were operated by us for less than 12 months, and these Restaurants are not included in these charts.

~~3. We only included in these charts the Sales figures of those Restaurants that report their Sales through our approved Point of Sale System or an Approved Alternative System because we believe the Sales figures we receive from those Restaurants are more reliable. Further, the franchised Taco John's Restaurants offered pursuant to this Disclosure Document are required to use only our approved Point of Sale System to report their Sales to us, although in certain very limited situations we have authorized use of an Approved Alternative System. The franchised Taco John's Restaurants offered pursuant to this Disclosure Document will most likely have a drive thru window as part of the Restaurant and will be required to use our approved Point of Sale System to report their Sales to us.~~

~~4. "Sales" means the total receipts of the Restaurant, but does not include sales tax or equivalent taxes.~~

~~5. The Taco John's Restaurants included in these charts~~ The 2025 Franchised Restaurants have been in operation for a period ranging from one to 57 years, sell substantially the same products and services as the franchised Taco John's Restaurants offered pursuant to this Disclosure Document.

~~6. As of the start of calendar year 2024, the Taco John's Restaurants included in these charts had been in operation for periods ranging from one year to 56 years.~~

~~7. There is a large variation in the range of Sales generated by our Franchisees during calendar year 2024. During calendar year 2024, Sales by the Taco John's Restaurants reported in these charts varied from a high of \$3,087,487 to a low of \$244,397.~~

~~8. The sales information for the Restaurants included in these charts is information as reported by the Franchisees and has not been audited or otherwise verified by us,~~ are operated from locations substantially the same size as described throughout this Disclosure Document, and generally operate substantially similar to the franchise offering described throughout this Disclosure Document.

5. These financial performance representations do not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the Average Sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Restaurant. Franchisees or former franchisees, listed in this Disclosure Document, may be one source of this information. These charts only show Sales of Taco John's Restaurants and are not a statement of profits or earnings. We show no expenses in these charts. We cannot accurately determine expenses of our franchised Restaurants because franchisees do not report expenses to us.

~~9. These charts are historic financial performance representations based on data from 2024. They are not a forecast or projection of the franchisee's potential future financial performance.~~

~~10. The primary characteristic of your Restaurant that could differ from the outlets shown in these charts is the model of Restaurant. Each chart shows the results of different models of Restaurant. Since your Restaurant will open under one of these models, your Restaurant will vary from those of the other models represented here. Otherwise, except for the fact the represented outlets in this Item 19 have operated for a longer period of time, there are no financial or operational characteristics of our represented outlets that are reasonably anticipated to differ materially from those of a new franchisee.~~

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

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

ADDITIONAL NOTES APPLICABLE TO ALL CHARTS:

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

Some outlets have sold this amount. Your individual results may differ. There is no assurance that
~~Written substantiation of this financial performance representation will be~~
~~made available to you upon reasonable request~~**you'll sell as much.**

Other than the preceding financial performance ~~representation~~representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Taco John's Restaurant, however, we may provide you with the actual records of that Restaurant. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kristin M. Nuss at 1650 West End Blvd., Suite 200, St. Louis Park, Minnesota 55416, and (307) 635-0101, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS ~~2022~~2023 TO ~~2024~~2025**

~~Column 1~~	~~Column 2~~	~~Column 3~~	~~Column 4~~	~~Column 5~~
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	~~2022~~	~~367~~	~~361~~	-
	2023	361	357	~~6~~
				-4
	2024	357	333	-24
	<u>2025</u>	<u>333</u>	<u>316</u>	<u>-17</u>
Company-Owned	~~2022~~	~~6~~	~~7~~	~~+~~
	2023	7	7	~~+~~
				0
	2024	7	7	0
	<u>2025</u>	<u>7</u>	<u>11</u>	<u>4</u>
TOTAL TACO JOHN'S RESTAURANT OUTLETS	~~2022~~	~~373~~	~~368~~	-
	2023	368	364	~~5~~
				-4
	2024	364	340	-24
	<u>2025</u>	<u>340</u>	<u>327</u>	<u>-13</u>

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES
TO NEW OWNERS (OTHER THAN THE
FRANCHISOR)
FOR YEARS ~~2022~~2023 TO ~~2024~~2025

~~Column 1-~~ State	~~Column 2-~~ Year	~~Column 3-~~ Number of Transfers
Colorado	2023	~~4~~ 0
	2024	0
	<u>2025</u>	<u>4</u>
Illinois	2023	~~3~~ 2
	2024	1
	<u>2025</u>	<u>0</u>
Indiana	2023	~~0~~ 2
	2024	0
	<u>2025</u>	<u>0</u>
	~~2022~~	~~6~~
<u>Iowa</u>	2023	5
	2024	0
	<u>2025</u>	<u>0</u>
Kansas	2023	~~0~~ 0
	2024	2
	<u>2025</u>	<u>1</u>
Kentucky	2023	~~0~~ 2
	2024	0
	<u>2025</u>	<u>0</u>

Massachusetts		~~0~~ 0
	2023	
	2024	1
	<u>2025</u>	<u>0</u>
Minnesota		~~0~~ 4
	2023	
	2024	1
	<u>2025</u>	<u>2</u>
Missouri		~~4~~ 1
	2023	
	2024	0
	<u>2025</u>	<u>0</u>
Montana		~~3~~ 0
	2023	
	2024	3
	<u>2025</u>	<u>0</u>
Nebraska		~~3~~ 3
	2023	
	2024	0
	<u>2025</u>	<u>0</u>
North Dakota	<u>2022</u>	<u>2</u>
	<u>2023</u>	<u>0</u>
	<u>2024</u>	<u>0</u>
South Dakota		~~3~~ 2
	2023	
	2024	1
	<u>2025</u>	<u>1</u>
		~~0~~

Tennessee		3
	2023	
	2024	0
	<u>2025</u>	<u>0</u>
Wisconsin		~~1~~ 2
	2023	
	2024	0
	<u>2025</u>	<u>0</u>
Wyoming		~~0~~ 5
	2023	
	2024	0
	<u>2025</u>	<u>0</u>
	2022	29
<u>TOTAL</u>	2023	31
	2024	9
	<u>2025</u>	<u>8</u>

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS ~~2022~~2023 TO ~~2024~~2025 ⁽¹⁾

~~Column 1~~ State	~~Column 2~~ Year	~~Column 3~~ Outlets at Start of Year	~~Column 4~~ Outlets Opened	~~Column 5~~ Terminations	~~Column 6~~ Non-Renewals	~~Column 7~~ Re-Acquired By Franchisor	~~Column 8~~ Ceased Operations – Other Reason	~~Column 9~~ Outlets at End of Year
Arkansas	~~2~~ ~~0~~ ~~2~~ ~~2~~ 2023	~~1~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 1
	2024	1	0	0	0	0	0	1
	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Colorado	~~2~~ ~~0~~ ~~2~~ ~~2~~ 2023	~~16~~ 15	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 0	~~15~~ 15
	2024	15	0	0	1	0	5	9
	<u>2025</u>	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>7</u>

Idaho	~~2~~ ~~0~~ ~~2~~ ~~2~~	~~2~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 0	~~1~~ 1
	2023							
	2024	1	0	0	0	0	0	1
	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Illinois	~~2~~ ~~0~~ ~~2~~ ~~2~~	~~12~~ 14	~~2~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 1	~~14~~ 13
	2023							
	2024	13	0	0	0	0	2	11
	<u>2025</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>10</u>
Indiana	~~2~~ ~~0~~ ~~2~~ ~~2~~	~~5~~ 4	~~0~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 0	~~4~~ 5
	2023							
	2024	5	0	0	0	0	0	5
	<u>2025</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
~~Iowa~~	~~2022~~	~~57~~	~~0~~	~~0~~	~~0~~	~~0~~	~~1~~	~~56~~
<u>Iowa</u>	2023	56	0	0	0	0	3	53
	2024	53	0	0	0	0	1	52
	<u>2025</u>	<u>52</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>50</u>
~~Kansas~~	~~2022~~	~~17~~	~~1~~	~~0~~	~~0~~	~~0~~	~~1~~	~~17~~
<u>Kansas</u>	2023	17	1	0	0	0	2	16
	2024	16	0	0	0	0	0	16
	<u>2025</u>	<u>16</u>	<u>0</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>
Kentucky	~~2~~ ~~0~~ ~~2~~ ~~2~~	~~10~~ 9	~~0~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 0	~~9~~ 10
	2023							
	2024	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
	<u>2025</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
Massachusetts	~~2~~ ~~0~~ ~~2~~ ~~2~~	~~0~~ 0	~~0~~ 2	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 2
	2023							
	2024	2	0	0	0	0	0	2
	<u>2025</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>
Michigan	~~2~~ ~~0~~ ~~2~~ ~~2~~	~~0~~ 1	~~1~~ 4	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 5
	2023							
	2024	5	0	0	0	0	5	0
	<u>2025</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Minnesota	~~2~~ ~~0~~ ~~2~~ ~~2~~	~~58~~ 56	~~0~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~2~~ 3	~~56~~ 54
	2023							
	2024							
	<u>2025</u>							

	2023							
	2024	54	1	2	0	0	1	52
	2025	52	0	0	0	0	2	50
Missouri	2	11						
	0	110		0	0	0	0	11
	2							
	2	0						
	2023							
	2024	11	0	0	0	0	0	11
	2025	11	0	0	0	0	0	11
Montana	2	17	1	0	0	0	0	18
	0	18	0	0	0	0	0	18
	2							
	2							
	2023							
	2024	18	0	0	0	0	0	18
	2025	18	0	0	0	0	0	18
Nebraska	2	40	0	0	0	0	2	38
	0	38	0	0	0	0	2	36
	2							
	2							
	2023							
	2024	36	0	1	0	0	0	35
	2025	35	0	0	0	0	1	34
Nevada	2	1	0	0	0	0	0	1
	0	1	0	0	0	0	0	1
	2							
	2							
	2023							
	2024	1	00	0		0	0	1
Ne	2022	1	0	0	0	0	0	1
e	2023	0	0	0	0	0	0	0
w-	2024	0	0	0	0	0	0	0
Y								
0								
F								
k								
North Dakota	2	21	0	0	0	0	1	20
	0	20	0	0	0	0	5	15
	2							
	2							
	2023							
	2024	15	0	0	0	0	1	14
	2025	14	1	0	0	0	0	15
Ohio	2022	3	0	0	0	0	0	3
Ohio	2023	3	1	0	0	0	0	4
	2024	4	1	0	0	0	2	3
	2025	3	0	0	0	0	0	3
South Dakota	2	37	2	0	0	0	1	38
	0	38	1	0	0	0	1	38
	2							
	2							
	2023							
	2024	38	0	1	0	0	1	36
	2025	36	0	0	0	0	0	36

Tennessee	~~2~~ ~~0~~ ~~2~~ ~~2~~	~~4~~ 6	~~2~~ 1	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 1	~~6~~ 6
	2023							
	2024	6	0	0	0	0	3	3
	<u>2025</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Utah	~~2~~ ~~0~~ ~~2~~ ~~2~~	~~0~~ 1	~~1~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~1~~ 1
	2023							
	2024	1	0	0	0	0	0	1
	<u>2025</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Washington	~~2~~ ~~0~~ ~~2~~ ~~2~~	~~2~~ 3	~~1~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 1	~~3~~ 2
	2023							
	2024	2	0	0	0	0	0	2
	<u>2025</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Wisconsin	~~2~~ ~~0~~ ~~2~~ ~~2~~	~~31~~ 29	~~0~~ 3	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~2~~ 0	~~29~~ 32
	2023							
	2024	32	4	0	0	0	1	35
	<u>2025</u>	<u>35</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>33</u>
Wyoming	~~2~~ ~~0~~ ~~2~~ ~~2~~	~~21~~ 19	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~0~~ 0	~~2~~ 1	~~19~~ 18
	2023							
	2024	18	0	0	1	0	2	15
	<u>2025</u>	<u>15</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>1</u>	<u>10</u>
TOTALS	2022	367	11	0	0	0	17	361
TOTALS	2023	361	16	0	0	0	20	357
	2024	357	6	4	2	0	24	333
	2025	333	2	3	0	4	12	316

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

TABLE NO. 4
STATUS OF COMPANY-OWNED
OUTLETS FOR YEARS ~~2022~~2023 TO
20242025

Column-1 State	Column-2 Year	Column-3 Outlets at Start of Year	Column-4 Outlets Opened	Column-5 Re-Acquired From Franchisees	Column-6 Outlets Closed	Column-7 Outlets Sold to Franchisees	Column-8 Outlets at End of Year

Illinois	2022	1	0	0	1	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Minnesota	2022	0	2	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Wyoming	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
	2024	5	0	0	0	0	5
TOTAL	2022	6	2	0	1	0	7
	2023	7	0	0	0	0	7
	2024	7	0	0	0	0	7
	2025	7	0	4	0	0	11

TABLE NO. 5 PROJECTED OPENINGS AS OF DECEMBER 31,
20242025

Column 1 State	Column 2 Franchise Agreements Signed but Restaurants Not Open	Column 3 Projected New Franchised Restaurants in Next Fiscal Year	Column 4 Projected Company- Owned Openings in Next Fiscal Year
Arizona	1	1	0
Connecticut	0	1	0
Iowa	0	2	0
Indiana	0	1	0
Minnesota	0	1	0
Kentucky	0	1	0
Massachusetts	1	1	0
North Dakota	1	2	0
Wyoming	1	1	0
Wisconsin	0	0	0
TOTAL	25	87	0

Attached to this Disclosure Document as [Attachment DC](#) is a list of the names, addresses, and telephone numbers of Franchisees and Developers. Attached to this Disclosure Document as [Attachment ED](#) is a list of the name and current business telephone number (or, if unknown, the last known home telephone number) of every Franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our recently completed fiscal year, or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the last three fiscal years, no current or former Franchisees have signed confidentiality clauses that restrict them from discussing their experiences as a Franchisee in our franchise system.

In the Franchise Agreement, we agree to regularly consult with any Franchisee association which represents 50% or more of our current ~~total of both Franchisee and~~ franchised Restaurants ~~and Franchisees. (Franchise Agreement – Section 17.11).~~ We currently consult with the elected Board of Directors of the Association of Taco John's Franchisees, Inc. (P.O. Box 155, Minneapolis, Minnesota

55387-0155, 952-250-3121, jschindler@atjf.net, www.atjf.net) on various matters.

ITEM 21. FINANCIAL STATEMENTS

Attached as Attachment ~~F~~E are our audited financial statements for the fiscal years ended December 31, 2025, 2024, ~~2023~~, and ~~2022~~2023.

ITEM 22. CONTRACTS

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

Attachment A ~~=~~ Franchise Agreement and Exhibits
Attachment B ~~=~~ Area Development Agreement
Attachment ~~C—Nondisclosure and Noncompetition-
Agreement Attachment I—H—~~ Disclosure
Acknowledgment Attachment ~~J—Gift Card Onboarding-
and Change Form Attachment K—I—~~ Lease Rider-
Attachment ~~L—Operational Assessment Program-
Confidentiality/Application Agreement~~

ITEM 23. RECEIPT

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

ATTACHMENT A

FRANCHISE

AGREEMENT

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



Franchisee: _____

Restaurant Location: _____

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

033125, as amended 071725

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4922-0708-5853 (Taco Johns – 3) <u>Taco</u>	
<u>John's FDD (March 31, 2026)</u>	

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

TACO JOHN'S INTERNATIONAL, INC.

FRANCHISE AGREEMENT

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

1. INTRODUCTION

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

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

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

There are currently two Taco John's Restaurant concepts offered by us pursuant to this Agreement. ~~Our feature~~

The first franchise concept is for our traditional restaurant concept, which has three prototype building models: a freestanding building, an endcap or inline location in a shopping mall, strip mall or alternative facility with our approval, and a ~~"DT (drive-thru) through focused freestanding building that we call the "DT~~ Digital Olé" building. The freestanding building and endcap or inline location models typically have a premises size of 1,800 to 2,250 square feet with the capacity to seat 20 to 40 patrons and with drive-thru window service. The DT Digital Olé models are designed for smaller markets and typically have a Premises size of 946 to 1,500 square feet and focus on drive-thru, pickup, and walk-up service with limited or no seating. Our models of DT ~~(drive-thru)~~ Digital Olé buildings include the ~~"DT Digital Olé"~~ (without seating) and the ~~"DT Digital Olé+"~~ (with seating). Unless otherwise noted, references in this Agreement to our traditional restaurant ~~refers~~ refer to the freestanding, endcap, inline, and DT Digital Olé models.

The second franchise concept is for non-traditional locations. A non-traditional location is a venue or facility where the primary purpose of the consumer's visit is typically for reasons other than the purchase of goods from a Taco John's Restaurant. Examples include airports and other transportation hubs, travel plazas, hospitals, college campuses and other educational facilities, convention centers, grocery stores, department stores, "big box" retail centers, sports arenas and stadiums, hotels and office buildings, military installations (Army and Air Force Exchange Services), and food courts. Typically, these are full-service restaurants with a premises size of ~~675~~ 600 to 2,000 square feet located in non-traditional venues. Non-traditional locations typically do not have a drive-thru window.

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

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

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

2. GRANT OF FRANCHISE

2.1 Grant and Term.

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

2.2 Full Term Performance.

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

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

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

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

~~(i) we or a prospective franchisee desires to locate, open and operate a Taco John's Restaurant, other than a Restaurant in a non-traditional location described below, within two miles outside~~

~~the boundary of your Protected Territory (“Right of First Refusal Area”); or~~

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

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

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

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

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

(c) ~~(d)~~ Alternative Channels. We also reserve the right for us and our affiliates to market, offer, and sell, and to authorize third parties to market, offer, and sell, any and all products and services through alternative channels of distribution (other than Taco John’s Restaurants), at any location (including within your Protected Territory), and on any terms and conditions as we determine including, but not limited to, sales through channels such as wholesale or retail distribution, Internet marketing and distribution, social media marketing, mail order, catalog, retail store display, or made-to-order or pre-packaged product sales in grocery stores, at any location. The products and services available through these alternative channels may include those that are the same as or similar to those which you will offer and sell, such as any menu items offered at your Restaurant, or entirely different services and products. The prices advertised and charged by us, our affiliates, and our approved suppliers for the sale of the products and services to operators of alternative channels, and the prices advertised and charged by the operators of the alternative channels to third parties and the public for the products and services, may be higher or lower than the prices at which the same or similar products and services are made available by

us, our affiliates, and our approved suppliers to you and the prices charged by you to customers of your Restaurant.

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

(e) ~~(f)~~ Catering Services. You must offer catering services through online catering platforms that we designate or approve. You must comply with any terms imposed by the catering platform vendor from time to time. You may conduct the catering services outside of your Protected Territory, even if the location is within the protected territory of another franchisee. Similarly, another franchisee may conduct catering services at locations within your Protected Territory.

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

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

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

(h) ~~(i)~~ Other Names and Trademarks. ~~Except as described above with respect to the right of first refusal for Affiliated Businesses, we~~ We have the right to use and license the use of alternative proprietary marks or methods in connection with the operation of other businesses under trademarks and names which are not the same as or confusingly similar to the Marks, which businesses may be the same as, or similar to, or different from Taco John's Restaurants.

2.4 Renewal of Franchise.

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

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

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

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

~~each time you renew the Franchise.~~

(b) Notices and Other Eligibility Requirements.

~~At least 18 months prior to the expiration of the Franchise, we will notify~~ In order to be eligible to exercise your renewal right set forth in Section 2.4(a) above, you must meet each of the ~~date that your Franchise is scheduled to expire, following criteria:~~

(i) You must give us written notice of your intent to renew the franchise not more than 18 months but not less than 12 months prior to its expiration.

(ii) If you have provided us notice of your intent to renew your Franchise, then at least six (6) months prior to the expiration of the Franchise, we will give you written notice of any deficiencies in your operation or the historical performance of the Restaurant which could cause us not to renew the Franchise ("Notice of Non-Eligibility"). The Notice of Non-Eligibility will state what actions, if any, you must take to correct the deficiencies in the Premises and the operations of your Restaurant, and it will specify the time period in which those deficiencies must be corrected or other requirements satisfied. If you fail to correct the deficiencies within the time period identified in the Notice of Non-Eligibility, then we may deny your request to renew the franchise and you must cease operations of the Restaurant and comply with all post-term obligations set forth in this Agreement upon the expiration of this Agreement.(iii) If we fail to provide the ~~six months' notice described above~~Notice of Non-Eligibility within the required time period, we shall have the right, by written notice to you, to extend the term of this Agreement for such time period as may be necessary to provide the required notice. Notwithstanding an extension, any renewal term granted pursuant to this Section shall expire on the appropriate anniversary date as though the notice was given when required.

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

(iii) ~~(v)~~ You will not be entitled to renewal of the Franchise unless you comply with all the terms and conditions of this Agreement from the date you give us notice of your desire to renew the Franchise ~~up to~~through the date of expiration. If we send a notice that the Franchise will not be renewed, it will state the ~~reasons~~reason(s) for ~~our refusal to the decision to not~~ renew the Franchise. ~~We will not refuse to renew your Franchise except for good cause. "Good Cause" shall mean cause based upon a legitimate business reason including, but not limited to, your failure to comply with any material lawful requirement of this Agreement (provided that our refusal to renew your Franchise is not arbitrary or capricious when compared to our actions with respect to other franchisees in the same general market area under similar circumstances) or our complete withdrawal from directly or indirectly distributing our products or services in the geographic area served by your Franchise. As a condition of renewal, we~~

(iv) Notwithstanding anything to the contrary in this Agreement, you will not be entitled to renew your Franchise if (a) during the term of the Franchise, you failed to comply with the terms of this Agreement, regardless of whether we issued to you a formal notice of default, and regardless of whether you cured such defaults, and/or (b) you do not meet the eligibility criteria for renewal as set forth in this Section.

(v) You must have the right to maintain possession of the Premises through the renewal term. If you are unable to maintain possession of the Premises, then you must secure substitute premises which comply with the specifications and standards then applicable under new or renewal franchises for Taco John's Restaurants and which we have accepted.

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

(vii) We may require you (or ~~another owner~~ one or more of your owners) and/or your ~~manager~~ Required Trainees to attend our then- current training program and meet our standard certification requirements. We ~~will not~~ may charge a fee for training required upon renewal as provided in this Section. However, you agree to pay all expenses incurred by any owners, ~~manager(s)~~ and/or employees of the Restaurant in connection with such training.

(viii) ~~(vi)~~ To renew the Franchise, ~~the Franchisor, the~~ Franchisee and its owners shall execute ~~the our then- current~~ form of ~~standard~~ Franchise Agreement, general release, and any ancillary agreements we are then offering or requiring in the grant of franchises to ~~prospective~~ new or renewing franchisees for the operation of a Taco John's

Restaurant (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise). Those agreements may contain terms that are materially different from this Agreement, including different royalty, advertising and other fees ~~that differ from those contained in this Agreement~~, except that no Initial Franchise Fee will be payable upon renewal of the Franchise.

(ix) At the time of signing our then-current franchise agreement for a renewal term, you must pay us a renewal fee in the amount set forth in Section 9.9 each time you renew the Franchise.

3. DEVELOPMENT AND OPENING OF RESTAURANT

3.1 Site Location.

You agree that you will locate, within 90 days of the date of this Agreement, a site suitable for the operation of a Taco John's Restaurant ("Proposed Site"). You agree to work with a real estate agent or broker ~~approved~~ accepted by us to locate a site. We will not receive any payments from ~~approved~~ accepted real estate agents or brokers, and we will not have any liability to you for their acts or omissions. Upon location of a site which you believe in good faith to be suitable for development as a Taco John's Restaurant, you agree to submit to us full and complete site documentation in our required form, including a copy of the proposed purchase agreement or lease, and any other information about the site and its development that we may reasonably request. We will use reasonable efforts to evaluate and accept or reject a Proposed Site and we will not unreasonably withhold acceptance of sites that meet our minimum standards for market type, trade area, general location, physical and demographic characteristics of the market or sub-market, traffic pattern, parking, restaurant competition, proximity of other businesses (including other Taco John's Restaurants), the nature of other businesses in proximity to the site, layout and other physical characteristics, development costs, rental, lease duration and other lease terms and conditions for the Taco John's Restaurant.

If you request our assistance with site evaluation and /or site acquisition, you must reimburse us for our actual expenses incurred in this process at our then-current rates; however, you acknowledge and agree that our involvement in the site evaluation and/or site acquisition process does not constitute our recommendation or approval of the site.

3.2 Site Acceptance.

You agree that you will not execute a purchase agreement for a Proposed Site until you have provided us with a copy of the proposed purchase agreement and we have accepted the site and purchase agreement in writing. You may not execute a lease for a Proposed Site until you have provided us a copy of the proposed lease and we have accepted the site and lease in writing. We have 30 days after receipt of your full and complete site documentation and purchase agreement or lease to review and accept it. We may provide you with suggestions and recommendations concerning the terms and conditions of the lease or purchase agreement. We have the right to require that certain provisions are included in the lease relating to duration, use, default, notices, assignment, remodeling, personal property rights, the right for our employees to enter the Premises, our right to protect our Marks, and ~~the~~our right of first refusal. Some of our required provisions may be contained in a Lease Rider, in the form designated by us. You further acknowledge that our involvement in the review and ~~approval~~acceptance of a purchase agreement or lease for the Proposed Site and our acceptance of a site will not constitute a recommendation, endorsement, representation, guarantee, or warranty, express or implied, as to the suitability or profitability of the Proposed Site or of the purchase agreement or lease for a Taco John's Restaurant or for any other purpose. An "Accepted Site" is a Proposed Site for which we have reviewed your full and complete site documentation, a copy of the proposed purchase agreement or lease, and any other required information, and which we have accepted in writing. If you lease the land or building for your Restaurant, the initial lease term plus any renewal options must equal or exceed the entire Initial Term of this Agreement.

3.3 Site Acquisition.

Upon our written acceptance of a Proposed Site for your Restaurant, you agree to attempt to obtain lawful possession of the Accepted Site through purchase or lease. While our review and assistance may include recommendations ~~to protect you under~~regarding the terms of the lease or purchase agreement, you acknowledge that our involvement in the negotiation or ~~approval~~acceptance of the documents for the Proposed Site is primarily for our benefit only. We make no representations or warranties as to the legal validity of any recommended provisions. It ultimately is your responsibility to negotiate and accept the final terms of these documents. You should take all steps necessary to ascertain whether such location and purchase agreement or lease are acceptable to you, which may include engaging your own legal counsel to review the documents. You must provide us with a copy of the fully executed purchase agreement or lease and Lease Rider.

3.4 Construction Documents and Specifications.

You agree to use only qualified building design professionals, including architects and engineers, that are ~~approved~~accepted by us. You further agree to complete the construction and build-out of your Restaurant using only a qualified general contractor ~~approved~~accepted by us. Upon reasonable request, we will consider the ~~approval~~acceptance of other professionals, but we are under no obligation to ~~approve~~accept any particular professional or any minimum number of them. All professionals are required to be licensed if required by the state in which the Restaurant is located. You must deal directly with any such architects, engineers, or general contractors. We will not receive any payments from ~~approved~~accepted architects, engineers, or general contractors, and we will not have any liability to you for their acts or omissions.

We will furnish one copy of conceptual site plans, construction documents and specifications reflecting our requirements for design, decoration, furnishings, furniture, layout, equipment, fixtures and signs for a Taco John's Restaurant at no cost. You are responsible for paying our then-current fees for any additional layouts or revisions you request from us. We require that the construction documents be reviewed, modified and sealed by local architects and engineers approved by us for use in the state where your Restaurant will be located. You must use only qualified general contractors approved by us. You must submit complete construction documents and specifications to us for our review and

~~approval~~acceptance before you begin construction at the Premises. Such review is not designed to assess compliance with federal, state or local laws and regulations, including the Americans with Disabilities Act, as compliance with such laws is your sole responsibility. It will be your sole responsibility to have prepared all required architectural designs, mechanical drawings, site plans, blueprints and construction plans to suit the dimensions of the Premises and to ensure compliance with all applicable federal, state and local laws, regulations and codes including the Americans with Disabilities Act, building codes, permit requirements, and any lease or purchase agreement. You acknowledge that our assistance related to providing the conceptual site plans, construction documents, and specifications and our review and ~~approval~~acceptance of any construction document related to the Premises, do not constitute a recommendation, endorsement or guarantee by us of the suitability or profitability of the location, layout, or design of your Premises. Upon our request, you must submit all revised documents and specifications during the course of such construction. If you do not begin construction within six months after our ~~approval~~acceptance, you must resubmit the drawings for ~~approval~~acceptance to ensure that they still meet our current standards and specifications. You must construct the Restaurant in accordance with those documents and specifications. We will hold regularly-scheduled ~~Stage-Gate~~ New Restaurant Opening meetings. We will conduct at least one inspection of the Restaurant during construction and may conduct other inspections as we deem appropriate for purposes of confirming compliance with our standards and specifications.

If you build a ~~DT Digital Olé model~~drive-through focused Restaurant, we may require you to use only the modular building manufacturers approved by us. We will not receive any payments from approved modular building manufacturers and we will not have any liability to you for their acts or omissions.

3.5 Equipment, Fixtures, Furnishings and Signs.

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

3.6 Restaurant Opening.

Unless different deadlines are set forth in the Addendum, you agree, at your own expense, to do all of the following within the earlier of: (a) 210 days after receiving your building permits for the Accepted Site, ~~or~~ **(b)** 10 days after obtaining the Certificate of Occupancy for the Restaurant, ~~and in any event within~~ **(c)** 12 months after the signing of the Franchise Agreement, or **(d)** any earlier date as may be provided in your lease or sublease: **(a)** secure all financing required to fully develop the Restaurant; **(b)** construct, decorate, equip and furnish the Restaurant according to the construction documents and specifications we have accepted; **(iii)** ~~(e)~~ cause the training requirements of Section 4.1 to be completed; **(d)** purchase an opening inventory of products, supplies and materials, including all marketing materials; **(e)** obtain all necessary permits, licenses and insurance; **(f)** do any other acts necessary to open the Restaurant for business; **(g)** obtain our approval to open the Restaurant for business; and **(h)** open the Restaurant for business.

Furthermore, if you do not already operate a Taco John's Restaurant, you will not open the Restaurant for business unless a representative of the Franchisor is present to provide pre-opening and post-opening

assistance (for the period applicable under Article 4 below). We agree to provide such assistance, provided you notify us in writing no less than 30 days prior to the scheduled opening of the Restaurant and comply with all pre-opening requirements set forth above. If your scheduled opening date is delayed for any reason, you may be required to pay a delayed opening fee as set forth in Section 9.12.

4. TRAINING

4.1 Initial Training ~~Programs~~ and ~~Certification~~ Certifications.

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

~~Before the Restaurant opens for business, we may, at our discretion, require a franchise owner to complete up to one week in a franchise ownership, business management, and operations training program (the "Owner Training Program" or "OTP"). If we require, the OTP will occur prior to the Initial Training, described below. You must pay all expenses incurred by any owners of the Restaurant in connection with attending the OTP. However, we do not charge a fee for one owner to attend the OTP. This program will be conducted in a Restaurant location or in our Restaurant Support Center at the time and location we designate. In addition, one owner, or, if the owner is not an individual, the person designated by the owner to assume primary operational responsibility for the Restaurant ("Designated Principal"), and a minimum of three managers must attend our Management Certification Program to receive training in the operation of a Taco John's Restaurant at the time we designate (the "Initial Training"). If you operate multiple Taco John's Restaurants, we may require you to have members of your management team who oversee multiple Restaurant locations (each an "Above Store Leader"), attend additional training. If you are a new franchisee or you open a new restaurant in an underpenetrated market, we may require you and the managers we designate to attend additional training for up to three weeks. If the owner or Designated Principal will not have primary operating responsibilities, then a minimum of four managers must attend the Initial Training. We will not charge a fee for the Initial Training for up to four individuals. However, you agree to pay all expenses incurred by any owners, Above Store Leaders, and manager(s) of the Restaurant in connection with the Initial Training. The Initial Training will include classroom instruction and restaurant operation training and will be furnished at a Taco John's Restaurant(s) location or in our Restaurant Support Center at the time we designate. Training programs may differ for owners or employees depending upon their responsibilities at the Restaurant.~~

~~(b) The owner, or if applicable, the Designated Principal, and the manager(s) of the Restaurant must complete all training requirements listed in subsection (a) above and must meet our standard certification requirements under the Initial Training. (A person who has met our standard certification requirements is referred to in this Agreement as being "certified.") If the owner or the manager(s) fail to complete the training program or are not certified, we will allow another owner or, manager, as applicable, to attend training, provided that he or they must complete our training program and be certified. If the latter owner or manager fails to complete the training program or to be certified, we will have the option, upon 30~~ Operations and Management Training Program. At least two persons that you designated and up to two additional persons that we designate (collectively, the "Required Trainees") must attend and complete to our satisfaction the initial training program called the "Operations and Management Training Program." The Operations and Management Training Program will consist of on-the-job training conducted at a location we determine, which may include one of our company-owned and operated restaurants in Cheyenne, Wyoming, or Minneapolis, Minnesota. We do not charge a fee for the first four attendees to attend the Operations and Management Training Program. The minimum of two persons that you designate to attend the Operations and Management Training Program must be persons who will assume day-to-day management of the Restaurant (each a "Manager"). The person(s) designated by us to attend the Operations and Management Training Program may be you, a Manager, or a member of your management team who oversees multiple restaurant locations (each an "Above Store Leader"). If you are an individual and you will be a Manager, then you and at least one additional Manager must attend the Operations and Management Training Program. If you are an entity, you must designate at least two Managers to attend and successfully complete to our satisfaction the Operations and Management Training Program. All attendees of the Operations and Management Training Program must be at least 18 years old. If any of your Required Trainees have previously attended and successfully completed our Operations and Management Training Program within the past five years, and you or they have not had a prior operational default or a default related to the topics covered in our training programs under any other franchise agreement with us, then we may, in our sole discretion, determine that such Required Trainee is not required to attend the Operations and Management Training Program again or will be required to attend the Primary Contact Training Program.

(a) Primary Contact Training Program. If you are an entity, then in addition to the obligations regarding the Operations and Management Training program described above, you must designate one person to assume primary responsibility for making decisions for the business and interacting with us (the “Primary Contact”). Your Primary Contact may not be one of the Required Trainees. The Primary Contact must attend an initial training program for primary contacts called the “Primary Contact Training Program.” The Primary Contact Training Program will include a shorter version of our Operations and Management Training Program conducted at one of our company-owned and operated restaurants in Cheyenne, Wyoming, or Minneapolis, Minnesota, at the time we designate, plus the Business Systems Training Program described below.

(b) Business Systems Training Program. In addition to the Operations and Management Training program or Primary Contact Training, if applicable, described above, at least one of the Required Trainees must also attend and successfully complete the “Business Systems Training Program.” The Business Systems Training Program provides training regarding the Computer Systems, back of house platform, and more. The Business Systems Training Program will consist of classroom learning either online or at our Restaurant Support Center, as we determine. The Required Trainee that attends the Business Systems Training Program must be at least 18 years old. If any of your Required Trainee(s) have previously attended and successfully completed our Business Systems Training Program within the past five years, and you or they have not had a prior operational default or a default related to the topics covered in our training programs under any other franchise agreement with us, then we may, in our sole discretion, determine that such Required Trainee is not required to attend the Business Systems Training Program again.

(c) Training Timing. The Required Trainees must complete the Operations and Management Training Program and the Business Systems Training Program, and, if applicable, the Primary Contact must complete the Primary Contact Training Program, no less than two weeks, but no more than 120 days, before the Restaurant opens and commences operations. If your opening date changes and your Required Trainees complete the required training programs described above more than 120 days before the revised opening date, then we may require the Required Trainees to attend up to one (1) additional week of training and may require you to pay our then-current training fee for each Required Trainee.

(d) Training Costs. You must pay for all wages, travel, and living expenses, including transportation costs, meals, and lodging for you, the Required Trainees, and any other attendees of yours to attend the Operations and Management Training Program, the Primary Contact Training Program, the Business Systems Training Program, and all other training programs we require or recommend. We will not pay compensation for any incidental services you or your trainees perform during training. You also must purchase uniforms for your trainees to be worn during training.

(e) Subsequent Training for Required Trainees, Primary Contacts. Throughout the term of the Franchise Agreement, (a) all Required Trainees must successfully complete the Operations and Management Training Program and Business Systems Training Program before they may be involved in the operation of your Restaurant, and (b) your Primary Contact must successfully complete our Primary Contact Training Program before they become your Primary Contact.

(f) Failure to Complete Training. If a Required Trainee fails to successfully complete the Operations and Management Training Program, or if a Required Trainee fails to successfully complete the Business Systems Training Program, then we may terminate the Franchise Agreement or permit you re- enroll the same or another Required Trainee through the Operations and Management Training Program and/or Business Systems Training Program (as applicable), as we may determine in our sole discretion. Additionally, if your Primary Contact fails to successfully complete the Primary Contact Training Program, then we may terminate the Franchise Agreement or permit you

re-enroll the same or another Primary Contact through the training program, as we may determine in our sole discretion. If we permit you to re-enroll the same or another Required Trainee and/or Primary Contact, then the Required Trainee and/or Primary Contact must re-enroll in our next scheduled applicable program, and you must pay the then-current Additional Training fee. We may terminate the Franchise Agreement if (a) one or more of the Required Trainees fail to successfully complete the Operations and Management Training Program, (b) one or more of the Required Trainees fail to complete the Business Systems Training Program, and/or (c) your Primary Contact fails to successfully complete the Primary Contact Training Program.

(g) Training Cancellation. If you fail to cancel any scheduled training without at least 14 days' ~~written~~ prior notice to, or if you, ~~to terminate this Agreement~~ your Required Trainees, or your Primary Contact (if applicable) are not prepared to successfully participate in any scheduled training, we may charge you our then-current cancellation fee plus the cost of conducting the originally scheduled training (including any training fees and any travel and living expenses incurred by our representatives). Additionally, for each rescheduled training, you must pay us our then-current training fee for each Required Trainee and, if applicable, Primary Contact. We reserve the right to suspend or terminate the training program for any training candidate who fails to adhere to the established standards and guidelines. ~~This includes, including but is~~ not limited to, non-compliance with operational procedures, failure to meet performance benchmarks, or any conduct deemed detrimental to the franchise system's reputation and integrity. The decision to suspend or terminate training will be at our sole discretion and is intended to ensure the highest quality and consistency across all franchised locations.

(h) ~~(e) We~~ Pre-Opening Support. If this Agreement is for your or your affiliates' first or second Restaurant, then we will provide, at our expense, qualified person(s) who will, for a minimum of ~~three~~ 5 days assist you ~~and/or your manager~~ with the pre-opening of the Restaurant, and, for up to ~~10~~ 12 days (which may or may not be consecutive days), assist you ~~and/or your manager~~ with the post-opening of the Restaurant ~~(or, if provided you already operate another~~ have notified us in writing no less than 30 days prior to the scheduled opening of the Restaurant. If this Agreement is for your or your affiliates' third or subsequent Restaurant, then we will provide, at our expense, qualified person(s) who will provide you with up to ~~eight~~ 5 days of post-opening on-site training and assist you ~~and/or your manager~~ with the ~~post-opening and initial operation~~ of the Restaurant), provided you have notified us in writing no less than 30 days prior to the scheduled opening of the Restaurant.

~~(d) All owners, Designated Principals, Above Store Leaders, managers, or other employees who attend the Initial Training or later seek to become Active Certified~~ You may request, and we may provide, additional training and support so long as you pay us our then-current On-Site Training and Assistance Fee and reimburse us for the costs and expenses we incur to provide such additional training and assistance (including, without limitation, travel and lodging expenses).

(i) Food Safety Certifications. Your Managers, ~~as defined below,~~ and other employees must participate in a food safety program and obtain a food safety certification from a third party licensed to teach food safety that we approve, currently ServSafe. You must have at least one employee who has obtained the ServSafe food safety certification present in the Restaurant during all hours of operation. You are solely responsible for all fees charged by that third-party provider for the training, as well as all expenses incurred by any of your owners and employees while participating in the program.

~~4.2 Active-Certified Managers.~~

~~You agree to maintain the number of certified managers we specify from time to time in the Operations Manual (defined in Section 5.2 below), who have successfully completed our standard certification requirements and who work regularly in the Restaurant (each an "Active Certified Manager"), one of which may be you, your Designated Principal, or an Above Store Leader, for the term of this Agreement. You agree to pay our then-current fees for the required certification courses for each manager~~

after the initial training program. We reserve the right to require additional levels of managers certified by us depending on the size and performance of the Restaurant.

4.2 Ongoing and Additional Learning and Training Programs.

(a) ~~4.3~~ Ongoing and Additional Learning, Training Programs. (a) We will provide you with access to our online learning management system, ~~currently called The Olé! Way,~~ which provides certain required and optional ongoing training programs and materials ~~that.~~ Additionally, we elect may, from time to time to provide. You agree to have your management time, conduct conferences, conventions, programs, webinars, teleconferences, sessions, and/or other employees complete training on matters related to the franchise system. We will determine the duration, curriculum, and location of such additional training programs as we, which may require during take the term form of this- Agreement web-based training modules, webinars, in-person training at locations that we designate, or web-based or in-person workshops, seminars, conferences, or conventions, including training we generally require of all franchisees and training we require only for you or a limited number of franchisees based on our determination that you have failed to meet any of our standards (collectively, “Ongoing Training Programs”). You, your owners, Managers, Required Trainees, Primary Contact, Above Store Leaders, and other supervisory personnel we reasonably require must attend any such Ongoing Training Programs that we specify, and you must pay us our then-current Additional Training and Conferences fee to attend such required or optional Ongoing Training Programs. We may change the Additional Training and Conference Fee once a calendar year by no more than the Allowed Adjustment. You must pay all expenses and salaries incurred by any owners and/or manager(s) of the Restaurant in connection with their attendance at the required and optional Ongoing Training Programs. If you fail to attend any required Ongoing Training Programs, we reserve the right to charge you our then-current non-attendance fee. You may be required to enter into an agreement with the provider of that the learning management system or providers of Ongoing Training Programs, and you must abide by all terms of the agreement, including paying the provider all required fees.

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

~~(c) Each ongoing optional and mandatory program may be offered via The Olé! Way online learning management system, at an in-person session, or in any other manner we designate. We may require attendance by your manager(s) at a manager convention. You must pay all expenses and salaries incurred by any owners and/or manager(s) of the Restaurant in connection with their attendance at all training programs.~~ Ongoing On-Site Training. In addition to the pre-opening support described in Section 4.1 above, we may provide to you on-site training or assistance if we, in our sole discretion, deem it necessary, and you must pay us our then-current fee and reimburse us for the costs and expenses we incur to provide such additional training and assistance (including, without limitation, travel and lodging expenses).

4.3 4.4 Purpose of Training.

All training programs are provided to protect our brand and the Marks and not to control the day-to-day operations of your Taco John’s Restaurant. We continuously evolve our training programs to provide the most thorough training to our franchisees and reserve the right to modify the training program requirements from time to time.

5. GUIDANCE; ~~OPERATIONS MANUAL~~ MANUALS

5.1 Guidance and Assistance.

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

5.2 ~~Operations Manual~~Manuals.

(a) ~~Operations Manual~~Manuals. We will make available to you during the term of the Franchise one or more manuals, technical bulletins or other written materials containing mandatory and suggested specifications, standards and operating procedures and rules prescribed from time to time by us and information relative to your other obligations hereunder and the operation of the Restaurant (the "~~Operations Manual~~Manuals"). The ~~Operations Manual~~Manuals may consist of multiple volumes of printed text, computer disks, or other electronically stored data. We may provide a portion or all of the ~~Operations~~ Manuals (including updates and amendments), and other instructional information and materials in, or via, electronic media, including without limitation, through the online learning management referenced in Section 4.34.2 above or otherwise through the Internet. The ~~Operations Manual is~~Manuals are designed to protect our reputation and the goodwill of the Marks; ~~it is~~they are not designed to control the day-to-day operations of your Taco John's Restaurant.

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

(c) Modifications to ~~Operations Manual~~Manuals. We shall have the right to add to and otherwise modify the ~~Operations Manual~~Manuals from time to time, as we deem appropriate in our discretion, to improve the standards of service or product quality or the efficient operation of Taco John's Restaurants, to protect or maintain the goodwill associated with the Marks, to meet competition, or to otherwise improve or benefit the System.

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

6. MARKS

6.1 Ownership and Goodwill of Marks.

You acknowledge that your right to use the Marks is derived solely from this Agreement and is

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

6.2 Limitations on Franchisee's Use of Marks.

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

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

6.3 Notification of Infringements and Claims.

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

6.4 Discontinuance of Use of Marks.

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

6.5 Indemnification for Use of Franchisee Marks.

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

7. RELATIONSHIP OF PARTIES; INDEMNIFICATION

7.1 Independent Contractor; No Fiduciary Relationship.

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

7.2 No Liability, No Warranties.

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

7.3 Indemnification.

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

law, us and our affiliates, and our respective past, present and future owners, officers, directors, managers, agents, employees and the predecessors, successors, heirs and assigns of any and all of the foregoing (collectively, “Indemnitees”) from all losses and expenses (including, but not limited to, reasonable attorneys’ fees, costs of investigation, settlement costs, and interest) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether the same is reduced to judgment) or any settlement thereof arising directly or indirectly from, as a result of, or in connection with (i) your activities under this Agreement, (ii) your default of any covenant, warranty, representations, agreement, or obligation set forth in this Franchise Agreement, (iii) your default or alleged default of any other agreement, (iv) your violation or alleged violation of any applicable law, regulation, standard or directive, or any industry standard, including without limitation, violations resulting from your use of the System, (v) libel, slander, or any other form of defamation by you or your directors, officers, shareholders, partners, members, employees, agents and attorneys, (vi) acts, errors, or omissions by you or any of your directors, officers, shareholders, partners, members, employees, agents and attorneys, (vii) your activities relating to the operation of the business of the Franchise, including but not limited to your preparation and/or sale of any food products, including Core Menu items, or (viii) your failure to maintain all required and recommended insurance policies and coverage amounts during the Term as set forth by us in this Agreement, the Manuals, or otherwise in writing.

(b) This indemnification will include all losses alleging the negligence of Indemnitees, including without limitation negligence in supervision and inspection of the business of the Franchise, our standards and specifications, but excluding any case which Indemnitee is determined by a court of competent jurisdiction to have engaged in grossly negligent or willful misconduct. This Section 7.3 will survive termination or expiration of this Agreement.

(c) You must promptly notify us of any action, suit, proceeding, claim, demand, inquiry, investigation, or default described in this Section 7.3. With respect to any threatened or actual litigation, proceeding, or dispute that could directly or indirectly affect us or any of the other Indemnitees under this Section 7.3, we will have the right, but not the obligation, to: (i) choose counsel; (ii) direct and control the handling of the matter; and (iii) settle any claim against the Indemnitees, at your cost and expense. No such undertaking by us will, in any manner or form, diminish your obligation to indemnify us and to hold us harmless.

(d) Under no circumstances will the Indemnitees be required or obligated to seek recovery from third parties or to otherwise mitigate their losses in order to maintain a claim against you. You agree that the failure to pursue recovery or to mitigate loss will in no way reduce the amounts the Indemnitees may recover from you.

8. CONFIDENTIAL INFORMATION; NON-COMPETITION

8.1 Types of Confidential Information.

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

(a) Formulas, recipes, menu analyses, and methods of preparing, packaging, and serving products sold at Taco John’s Restaurants;

(b) Knowledge of sales and profit performance and standard performance evaluations of individual Taco John’s Restaurants and Taco John’s Restaurants as a whole;

(c) Knowledge of test programs, concepts or results relating to new menu items or categories; brands; sources of products; advertising and promotional programs; restaurant image and

decor; and methods for the selection and training of Restaurant personnel; forms and employee information; and

(d) Methods, techniques, formats, specifications, procedures, systems and knowledge of and experience in the development, operation, and franchising of Taco John's Restaurants.

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

8.2 Non-disclosure Agreement.

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

- (a) Will not use the Confidential Information in any other business or capacity;
- (b) Will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;
- (c) Will not make unauthorized copies of any portion of the Confidential Information; and
- (d) Will use all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information which may include, without limitation, requiring each employee and owner who has access to the Confidential Information to sign a confidentiality agreement in a form approved by us.

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

8.3 Non-competition Agreement.

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

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

8.4 Innovations.

All ideas, concepts, techniques or materials relating to a Taco John's Restaurant, whether or not protectable intellectual property and whether created by you or for you by your directors, officers, shareholders, partners, members, employees or contractors (collectively, "Innovations") must be promptly disclosed to us and will be deemed to be our or our affiliate's sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any Innovation does not qualify as a work made-for-hire for us, by this paragraph you assign ownership of that Innovation, and all related rights to that Innovation, to us or our affiliate, as we may designate from time to time. You agree to execute (and to cause the applicable individual(s) to execute) whatever assignment or other documents we reasonably request to evidence our ownership or to help us obtain intellectual property rights in the Innovation, and you understand and agree that we have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Restaurant or otherwise without our prior approval.

9. FEES

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

9.1 Initial Franchise Fee.

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

9.2 Royalty.

In consideration for your right to use the Marks and the System as provided in this Agreement, you agree to pay us a royalty (the "Royalty") equal to 5% of the Net Sales (defined below) of the Restaurant. The Royalty shall be payable monthly not later than the 20th day of the month on the Net Sales of the Restaurant for the preceding month and shall be accompanied by a report of the Net Sales for the preceding month in a form approved by us. We may change the frequency of the payment and/or the due date(s) of the payment of the Royalty on 60 days' prior ~~advance~~ written notice to you. The term "Net Sales" shall, for purposes of this Agreement, mean the total ~~receipts~~ revenue from all sales of the Restaurant, including all ~~receipts~~ revenue from sales made at or away from the premises of the Restaurant and revenue from the redemption of Taco John's gift certificates, customer loyalty/rewards program, gift cards and other prepaid cards, sales through mobile ordering, delivery, and catering, and all other income of every kind and nature related to, derived from, or originating from the Restaurant, including proceeds of any business interruption insurance policies, exclusive of sales and equivalent taxes. We reserve the right to modify our policies and practices regarding inclusion or exclusion of certain revenue from "Net Sales" as circumstances, business practices, and technology change.

9.3 Advertising and Marketing Fee.

You agree to pay to us for deposit in an Advertising Fund an "Advertising and Marketing Fee" currently equal to 4% of the Net Sales of the Restaurant. We ~~will not change the Advertising and Marketing Fee percentage before January 1, 2026. Thereafter, we~~ reserve the right to modify the Advertising and Marketing Fee on 60 days' notice to an amount equal to the amount we charge to new

franchisees, but in no event shall the Advertising and Marketing Fee exceed 4.25% of the Net Sales of the Restaurant during the Initial Term of this Agreement. The Advertising and Marketing Fee is payable in the same manner as the Royalty. The Advertising and Marketing Fee will be used in the manner described in Article 11.

You understand and acknowledge that we or our affiliates may spend the Advertising and Marketing Fees ~~expended by us or our designees will be used by us, as we determine in our sole discretion, to foster recognition and promotion of the Marks, the brand, and retail sales of Taco John's Restaurants generally, and to pay for the development, support, and dissemination of marketing programs on any Permitted Ad Fund Uses as described more fully Section 11.1 of this Agreement.~~

Although we will endeavor to use the Advertising and Marketing Fees to develop and place advertising in a manner that will benefit all Taco John's Restaurants, we cannot ensure that expenditures of Advertising and Marketing Fees in or affecting any geographic area are proportionate or equivalent to Advertising and Marketing Fees paid by Taco John's Restaurants operating in that geographic area or that any Taco John's franchisee will benefit from the placement of advertising directly or in proportion to the amounts it has paid as Advertising and Marketing Fees.

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

9.4 Technology Fee.

We currently do not charge a technology fee ("Technology Fee"), but we may establish this fee to pay for technology related to implementation, subscriptions or license fees, and to assist with the development and support of technology. We will give you not less than 60 days' notice of the requirement that you pay this fee. If we create a Technology Fee, it will replace some or all of the following as we designated from time to time: the license fee for your digital menu boards, ~~The Olé Way~~the online learning management system license fee, financial reporting system fee, back of house information system fee, geofencing service fee, online ordering subscription fees, gift card fee, loyalty/rewards program fee, guest ~~experience program~~recovery fees, and other technology-related implementation, subscription, or license costs, and can also be used for further development and support of technology by or for us, including changes or enhancements to ordering and AI platforms, the mobile app, data reporting platforms, custom development, or other technology innovations. The Technology ~~License~~ Fee will be in the amount charged by the suppliers for the underlying products and services, plus a charge of up to 10% of those amounts to be retained by us and expended in development and support of technology by us. Such development and support may be conducted in-house and/or with third parties, and we may ~~compensate ourselves from the Technology Fee for~~recover the costs of any personnel time or expenditures that we incur in providing these services from the Technology Fee. When we collect this fee, we will submit a portion of it to the third-party vendors who provide the services covered by this fee on your behalf. The ~~portion retained by us will be used for technology development and support. We may increase the Technology Fee at any time, provided that the increase will never be more than the increase in actual costs to provide the products and services plus 10% of the total cost to provide the products and services.~~ The Technology Fee is payable in the same manner as the Royalty. Once implemented, we may increase the fees once a calendar year by no more than the Allowed Adjustment.

9.5 Grand Opening Marketing.

You agree upon execution of this Agreement to set aside the sum of money set forth in the Addendum to be spent for the grand opening of the Restaurant to be conducted pursuant to a grand opening marketing program approved by us. The grand opening marketing program is to be conducted within the first 6 to 12 weeks of operation of the Restaurant. We may require you to provide us with an accounting of your grand opening expenditures within 180 days after the date the Restaurant is opened.

The grand opening marketing program expenditure listed in the Addendum may be higher if you open a Restaurant in a market that is defined by us as underpenetrated. We will notify you that the

Restaurant is in an underpenetrated market and help you develop a grand opening marketing program designed to introduce the market to the Taco John's concept. An underpenetrated market is one where there is limited awareness of the Taco John's concept and minimal Taco John's advertising penetration.

9.6 Interest on Late Payments; Nonsufficient Funds Fees.

All Royalty payments, Advertising and Marketing Fees, [Online Learning Management](#) System Fees, Technology Fees (if created), amounts due from you for purchases from us or our Affiliates, and other amounts which you owe us or our Affiliates (unless otherwise provided for in a separate agreement between us or our Affiliates) will begin to accrue interest after their respective due dates at a rate not to exceed 1.5% per month. If there are insufficient funds in your account to process payment of fees due to us, you agree to pay us the then- current nonsufficient funds fee (NSF fee); We may change the NSF fee once a calendar year by no more than the Allowed Adjustment and shall not ~~to~~ exceed \$100 per transaction. Additionally, and you shall reimburse us for all expenses we incur as a result of such nonsufficient funds. You acknowledge that the inclusion of this Section in this Agreement does not mean we agree to accept or condone late payments, nor does it indicate that we have any intention to extend credit to, or otherwise finance your operation of the Restaurant.

9.7 No Withholding.

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

9.8 Transfer ~~of Ownership~~ Fee.

You agree to pay us ~~our then-current~~ transfer fee of up to \$10,000 for each Transfer, plus our reasonable costs and expenses (including reasonable attorneys' fees). Once the transferee is approved, the applicable transfer fee and reimbursement of our reasonable costs and expenses is due, whether or not a transfer actually occurs and ~~is such amounts are~~ nonrefundable once paid. The Manuals set forth the actual fee that will be due, and will be based on the type of transfer proposed.

9.9 Renewal Fee.

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

9.10 Relocation Fee.

At our option, you will pay us a relocation fee of \$10,000, which is due at the time the relocation process commences with our acceptance of the new site. The relocation fee is due whether or not a relocation actually occurs and is nonrefundable once paid.

9.11 Non-compliance Fee. ~~(a) If you are determined by us to be non-compliant with equipment requirements under Section 10.2(d), remodel, refresh, or other requirements under Section 10.2(e), financial reporting system or other technology requirements under Section 10.4(i), or fail to sign up for third party delivery under Section 10.4(d) or catering under Section 10.4(l), upon our demand, you will pay us a non-compliance fee equal to 3% of Net Sales. This fee will be charged and calculated based on your Net Sales from the date that is fifteen (15) days after you are notified of the non-compliance issue, and must be paid weekly through the date when the non-compliance is~~

~~cured, up to a maximum of six months for each act of non-compliance. During the 15-day notice period, you will have the opportunity to cure before we charge the non-compliance fee.~~
(b) Compliance Fees.

(a) Inspection Failure Non-Compliance Fee. If you fail an inspection of the Restaurant, whether by us or our designee, we may charge you a fee of \$1,000 (the “Inspection Failure Non-Compliance Fee”). The Inspection Failure Non-Compliance Fee is payable to us immediately upon notification by us.

(b) Delivery, Catering, and Hours of Operations Non-Compliance Fee. If you are determined by us to be non-compliant with our third-party delivery or catering requirements (other than the requirement to initially sign up for the services), or the required hours of operations in the ~~Operations Manual~~ Manuals, upon our demand, you will pay us a ~~non-compliance fee~~ equal to \$1,000 ~~per day~~ for ~~any~~ each partial day of non-compliance, and \$3,000 ~~per day~~ for ~~any~~ each full day of non-compliance. ~~This fee will be~~ (collectively, the “Delivery, Catering, and Hours of Operations Non-Compliance Fee”). The Delivery, Catering, and Hours of Operations Non-Compliance Fee is payable to us immediately upon notification by us.

(c) Other Non-Compliance Fee. ~~If you are determined by us to be non-compliant with any other provision of this Agreement or any other requirement set forth in the Manuals (including, but not limited to, any of the equipment requirements under Section 10.2(d), remodel, refresh, or other requirements under Section 10.2(e), financial reporting system or other technology requirements under Section 10.4(i), failure to sign up for third-party delivery under Section 10.4(d) or catering under Section 10.4(l)), then we may charge you a fee of 3% of Net Sales per day of non-compliance (the “Other Non-Compliance Fee”). The Other Non-Compliance Fee will be based on the Restaurant’s Net Sales from the date that is 15 days after you are notified of the non-compliance issue. If you cure all instances of non-compliance during the 15-day period, you will be deemed to have cured the non-compliance and you will not be required to pay the Other Non-Compliance Fee. If you do not cure all instances of non-compliance during the 15-day period, then you must pay the Other Non-Compliance Fee to us weekly through the date when all instances of non-compliance are cured.~~

(d) Non-Compliance Fees, Generally. You acknowledge that the non-compliance ~~fee~~ ~~is~~ fees described in this Section 9.11 are a reasonable estimate of our administrative and management costs and ~~is~~ are not a penalty. Our right to seek ~~the non-compliance fee~~, and your payment of, the ~~non-compliance fee~~ Inspection Failure Non-Compliance Fee, the Delivery, Catering, and Hours of Operations Non-Compliance Fee, and/or the Other Non-Compliance Fee (collectively, the “Non-Compliance Fees”) do not preclude us from seeking any other legal or equitable relief to which we are entitled under this Agreement.

9.12 Delayed Opening Fee.

If your scheduled opening date is delayed for any reason, then upon our demand, you will pay us a delayed opening fee equal to \$250 per team member for each of our team members who were scheduled to attend the opening, up to a maximum of \$2,000, to offset the costs we incur in preparing to attend your opening, including rescheduling our resources and modifying our travel arrangements. The fee is due within ~~five~~ 5 days after notice to you.

9.13 Media Relations Support Fee.

If you are determined by us to need media relations support for a crisis as defined in Section 10.6(c) and fail to provide the required notice to us, you will pay us a “Media Relations Support Fee” of \$500. The

fee is due within ~~five~~5 days after notice to you.

9.14 Allocation of Payments.

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

9.15 Payment Authorization.

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

9.16 Allowed Adjustment.

For any fee that may be increased by no more than the Allowed Adjustment, the “Allowed Adjustment” in any calendar year will not exceed, at our option, (a) 50% of the fee that is in effect at the start of the calendar year, or (b) the increase in the actual costs and expenses that we incur or that a vendor requires to provide such goods or services to you.

10. RESTAURANT OPERATING STANDARDS

10.1 Importance of Uniformity.

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

10.2 Condition and Appearance of Restaurant.

You agree that:

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

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

requirements;

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

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

(e) On notice from us, you will remodel, renovate, refresh, reimage, refurbish, and modernize the Premises and the Restaurant, including the building design, parking lot, landscaping, equipment, signs, interior and exterior décor items, fixtures, furnishings, trade dress, and color scheme, to meet our then-current standards, specifications, and design criteria required of new franchisees, and including, without limitation, such structural changes, remodeling, and redecoration, and such modifications to existing improvements as may be necessary to do so, all within the time frame we require. Material alterations to remodel or renovate shall not be required more often than once every 10 years. Non-material alterations to refresh, reimage, refurbish, or modernize shall not be required more often than once every five years. The frequency limitations shall not apply to your obligations to regularly maintain, repair, and replace the Restaurant and related property as described in Section 10.2(b) or your obligations to purchase equipment and other materials as described in Section 3.5. Material or non-material alterations may be required within 12 months after a Transfer in accordance with Section 14.4(d). ~~For any non-compliance with this subsection 10.2(e), you may be subject to a non-compliance fee as set forth in Section 9.11;~~ and

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

10.3 Relocation of Franchise; Sale-Leaseback of Real Estate.

(a) Provided that you are in substantial compliance with the provisions of this Agreement, if you lose the right to possession of the Premises through no fault on your part or if the Premises are destroyed, condemned or otherwise rendered unusable, or if you request the relocation of your Restaurant and, in our reasonable judgment, the existing site for the Restaurant does not meet our then-current standards and specifications for sites for Taco John's Restaurants, we will grant permission for the relocation of the Restaurant to an alternate location and site which meets our then-current site criteria for

Taco John's Restaurants and is ~~approved~~accepted by us. If we agree on the relocation of the Restaurant, you agree to expeditiously develop the alternate site in compliance with our then-current specifications and requirements for Taco John's Restaurants, all at your sole cost and expense, and to open the relocated Restaurant within 150 days after receiving our permission to relocate, unless otherwise agreed to by us. You agree to de-identify, to our standards, the vacated location within 30 days of relocation. At our option, you shall pay us a relocation fee in the amount set forth in Section 9.10 upon the commencement of relocation of your Restaurant.

(b) If you own and later sell the real estate where your Restaurant is located and subsequently lease it for operation of the Restaurant (a sale-leaseback), you must provide us with notice at least 90 days in advance of the sale and provide a copy of the proposed lease for our review and acceptance. You and the lessor may be required to sign a Lease Rider in a form and with terms acceptable to us.

10.4 Restaurant Menu and Service Methods.

You agree that:

(a) Your Restaurant will be open during all required hours of operations as specified in the Manuals and will offer for sale all products and services included in the Core Menu as specified in the ~~Operations Manual~~ Manuals, and you will not remove any product from the Core Menu unless we authorize such removal. ~~For any non-compliance with the required hours of operations in the Operations Manual, you may be subject to a non-compliance fee as set forth in Section 9.11;~~

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

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

(d) Your Restaurant will offer delivery services through all approved third-party delivery providers available in your community. ~~For any non-compliance with this subsection 10.4(d), you may be subject to a non-compliance fee as set forth in Section 9.11;~~

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

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

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

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

(i) You agree to purchase and maintain, at your own cost and expense from an approved vendor, the specific electronic cash register, freestanding kiosks, kitchen video monitors, receipt printers, a drive-thru speed of service timing system, and headset system (the "Point of Sale System"), along with the computer hardware, software, Internet connections and service, and other computer related accessories, peripherals and equipment necessary to support the Point of Sale System, mobile ordering and delivery platforms that utilize geofencing services, firewall and security service, and the required back of house information system (which includes the specific computer and software required to manage inventory, purchasing and other back of house functions) we specify from time to time (collectively, with the Point of Sale system, the "Computer System") with at least the minimum specifications we require from time to time for use in operating the Restaurant. Your Computer System must be set up in accordance with our specifications to record all sales information in connection with the Restaurant and to comply with your reporting requirements to us. ~~Your Computer System must also~~

~~be capable of processing credit card and debit card payment and complying with PCI DSS standards as described in Section 10.4(h) and be able to receive sales from mobile ordering, third party delivery, and catering. We may require you to upgrade, at your expense, any part~~We may revise our specifications for the Point of Sale System or all of the Computer System when deemed~~from time to time as we determine reasonably necessary by us. We, and we may also change, upgrade, or discontinue the required Point of Sale System and any or all other elements of the Computer System from time to time in our discretion, and you will be required to comply with our directions, at your expense, within a reasonable time after notice to you. If we require you to use a different Point of Sale System, you must stop using the old Point of Sale System, acquire any updated system~~the new Point of Sale System, sign any required software license agreement and any required maintenance/update agreements with the vendor, pay any related Point of Sale System Support Fees, and use the new Point of Sale System, at your sole expense. You must enter into any contracts required by the company that oversees these systems and services and you must pay the fee for those systems and services to us or the supplier, as we designate. You understand and agree that we have full rights and access to the information and data stored in your Computer System. We have developed interfaces with our preferred providers that facilitate this access. You must provide any assistance we require to integrate your Computer System with our headquarters system at the earliest possible time and in the manner we prescribe. You must accurately, consistently, and completely record, structure, capture and provide all required information through your Computer System in accordance with all applicable laws and protect such information as required. Your Computer System must also be capable of processing credit card and debit card payment and complying with PCI DSS standards as described in Section 10.4(h) and be able to receive sales from mobile ordering, third-party delivery, and catering.~~We require you to use a financial reporting system provided by us or our designated supplier that allows you to upload and deliver your Net Sales reports, Profit and Loss statements, and other data, information, and records we require. There is currently no fee due for this system, but we may impose a fee upon 180 days' notice, in which event you must pay the fee charged for that service to us or the supplier, as we designate. The fee for the financial reporting system, once established, is subject to change upon 30 days' notice from us or the supplier~~Once implemented, we may change this fee once a calendar year by no more than the Allowed Adjustment. You must purchase exterior digital menu boards, and you have the option to purchase interior digital menu boards, from our approved third-party supplier. You will be required to pay the license fee for the digital menu boards, which may be charged directly by the supplier or which we may collect on behalf of the supplier. ~~For~~If we collect any ~~non-compliance with this subsection 10.4(i) fees, costs, expenses or charges with regard to the Point of Sale System and/or Computer System, you~~we may be subject to a non-compliance fee as set forth in Section 9.11~~the fees once a calendar year by no more than the Allowed Adjustment.~~

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

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

recommended prices. You must abide by our advertising policies related to advertising prices.

(l) We may require you to offer catering ~~services~~services from time to time. As of the Effective Date, you must offer catering services through the online catering platforms that we designate or approve. ~~For any non-compliance with this subsection 10.4(l), you may be subject to a non-compliance fee as set forth in Section 9.11.~~

10.5 Approved Products, Distributors and Suppliers.

(a) The reputation and goodwill of Taco John's Restaurants is based on, and can be maintained only by, the sale of distinctive, high quality food products and beverages and the presentation, packaging, service, and delivery of those products in an efficient and appealing manner. We have developed standards and specifications for food products, ingredients, beverages, materials and supplies incorporated in or used in the preparation, serving, packaging and delivery of prepared food and beverage products authorized for sale at Taco John's Restaurants. We have approved and will continue to periodically approve suppliers and distributors of the above products that meet our standards and requirements, which standards we will provide to prospective suppliers as described below in this Section. You agree to purchase all food products and beverages, menus, uniforms, paper and plastic products, packaging or other materials, ~~and~~ utensils, cleaning supplies, equipment, furniture, fixtures, and other goods used in the operation of the Restaurant only from distributors and other suppliers we have approved. If we have approved a single distributor for your area, you must obtain products only from that distributor.

(b) We may approve a single supplier for any product or service and may approve a supplier only as to certain products and services. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Taco John's Restaurants franchised or operated by us, but we will use our reasonable efforts to negotiate agreements with suppliers which, in our good faith belief, are in the best interest of all Taco John's Restaurants. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service or other criteria and may be temporary, pending our continued evaluation of the supplier from time to time. We reserve the right to negotiate a contract with a distributor that will include a program whereby the distributor shall pay us administrative allowances to be used in our discretion to address supply chain issues or other supply chain initiatives. Such administrative allowances shall not be considered Rebates as defined in 10.5(c) below.

(c) You hereby authorize us to act as your sole agent to enter into contracts with parties offering promotion, discount or other programs whereby you would receive rebates or other marketing allowances ("Rebates") from handling items offered for sale by such parties. All Rebates will be paid directly to us, unless we designate otherwise. Rebates paid to us will be used at our discretion. By signing this Agreement you assign all of your right, title and interest in all Rebates to us, and authorize us to furnish any proof of purchase evidence as may be required in accordance with the contracts with the suppliers. At our discretion, we may agree with certain suppliers for certain of these Rebates to be divided between us and our franchisees, but we have no obligation to arrange for any particular Rebate amounts to be paid to you.

(d) We reserve the right to require you to use the brand of fountain service beverages we designate from time to time, upon our reasonable prior notice.

(e) If you would like to purchase any items or services from any unapproved supplier, you must submit to us a written request for approval of the proposed supplier. Upon receipt of your request to approve an alternate supplier, we will furnish the supplier with our relevant standards and specifications (except standards and specifications which are or include trade secrets) for suppliers of items or services of the type to be furnished by the proposed supplier provided the proposed supplier

agrees to execute a confidentiality agreement in a form acceptable to us. We have the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing in order to determine if the proposed supplier meets our requirements for approved suppliers. We are not required to make available to you the criteria used in approving suppliers. We will inform you of our decision to approve or disapprove a proposed supplier within 90 to 120 days from the date we receive all required information about the supplier. We reserve the right to charge the proposed supplier a fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our criteria.

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

10.6 Compliance with Laws and Good Business Practices.

(a) You must pay each vendor, supplier, distributor, lender, landlord, or any other third-party that provides products or services to you and/or the Restaurant in a timely manner and in accordance with the terms of the agreement(s), and otherwise comply with the terms of any agreement between you and each of them. You will secure and maintain in force in your name all required licenses, permits, and certificates relating to the construction and operation of the Restaurant. You also agree to familiarize yourself with all the federal, state and local laws, ordinances and regulations that apply to the construction and operation of the Restaurant, and you will operate the Restaurant in full compliance with all applicable laws, ordinances, and regulations. From time to time we may, but have no requirement to do so, advise you of any legislative or other legal developments that may affect you or your Restaurant. Any information we provide to you does not relieve you of your responsibility to consult with your own legal advisor. You are solely responsible for complying with any legal requirements affecting you or your Taco John's Restaurant. Subject to applicable law, we (or our affiliates) may assign to you any or all of our (or our affiliates') obligations to comply with extended producer responsibility laws related to your Restaurant, and you will accept such assignment at our request, including the payment of fees associated therewith.

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

(c) You will notify us in writing within ~~five~~5 days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental unit, which may materially adversely affect your operation or financial condition or that of the Restaurant, or of any notice of violation of any law, ordinance, or regulation relating to health or safety. You will also promptly notify us in writing of any crisis that could generate media attention for the Taco John's brand. For purposes of this provision, a crisis means any event that occurs at your Restaurant or within your organization that could result in negative media attention for the Taco John's brand including, but not limited to, the events listed in our crisis management procedures described in the ~~Operations~~ Manual. If you do not report a crisis to us within 24 hours of your discovery of the crisis, we have the right to charge you a Media Relations Support Fee as set forth in Section 9.13.

(d) You, your ~~Active-Certified-Managers~~Required Trainees, and your other employees, will at all times present and conduct business in a professional manner with all customers,

suppliers, and us. All communications with customers, suppliers, and us must be conducted in a dignified, respectful, courteous, and professional manner. No hostile, threatening, or offensive statements or behavior are permitted. If you or any of your agents fail to comply with these requirements in your communications with us, we may require you to communicate with us only through our legal staff or other person we designate.

10.7 Ownership, Management and Personnel of Restaurant.

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

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

(b) ~~(e)~~ You represent that the Statement of Ownership attached to this Agreement as Exhibit III is true, complete, and accurate. You agree to promptly provide us with advance written notification of any changes to this information during the term of this Agreement and to comply with the provisions of Article 14, Transfer Requirements. If the franchisee is an entity, we may require the officers, directors, shareholders, partners, managers, and members, whichever are applicable, to sign the Guaranty which is attached to this Agreement as Exhibit IV.

10.8 Insurance.

(a) Prior to commencement of construction of the Restaurant, you must obtain and have in effect the following insurance coverage under policies of insurance issued by carriers of your choice that we approve, unless we designate a specific required carrier for systemwide brand protection policies:

(i) comprehensive public, product and automobile liability insurance against claims for personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Restaurant or your conducting business pursuant to this Agreement under one or more policies of insurance containing minimum liability coverage we prescribe from time to time; (ii) general ~~casualty~~ property insurance including fire and extended coverage, vandalism, and malicious mischief insurance for the replacement value of the Restaurant and its contents; (3) cyber liability insurance; (4) loss of business income and incident response for foodborne illness insurance; (5) employment practices liability insurance, (6) umbrella insurance, (7) workers' compensation insurance required by your state, (8) commercial auto insurance, and (89) business interruption insurance, each in amounts we may require from time to time. You must maintain these policies in force during the entire term of this Agreement. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, additional risks, changes in law or standards of liability, higher damage awards or other

relevant changes in circumstances. Each insurance policy must be endorsed to name us as Additional Insured – Grantor of Franchise, and must provide for 30 days’ advance written notice to us of any material modification, cancellation, or expiration of the policy. We may require that you carry additional insurance policies in the future upon 60 days’ notice to you. Notwithstanding the foregoing, we currently maintain the insurance coverage for loss of business income and incident response for foodborne illness, which covers our locations and each individual franchised location in the required amounts. We may designate a specific required carrier and collect your share of the premium for this insurance (as determined by us in our discretion) from you and pay it to the insurance carrier on your behalf. However, we may require you to obtain this insurance directly in the future.

(b) You must before the expiration of the term of each insurance policy furnish us with a copy of each policy you are to maintain for the upcoming term, along with evidence of the payment of the premium for each. We reserve the right to require you to send us a complete copy of each insurance policy on request, evidence of the payment of the premium for each, and copies of the Additional Insured Endorsements. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of your insurance coverage and the payment of the premiums for them, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. ~~If we do that~~ We reserve the right to obtain a master insurance policy on behalf of the franchise system for certain types of coverage and require you to pay all or a portion of your proportionate share of coverage under the master policy to us or our approved supplier. If we obtain insurance on your behalf, you agree to fully cooperate with us in our effort to obtain the insurance policies, promptly execute all forms or instruments required to obtain or maintain the insurance, allow any inspections of the Restaurant which are required to obtain or maintain the insurance and pay to us, on demand, any costs and premiums we incur.

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

10.9 Websites and Social Platforms.

Presence on the Internet, as it may evolve over time, including ~~Websites and Social Platforms~~ websites, social platforms, and apps available in app stores, is considered to be advertising and is subject to our review and written approval before you may use it in connection with the Restaurant. As used in this Agreement, the term Internet includes, but is not limited to, what are today known as World Wide Web home pages, social platforms, and ~~Social Platforms~~ apps. However, these types of global electronic communications evolve and change over time, and such changes are intended to be included within the reasonable intent of this clause.

Collectively, and for ease of reference, the term “Internet presence” will encompass the current Internet, along with websites ~~and~~ social platforms, and apps, and future similar concepts. If we permit you to have an independent Internet presence, then the following requirements will apply:

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

(b) Before establishing any Internet presence, you must submit to us for our written approval, a proposal in the form, manner, and containing the content that we may reasonably require, including: (i) the domain name or platform name, (b) format, and (c) visible and non-visible content (including meta-tags). If you propose any material revisions to the Internet presence or any of the information contained in the Internet presence, you must submit the revisions to us for our prior written approval;

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

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

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

10.10 Guest ~~Experience-Program~~Recovery.

We have established ~~a guest experience-program~~recovery programs to evaluate guest satisfaction of your Restaurant, which ~~consists~~consist of mystery shops and guest surveys. You are required to participate in ~~this program~~these programs and pay the fees or charges associated with ~~it~~them. We may modify ~~this program~~these programs from time to time at our discretion. If we have approved vendors for ~~this program~~these programs, you must use our approved vendors and utilize the services at a frequency and in the manner prescribed by us. You will be required to pay all fees of the vendors for ~~this-program~~these programs, which fees may change from time to time. We may require that you pay these fees to us, for us to transmit to the vendors. You are required to comply with our standards for resolving guest issues. We have the right to review the results of the service evaluations and reserve the right to charge you for the cost of resolving guest complaints. You must pay us our then-current "Guest Recovery Fee" if you fail to respond to a guest contact request or guest complaint in accordance with our standards and within 72 hours. You must also pay the then-current Guest Recovery Fee for the fourth and each subsequent guest complaint (each an "excessive complaint") for your Restaurant received in any given month.

10.11 Online Learning Management System.

We ~~currently, directly or indirectly through a third-party,~~ maintain and provide you with access to the online learning management system referenced in Section ~~4.34.2~~. In order to obtain access to this system, you and any other users we approve may be required to sign an agreement in the form required by us, our affiliate, or the designated third-party, which may be modified from time to time, as well as pay us, our affiliate, or the third-party provider of this system the then-current fees ~~it charges to access the system. If we or our affiliate collects this fee, we may change this fee once a calendar year by no more than the Allowed Adjustment.~~ We have no obligation to maintain this system indefinitely. We can, after 60 days' advance written notice to you, replace this system entirely or designate a different provider of this or another system, and require you to subscribe, at your sole cost and expense, to the new service or provider we designate to obtain access to this or similar information, including the ~~Operations~~-Manual.

10.12 ~~Non-attendance of~~ Franchisee Convention or Manager Convention.

We require you (or, if you are an entity, at least one of your owners ~~if the Franchisee is an entity~~), your Primary Contact, or your Above Store Leader to attend ~~the any~~ convention ~~(or system-wide meeting of franchisees (collectively referred to as "Franchisee Convention")) held by.~~ In addition to the Association of Taco John's Franchisees (the "Association") and we required attendee, you may choose to have additional owners, Above Store Leaders, or employees attend a Franchisee Convention. You will be responsible to pay all costs of travel, accommodations, wages (if your employees attend), and any other expenses associated with attendance, plus our then-current Additional Training and Conferences fee. If you operate multiple Taco John's Restaurants and have an Above Store Leader, you may require at least have one manager per Restaurant to or more of your Above Store Leaders attend the manager-

~~convention~~Franchisee Convention in your place. If you do not have the required attendees at the Franchisee Convention or the ~~manager-convention~~Manager Convention, then we may charge you a non-attendance fee of \$1,000 for each such event, at our sole discretion. Not less than 60 days prior to the opening date of a Franchisee Convention or ~~manager-convention~~Manager Convention, you may submit a written request to us for a waiver of ~~this~~the requirement ~~based on your specific circumstances to~~attend the Franchisee Convention or Manager Convention. We will use our best business judgment to determine whether to approve the request. We may change the Additional Training and Conference Fee once a calendar year by no more than the Allowed Adjustment.

11. ADVERTISING AND MARKETING.

11.1 Advertising Fund.

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

(b) The ~~funds in the~~ Advertising Fund ~~are spent~~may be used to foster recognition and promotion of the Marks, the brand, and retail sales of Taco John’s Restaurants, generally, and to pay for the development, support, and dissemination of marketing materials and programs. ~~Materials produced using (including our operating expenses related to the administration of the Advertising Fund and the related proportionate share of overhead and employee compensation) (collectively, “Permitted Ad Fund Uses”).~~ Permitted Ad Fund Uses may include television and radio spots, newspaper and billboard displays, freestanding inserts ~~(“FSI”)~~ and flyers, signs, menus, menu boards, email or other social media campaigns, digital displays, and visual displays. We may use a variety of sources for advertising materials including in-house and regional or national advertising agencies. The Advertising Fund ~~is also~~may be used to create and produce advertising materials that are made available to you, to other Taco John’s Franchisees, and to advertising cooperatives ~~formed by Taco John’s Franchisees (“Advertising Cooperatives”)~~, as they may exist from time to time. We or our advertising agency may charge a fee for ~~any~~accessing or using approved advertising materials ~~acquired by a Franchisee or Advertising Cooperative.~~(c)~~The Advertising Fund will be administered by us. Unless we have established a National Marketing Program as provided below, we will confer with an advertising production committee (the “Advertising Production Committee”), which will be made up of seven franchisees and one of our management level employees. The franchisee members of the Advertising Production Committee will be either elected by franchisees or appointed by the Board of Directors of the Association of Taco John’s~~

~~Franchisees, Inc., and serve three year terms. The Advertising Production Committee will be organized and governed pursuant to its bylaws that we approve. We may disband the Advertising Production Committee in our sole discretion. The Advertising Production Committee serves in an advisory role only. The artistic and creative aspects of advertising/marketing materials will be determined by us after conferring with the Advertising Production Committee.~~

~~(d)If you are required to join a local or regional Advertising Cooperative, These are all~~ Permitted Ad Fund Uses. The Advertising Fund will be administered by us. We will prepare an annual audited statement showing all amounts collected and expended by the Advertising Fund, and make it available to you on written request.

~~(c)~~ We reserve the right to establish a marketing and advertising program (the “National Marketing Program”) that will support the growth, recognition, and long-term success of the brand by developing and implementing local, regional, and national marketing and advertising programs and initiatives, which may encompass media buying and placement, digital and social media marketing, creative development, brand strategy, market research, public relations, promotional materials, and other

marketing activities that we determine are appropriate to promote and enhance the Taco John's system and Taco John's Restaurants (including our operating expenses related to the administration of the National Marketing Program and the related proportionate share of overhead and employee compensation). The goals of the National Marketing Program include increasing overall consumer awareness, strengthening and maintaining a consistent brand image, and driving customer traffic to Taco John's Restaurants. We will endeavor to target the activities of the National Marketing Program in those geographic areas where Taco John's Restaurants are located. The National Marketing Program seeks to leverage economies of scale, increase buying power, support market research and innovation, and adapt marketing strategies to evolving consumer preferences and competitive conditions, all for the collective benefit of the Taco John's system and Taco John's Restaurants.

(d) Once the National Marketing Program is established, we will use the Advertising Fund to support it. We will use 2.85% of the Advertising and Marketing Fee traditional Taco John's franchisees pay to the Advertising Fund ~~will contribute to for the National Marketing Program and 1.15% of the Advertising Cooperative monthly in an amount equal to and Marketing Fee for the lesser production of the amount you have paid toward your~~ advertising materials. We reserve the right to change these percentages and how we allocate the Advertising and Marketing Fee ~~or 2.85% of your total net sales to be used for media placement in your DMA, as defined below. At~~ in our sole discretion. In our sole discretion, we may ~~also agree to contribute additional amounts of your Advertising and Marketing Fee to the Advertising Cooperative. If you are not currently assigned by us to an Advertising Cooperative, then you will be required, at your expense, to use one of our approved media buyers to assist you in the daily administration of your local advertising.~~

~~(e) If you are operating a traditional Taco John's Restaurant and are not in an Advertising Cooperative, you will be required to conduct local advertising within your DMA and you will be required, at your expense, to use one of our approved media buyers to assist you in the daily administration of your local advertising. In that event, we will pay from the Advertising Fund 2.85% of your Net Sales to the media buyer you select to be applied against the media buyer's fees and your local advertising program developed by the media buyer. You must be current on paying us your Advertising and Marketing Fee or we may withhold amounts paid to your media buyer, in which case you will be responsible for all amounts due to the media buyer. We will not pay any amounts from the Advertising Fund to your media buyer if you are in an Advertising Cooperative or if you operate a non-traditional Restaurant modify or eliminate the National Marketing Program at any time upon notice to you. We will, however, continue to administer the Advertising Fund consistent with the Permitted Ad Fund Uses.~~

(e) We may, in our sole discretion, use the Advertising Fund to reimburse you for amounts spent on approved local advertising and promotional materials after the start of the National Marketing Program, so long as you are in compliance with the terms of the Franchise Agreement, the advertising and promotional materials are approved by us in writing, you provide us with copies of any receipts and other information we may reasonably request, and such reimbursement is not for costs that occurred more than six months prior to submission.

(f) We may, in our sole discretion and at any time during the term of this Agreement, form, create, establish, change, modify, dissolve, and/or eliminate advisory councils, cooperatives, committees, or other groups that may provide advisory input regarding advertising and marketing activities, including but not limited to, the production of advertising materials and the National Marketing Program. Such advisory group(s) may be composed of us, you, other Taco John's franchisees, and/or our designees.

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

(h) We do not reimburse cost for coupons redeemed at your Restaurant.

11.2 Local Advertising; Local or Regional Advertising Cooperatives.

(a) We will maintain, and provide to you upon your written request, a list of approved advertising and promotional materials which may be used by you and other Taco John's franchisees. You are expected to advertise and promote your Restaurant throughout the term of the Franchise Agreement. You are permitted to use advertising and promotional materials you develop and to conduct independent local promotions so long as you obtain our prior written consent to do so. You must submit to us for our approval ~~any samples of all local~~ advertising and promotional materials ~~you develop at least 10 days before you use those materials.~~

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

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

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

~~(i) We may in the future establish a program for national, regional, or local media placement, digital advertising, and national advertising (the "National Marketing Program"). If we create a National Marketing Program, we may also use some or all of the Advertising Fund to support it. At that time, the Advertising Production Committee will be disbanded, and the functions of that committee shall become the responsibility of a National Marketing Program advisory committee (the "National Marketing Program Advisory Committee"). We currently do not have any standards for a National Marketing Program or for a National Marketing Program Advisory Committee. We will provide you at least six months' advance notice of the establishment of a National Marketing Program.~~ 11.2 Advertising Cooperatives, which are not on the list of approved materials prior to using them. We will provide approval or disapproval within 5 business days from the date we receive the materials. If we do not approve your proposed advertising or promotional materials within five business days, they are deemed disapproved. You agree not to use any advertising, promotional materials or web sites that we have disapproved. You further agree to obtain any fictitious or assumed name registrations as may be required under applicable law.

(b) As of the Effective Date, you are not required to participate in local or regional advertising cooperative (each a "Local Advertising Cooperative"). We reserve the right to establish and require your participation in either a local or regional Local Advertising Cooperative at our sole discretion (each an Advertising Cooperative) at any time throughout the term of the Franchise Agreement. If we require you to join a ~~local~~ Local Advertising Cooperative, ~~it will consist of Franchisees in your the following shall apply:~~ (a) we will determine each Designated Market Area ("DMA") for each Local Advertising Cooperative, in our sole discretion; (b) each Local Advertising Cooperative will consist of the franchisees in your DMA or such other contiguous areas area determined by us, in our sole discretion, to be appropriate in your market area. Currently, a DMA is determined by the A.C. Nielsen Company's Nielsen Station Index and is defined as "generally a group of counties in which the commercial TV stations in the Metro/Central area achieve the largest audience share." ~~We may change how the DMA is established based on changes in the advertising industry.~~

~~If we require you to join a regional Advertising Cooperative, we will designate the market areas included within the regional Advertising Cooperative. We may change your assignment to an Advertising Cooperative in our sole discretion. We will provide you at least six;~~ (c) we may change the size and scope of the DMAs upon 6 months' advance notice of any change in your assignment to an; (d) each Local Advertising Cooperative.

~~We require that every local or regional Advertising Cooperative will be legally incorporated, and as a corporation, each Advertising Cooperative must and will operate under bylaws that we approve. We will provide model bylaws to all Advertising Cooperatives. We may dissolve an Advertising Cooperative or change the structure and/or function of an Advertising Cooperative.~~

~~Franchisees assigned to a local or regional Advertising Cooperative shall elect officers of their Advertising Cooperatives, and these officers are responsible for administration of the Advertising Cooperative and the expenditure of funds contributed to the Advertising Cooperative. We require that accept; (e) each Advertising Cooperative will have, at a minimum, a President and Treasurer for each Advertising Cooperative be elected. We may require by the Advertising Cooperative to delegate the daily administration members of the Advertising Cooperative to an Advertising Cooperative; (f) we may direct and require the Local Advertising Cooperative use approved or designated vendors or suppliers, including an approved or designated advertising agency, media buyer, or other professional marketing services provider; (g) each Local Advertising Cooperative will be required to prepare annual financial statements and provide the same to the members and to us; and (h) we will have the right to change the structure of, change the function of, and/or dissolve each Local Advertising Cooperative, in our sole discretion. If you are required to join a local or regional Local Advertising Cooperative, then the Fund will we may contribute to your Advertising Cooperative monthly an amount equal to the lesser of the amount you have paid towards a portion of your Advertising and Marketing Fee or 2.85% of your total Net Sales (or 1% for non-traditional facility franchisees) to be used for media placement in your DMA. An to the Local Advertising Cooperative may in an amount and in a manner we solely determine, by a vote of its members, to. A Local Advertising Cooperative may collect additional advertising fees for use by the Advertising Cooperative on approved advertising and marketing programs, although non-traditional locations are not required to contribute additional advertising fees to an Advertising Cooperative. Advertising Cooperatives are also required to prepare annual financial statements and to present these to its members (or prospective members) and to us upon request.~~

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

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

You must use your best efforts to promote and advertise your Restaurant and you must participate in all national or special advertising and promotional programs we establish in the manner we direct. You must, at your expense, participate in any customer loyalty/rewards program we may establish, including honoring loyalty/rewards redemptions presented in your Restaurant. We reserve the right to modify or terminate the program. You must, at your expense, also participate in any gift card program, as it may be modified from time to time, and honor all Taco John's gift cards presented in your Restaurant. In particular, you must pay any fees imposed by any gift card processor, which we may collect on behalf of the gift card processor. You must enter into any contracts required by the company that oversees our gift card program or customer loyalty/rewards program and pay any fees required by that company. If we collect amounts related to the gift card program, we may change this fee once a calendar year by no more than the Allowed Adjustment.

12. ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS

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

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

13. INSPECTIONS AND AUDITS

13.1 Franchisor's Right to Inspect Restaurant.

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

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

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

13.2 Franchisor's Right to Audit.

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

14. TRANSFER REQUIREMENTS

14.1 Interests in Franchisee.

The Franchisee and each owner represent, warrant and agree that all "Interests" in the Franchisee are owned in the amount and manner you have disclosed to us. (An "Interest" means any shares, membership interests, or partnership interests of the Franchisee, and any other equitable or legal right in any of Franchisee's stock or other interests, revenues, profits, rights or assets. When referring to the Franchisee's rights or assets, an "Interest" also includes this Agreement and the Franchisee's rights under and interest in this Agreement, the Restaurant and the revenues, profits or assets of the Restaurant.) The Franchisee and each owner also represent, warrant and agree that no change will be

made in the ownership of an Interest other than as permitted by this Agreement or as we may otherwise approve in writing. The Franchisee and each owner agree to furnish us with evidence as we may request from time to time to assure ourselves that the Interests of the Franchisee and each owner remain as permitted by this Agreement, including a list of all persons or entities owning any Interest.

14.2 Transfer by Franchisor.

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

14.3 No Transfer Without Approval.

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

Except as described below, the term "Transfer" as used in this Agreement means any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, or occurrence of any other event which would or might change the ownership of any Interest, and includes, without limitation, the transfer of ownership of capital stock, membership interest or partnership interests, merger or consolidation, or issuance of additional ownership interests in the Franchisee, sale of common stock of the Franchisee sold pursuant to a private placement or registered public offering, transfer of an Interest in a divorce proceeding or otherwise by operation of law, or transfer of an Interest to a trust or upon the death of an owner of the Interest whether by will or otherwise.

(b) Notwithstanding ~~the foregoing and any other provision of this Agreement~~ Section 14.3(a) above, the following ~~occurrences shall not require our consent and~~ transfers shall not make applicable the right of first refusal as set forth in Section 14.7 and we shall not unreasonably withhold our written consent provided that the proposed transferee meets our then-current qualifications and you give us written notice 60 days in advance of any of the proposed transfer(s):

- i. ~~(a)~~ The Transfer of ownership of the Franchise upon your death or total disability, or upon the death or total disability of an owner of the Franchise if the Franchisee is a corporation, limited liability company or partnership, to such person's ~~spouse, child or children,~~ Immediate Family that meets our then-current qualifications or to a co-owner in the Franchise if the

Franchisee is an entity, ~~unless the transferee fails to meet our then-current reasonable qualifications for Taco John's Restaurant franchisees.~~ Notwithstanding the notice provision in subsection (b) above, notice under this subpart shall be given to us by your executor, administrator, conservator, or other personal representative within 45 days of the death or disability.

- ii. ~~(b)~~ A Transfer of the Franchise to a corporation or other entity wholly owned and controlled solely by you. You agree that, in connection with ~~such each~~ Transfer: ~~(i) in accordance with this Section 14.3(b) or Section 14.3(a) of this Agreement:~~ (1) you will submit to us such documents relating to the entity as we may require;
(2) you and all other owners of such entity will sign our then-current Franchise Agreement and execute a guaranty of such entity's obligations under the Franchise Agreement; and ~~(iii)~~ (3) the organizational documents of the entity, including all stock certificates or operating agreements, shall state that they are subject to the restrictions on transfer contained in this Agreement.
- iii. ~~(c)~~ A single Transfer of less than a Controlling Interest in the Franchise to an existing owner of the Franchise, provided that 50% or more of the Interests in the Franchise are held by persons who meet our then-current qualifications for Taco John's Restaurant franchisees. ~~If less than 50% of the Franchise would be owned by persons who meet our then-current reasonable qualifications, we may refuse to authorize, unless such Transfer is one of a series of Transfers which, taken together, would constitute the Transfer of 50% or more of the total of such Interests.~~
- iv. ~~(d)~~ A Transfer of less than a Controlling Interest in the Franchise to your spouse, child or children, provided that 50% or more of the Interests in the Franchise are held by persons who Immediate Family that meet our then-current qualifications. ~~If less than 50% of the Franchise would be owned by persons who meet our then-current reasonable qualifications for Taco John's Restaurant franchisees, we may refuse to authorize the Transfer.~~
- v. ~~(e)~~ A Transfer of less than a Controlling Interest in the Franchise to an employee stock ownership plan, or employee incentive plan, provided that 50% or more of the Interests in the Franchise are held by persons who meet our then-current qualifications. ~~If less than 50% of the Franchise would be owned by persons who meet our then-current reasonable qualifications for Taco John's Restaurant franchisees, we may refuse to authorize the Transfer.~~
- vi. ~~(f)~~ A grant or retention of a security interest in the Restaurant or its assets, provided the security agreement establishes an obligation on the part of the secured party enforceable by us to give us notice of the secured party's intent to foreclose on the collateral simultaneously with notice to the debtor, and a reasonable opportunity to redeem the interests of the secured party and recover the secured party's interest in the Restaurant by paying the secured obligation.
- vii. ~~(g)~~ A Transfer of less than 50% of the Interests in the Franchise or the Restaurant, unless such Transfer is one of a series of Transfers which taken together would constitute the Transfer of 50% or more of the total of such Interests.

- viii. ~~(h)~~ A Transfer to a trust provided the trustee and beneficiaries meet our current reasonable qualifications (as we determine) for new franchisees and you, the trustee, and beneficiaries sign any additional agreements we may reasonably require.

~~You must give us written notice 60 days in advance of any of the occurrences described in Section 14.3(a) through (h) above.~~ If any transfer is made in violation of Section 14.3(b), including but not limited to, a purported or attempted transfer to one or more persons who does not meet our then-current qualifications, then the transfer shall be (i) deemed a breach of and default under this Agreement, and (ii) shall be void and of no force and effect under this Agreement.

14.4 Conditions for Approval of Transfer.

If the Franchisee and the owners are in full compliance with this Agreement, we will not unreasonably withhold our approval of a Transfer that meets all the applicable requirements of this Section. The person or entity to whom you wish to make the Transfer or its principal owners (defined above as the “Proposed New Owner”), must be individuals of good moral character and otherwise meet our then-current ~~reasonable~~ qualifications for Taco John’s Restaurant franchisees including, without limitation, qualifications relating to business experience, aptitude and financial resources and all of the following conditions must be met before or at the time of the Transfer:

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

(h) You must have offered us the opportunity to exercise our right of first refusal pursuant to Section 14.7, and we must have declined to exercise it; and

(i) You must sign a general release, in a form approved by us, of any and all claims against us, our Affiliates and the respective officers, directors, employees and agents.

14.5 Death and Total Disability.

If, upon the death or total disability of the Franchisee (or the death or total disability of an owner) the Restaurant is not under the direct on-premises supervision of an owner or manager who has successfully completed our initial training ~~programs and has been certified by us~~ program(s), the executor, administrator, conservator or other personal representative of such person shall appoint a competent manager within a reasonable time, not to exceed 45 days from the date of death or total disability. The appointment of such manager shall be subject to our prior written approval, such manager must successfully complete our initial training program ~~and be certified by us~~ (s). If the Restaurant is not being managed by an approved ~~and certified manager~~ Manager that has successfully completed our initial training program(s) within 45 days after the death or total disability, we shall have the right, but not the obligation, to immediately appoint a manager to maintain the operation of the Restaurant until an approved assignee shall be able to assume the management and operation of the Restaurant. We shall have the right to charge a fee for such management service of 15% of the ~~net sales~~ Net Sales for the days we managed the Restaurant.

14.6 Effect of Consent to Transfer.

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

14.7 Franchisor's Right of First Refusal.

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

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

14.8 Public Offering.

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

(a) The parties who are the owners of the Franchisee prior to such offering retain control of more than 50% of the voting power of the Franchisee after the offering;

(b) The Franchisee submits to us prior to the public offering the offering documents and such other information relating to the public offering as we may reasonably request;

(c) The Franchisee agrees to reimburse us for our actual expenses incurred in connection with the offering or proposed offering (including reasonable attorneys' fees); and

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

15. TERMINATION OF FRANCHISE

15.1 By Franchisee.

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

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

15.2 By Franchisor, No Opportunity to Cure.

We ~~shall have the right to may~~ terminate this Agreement ~~if you~~, effective immediately upon our delivery of written notice to you, and without providing you any opportunity to cure the default, if:

(a) You or one or more of your owners, Managers, Required Trainees, Primary Contact (if applicable), or other required trainees fail to satisfactorily complete any required training;

(b) ~~(a) Fail~~ You fail to open the Restaurant as provided in this Agreement;

(c) ~~(b) Fail~~ You fail to obtain and maintain the certifications required pursuant to Article 4;

(d) ~~(c) Transfer~~ You transfer control of, lose the right to occupy the Premises through no fault of your own and you fail to locate a substitute site as provided in Section 10.3, or the lease for the Premises of the Restaurant is terminated or your right to possess the Premises is terminated because of your default ~~thereunder~~ under the lease;

14; ~~(e) Attempt~~ You attempt to make a Transfer without compliance with the provisions of Article

~~(f) Fail~~ You fail to follow our directions and guidelines concerning use of the Marks or otherwise misuse the Marks and fail to correct the failure or misuse within 10 days after notification from us;

~~(g) Fail to comply with any other provision~~ You disclose our Confidential Information in violation of this Agreement or make any ~~mandatory specifications, standard or operating procedure;~~

~~(e) Fail~~ unauthorized use of our Confidential Information or Manuals.

~~(h) You fail~~ You fail to obtain our permission to relocate a Restaurant or to de-identify the vacated location;

~~(i) Fail~~ You fail to offer our Core Menu, or offer unapproved menu items;

~~(j) Are~~ You are found to be in violation of any applicable health, safety or sanitation laws, regulations or codes, by any governmental official, and fail to cure any such violation within 72 hours after receiving notice therefor;

~~(k) File~~ You file or otherwise commence litigation, arbitration, or any other legal action against us that is not in compliance with the dispute resolution terms agreed upon in Article 17 of this Agreement as may be modified by any applicable rider in Exhibit VI, and fail to dismiss such action within ~~seven~~ 7 days after notification from us; ~~or~~

~~Fail to abide by any other provision of the Agreement, provided you will have 30 days after receipt of written notice from us to cure any of the aforementioned defaults (unless a shorter time period is noted above); provided however, that termination by us will not be arbitrary or capricious when compared to our actions with respect to other franchisees in the same market area in similar circumstances.~~

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

~~(i) You are declared bankrupt or judicially determined to be insolvent; (ii) You (i) become insolvent by reason of your inability to pay you debts as they become due; (ii) make an assignment for the benefit of creditors; (iii) make an admission of your inability to pay you obligations as they become due; (iv) file a voluntary bankruptcy petition; (v) file any pleading seeking any reorganization, liquidation, dissolution, composition, or other settlement with creditors under any law; (vi) admit or fail to contest the material allegations of any reorganization, liquidation, dissolution, composition pleading filed against you; or (vii) are adjudicated a bankrupt or insolvent.~~

(l) A receiver or other custodian is appointed for your assets; or a final judgment remains unsatisfied or of record for 90 days or longer (unless supersedeas bond is filed); or if execution is levied against any part of your assets or suit to foreclose any lien or mortgage is instituted against you and not dismissed within 90 days; or if your real or personal property is sold after levy of judgment thereupon by any sheriff, marshal or constable; or the claims of your creditors are abated or subject to a moratorium under any law; or, in the event you are a single member limited liability company, and the sole member (individual or entity) files for bankruptcy or is adjudicated bankrupt.

~~(m) You voluntarily abandon the Franchise by failing or fail to operate the Restaurant for five~~ 5 consecutive days without our prior written approval, ~~unless the failure to operate is due to circumstances beyond your control, other than financial inability;~~

~~(n) You or your owners have made or knowingly make any false or material misrepresentations, or you or your owners have knowingly omitted or knowingly omit to state any~~

material facts relating to the acquisition, ownership or operation of the Franchise, including but not limited to sales reporting;

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

(p) ~~(e)~~ You or your owners or managers are convicted, or enter a no contest plea, for criminal misconduct ~~which~~ engage in any other conduct which we believe, in our sole discretion, materially ~~and adversely~~ affects the operation, maintenance, or goodwill of the Restaurant or the Marks;

(q) ~~(e)~~ You operate the Restaurant in a manner that we believe, in our sole discretion, imminently endangers the public health and safety;

(r) ~~(e)~~ You fail on three or more separate occasions in any three year period to comply with the ~~material~~ provisions of this Agreement~~;~~, whether or not such failures to comply are corrected after notice thereof is given to you;

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

(t) You fail to maintain insurance as specified in this Agreement or provide certificates of insurance to us as required;

(u) You violate any laws; and/or

(v) You fail to pay any vendor, supplier, distributor, lender, landlord, or any other third-party that provides products or services to you and/or the Restaurant in a timely manner or otherwise default under an agreement with any of them.

15.3 By Franchisor, Opportunity to Cure.

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

~~(u) Fail~~ We may terminate this Agreement, effective immediately upon our delivery of written notice to you, if:

(a) You revoke or otherwise impair our right to effect electronic fund transfers as payment for amounts owed to us under this Agreement; provided that, you will have 5 days after receipt of written notice from us to cure;

(b) You fail to pay when due any monies owed to us or our Affiliates (unless such monies are the subject of a bona fide dispute subject to Section 9.7 hereof); provided that, you will have ~~10~~ 5 days after receipt of written notice from us to cure; or

(c) You fail to comply with any other provision of this Agreement, the Manual, or any other requirement, specifications, standard, or operating procedure, provided you will have 30 days after receipt of written notice from us to cure.

15.4 ~~15.3~~ **Cross-Default and Cross Termination.**

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

default by you and/or any Franchisee Affiliate under any of the Other Agreements will be deemed a default under this Agreement. A default by any guarantor(s) of this Agreement or of any of the Other Agreements will be deemed a default of this Agreement.

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

15.5 Other Remedies.

(a) Immediate Closure of the Restaurant. Upon the occurrence of any of the events in Section 15.2 or 15.3, and without waiving our other rights and remedies (including the right to terminate this Agreement as set forth herein), we may require you to close the Restaurant immediately unless and until the situation is, in our judgment, satisfactorily resolved.

(b) Other Remedies. Upon the occurrence of any other event of default described in Section 15.2 or 15.3 of this Agreement, and subject to any applicable cure period, we may in our sole discretion, immediately exercise any or all of the following remedies, in addition to or in lieu of all other rights and remedies available to us under this Agreement or the law, including without limitation, the right to terminate this Agreement:

- i. Reduce the size of the Protected Territory;
- ii. Terminate your protected rights in all or part of the Protected Territory for the remainder of the term of this Agreement or any other time period we determine in our sole discretion, without refunding any fee paid for these rights;
- iii. Remove you from the Taco John's® website and social media platforms;
- iv. Suspend or terminate any fee reductions or other incentives that we might have agreed to during the term of this Agreement;
- v. Require you or any of your managers to participate in additional training at our- then current fee for the training and at your sole expense;
- vi. Suspend the provision of any operational support that this Agreement otherwise requires us to provide;
- vii. Reduce, modify, suspend, or otherwise terminate any other of your rights under this Agreement while the event of default continues or for any other period of time that we, in our sole discretion deem appropriate, provided that you remain responsible for all fees and obligations under this Agreement; and
- viii. Impose a non-compliance fee as set forth in Section 9.11.

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

16.1 Payment of Amounts Owed to Franchisor.

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

16.2 Marks.

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

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

16.3 De-Identification.

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

16.4 Confidential Information.

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

16.5 Covenant Not to Compete.

(a) On termination or expiration of this Agreement in accordance with its terms, the Franchisee and the owners agree that, for a period of two years after the effective date of termination or expiration (the ~~date on which you start complying with this covenant, whichever is later~~ "Restricted Period"), neither you nor your owners will have any direct or indirect interest (including through a member of your ~~immediate~~ Immediate Family or that of an owner, or otherwise) as a disclosed or beneficial owner, ~~or~~ investor, ~~manager, or consultant, in or~~ manage, consult with or be employed by any Competitive Business (as defined in Section 8.3) which is located or operating within five miles of the Protected Territory or within five miles of ~~the Protected Territory of~~ any other Taco John's Restaurant. If you violate the foregoing covenant not to compete, and provided we bring a legal action to enforce it within the Restricted Period, the two-year restricted period will not start until you start to comply with this covenant not to compete.

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

(c) In the event of any dispute related to this Section 16.5, you and your owners direct any third party construing this Section, including without limitation any court, mediator, master, or other party acting as trier of fact or law:

- i. to conclusively presume that the restrictions set forth in this Section are reasonable and necessary in order to protect (i) our legitimate business interests, including without limitation the interests of other franchisees; (ii) the confidentiality of our Confidential Information; (iii) the integrity of the System; (iv) our investment in the System; (v) the investment of our other franchisees in their franchised businesses; and (vi) the goodwill associated with the System;
- ii. to conclusively presume that the restrictions set forth in this Section will not unduly burden you or your owners' ability to earn a livelihood;
- iii. to construe this Section under the laws governing distribution contracts between commercial entities in an arms-length transaction, and not under laws governing employment contracts
- iv. to conclusively presume that any violation of the terms of this Section (i) was accompanied by the misappropriation and inevitable disclosure of Confidential Information; and (ii) constitutes a deceptive and unfair trade practice and unfair competition.

(d) You and your owners agree that each of the foregoing covenants are independent of any other covenant or provision of this Agreement. You and your owners agree that the existence of any claim you or your owners may have against us will not constitute a defense to the enforcement of the covenants of this Section.

(e) You agree that, if a court or arbitrator should determine any part of this Section to be overly broad, unenforceable, or invalid, the remaining parts hereof shall continue to be valid and enforceable as though the invalid portions were not a part hereof. If any of the restrictive covenants or portions thereof are determined by a court or arbitrator to be overly broad, then the restrictive covenant shall, without further action on the part of any person, be deemed to be modified, amended and limited, to the maximum extent which an arbitrator or court would deem valid and enforceable. We have the right to reduce the scope of any restrictive covenant set forth in this Section at any time, by giving notice to

you. You agree that you shall comply with any covenant as so modified, which shall be fully enforceable notwithstanding any other provision of this Agreement regarding the modification of the Agreement's terms.

You agree that the periods of time in these covenants and the geographical areas of restriction in this covenant are fair and reasonable and are reasonably required for the protection of us and our other franchisees, and you would desire at least this same protection against competitive activities by another former franchisee.

16.6 Franchisor's Option to Purchase Restaurant.

Upon the termination or expiration of the Franchise, we shall have the option, but not the obligation, exercisable for ~~thirty~~ (30) days after written notice to you, to purchase at fair market value all of the assets of the Restaurant including all approved equipment, fixtures, furniture and signs, and all utensils, supplies, inventory, materials and other items imprinted with any Mark.

Additionally, if you or a Franchisee Affiliate owns the Premises, we may elect, at our option (but with no obligation to do either), to (i) purchase the Premises (including all improvements thereon) at its fair market value and on commercially reasonable terms, or (ii) lease the Premises from you or the Franchisee Affiliate for an initial five year term with one (1) renewal term of five years, at fair market value and on commercially reasonable terms. We will notify you of our election to purchase or lease the Premises within the same 30 day period in which we will notify you of our election to purchase the assets of the Restaurant.

For purposes of determining the fair market value of any assets or property, the goodwill attributable to the Marks and System shall not be considered. If we cannot agree with you on the fair market value of the Premises or assets of the Restaurant or on commercially reasonable terms for the transaction within a reasonable time, such value and terms shall be determined by an independent appraiser who shall have been selected jointly by you and us. The expenses of the appraiser will be split equally between us. We shall not assume any liabilities, debts or obligations of the Restaurant in connection with any such transfer and you shall indemnify us from any and all claims made against us arising out of any such transfer of the assets of the Restaurant. The parties shall comply with all applicable laws in connection with any such transfer and you shall cooperate with us in complying with all such requirements. If we elect to exercise the option to purchase (and/or to lease the Premises), we may set off all amounts you owe us under this Agreement against any payments for the purchase (and/or lease). You agree to cause any Franchisee Affiliate to comply with these requirements.

The terms and conditions of this right and option to purchase may be recorded, if deemed appropriate by us, in the real property records and we or our designee and you (or the applicable Franchisee Affiliate) shall execute such additional documentation as may be necessary and appropriate to effectuate such recording.

We will have the unrestricted right to assign our option to purchase under this Section 16.6 and our right to assume the lease under Section 16.7 at any time prior to the closing of those transactions. At the closing of the purchase of the Restaurant, as above provided, both you and we will execute and deliver all documents necessary to vest title in us or our nominee free and clear of all liens and encumbrances.

We shall have the right to set off against the purchase price of the assets of the Restaurant all amounts due to the Franchisor under this Agreement or any other agreement between the parties.

16.7 Franchisor's Right to Assume Lease.

If the Premises is leased, then upon termination or expiration of the Franchise, we will have

the option (but not the obligation) to require you to assign to us, or another franchisee we designate, your interest in any lease for the Premises, and you will vacate the Restaurant promptly and completely, rendering all necessary assistance to us to enable us to take prompt possession. We may exercise this option by providing you with our notice that we intend to assume the lease within 30 days of the expiration or termination.

16.8 Franchisor's Right to Operate Restaurant.

If we terminate this Agreement pursuant to Section 15.2 or 15.3, we will have the right to immediately enter and take possession of the Restaurant to maintain continuous operation of the Restaurant, provide for orderly change of management and disposition of personal property, and otherwise protect our interests. If we exercise this right, you will vacate the Restaurant promptly and completely, rendering all necessary assistance to us to enable us to take prompt possession, and you will have no right to any revenue that we earn while operating the Restaurant. If you dispute the validity of our termination of this Agreement, we will nevertheless have the option, which you irrevocably grant, to operate the Restaurant pending the final, unappealed determination of the dispute under this Agreement. If an arbitrator or court of competent jurisdiction makes a final, unappealed determination that the termination was not valid, we will make a full and complete accounting for the period during which we operated the Restaurant, except that we will be entitled to retain amounts equal to the Royalty and all other fees that would have been payable to us under this Agreement had you still been operating the Restaurant and our out-of-pocket expenses incurred in operating the Restaurant. You acknowledge that we will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the Restaurant incurs, while we manage the Restaurant.

16.9 Continuing Obligations.

All obligations of this Agreement (whether yours or ours) which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination until they are satisfied in full or by their nature expire. These obligations include, without limitation, those related to restrictive covenants, confidentiality, indemnification and enforcement.

17. ENFORCEMENT

17.1 Invalid Provisions; Substitution of Valid Provisions.

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

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

to the greatest extent ~~possible. You agree~~ permitted by law and to be bound by ~~the modification to the greatest extent lawfully permitted~~ such modified provision.

17.2 Unilateral Waiver of Obligations.

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

17.3 Written Consents from Franchisor.

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

~~17.4 Reasonableness.~~

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

~~17.5 Duty of Good Faith.~~

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

17.4 ~~17.6~~ **No Guarantees.**

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

17.5 ~~17.7~~ **No Waiver.**

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

17.6 ~~17.8~~ **Cumulative Remedies.**

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

or permitted by law or equity.

17.7 ~~17.9~~ Specific Performance; Injunctive Relief.

Notwithstanding Section ~~17.10~~ 17.8 below, each party reserves the right to seek injunctions or orders of specific performance in a proper case from a court ~~of competent~~ in the proper jurisdiction without being required to post a bond. If you bring any claim against us in court, which is an exception to Section 17.8(a) below, you must bring that claim in the federal or state court of general jurisdiction in Cheyenne, Wyoming.

17.8 Dispute Resolution.

(a) ~~17.10~~ Arbitration. Except ~~insofar as we elect to enforce this Agreement pursuant to Section 17.9, and except for claims relating to the Marks, or to enforce~~ provided for in Section 16.5 of this Agreement 17.8(b) below, all controversies, disputes or claims arising between the Franchisor, its Affiliates, officers, directors, agents, employees and attorneys (in their representative capacity) and the Franchisee, the owners and any guarantors of the Franchisee's obligations, arising out of or related to:

- i. ~~(a)~~ This Agreement or any provision thereof or any related agreement (except for any lease or sublease with any Affiliates of the Franchisor);
- ii. ~~(b)~~ The relationship of the parties hereto;
- iii. ~~(c)~~ The validity, negotiation and facts giving rise to the execution of this Agreement or any related agreement, or any provision thereof; or
- iv. ~~(d)~~ Any specification, standard or operating procedure relating to the establishment or operation of the Franchise ~~shall be subject to the following dispute resolution process:~~
~~(i) Arbitration. All controversies, disputes or claims which are subject to this Section 17.10.~~

shall be submitted for binding arbitration by either party. The arbitration will be administered by the American Arbitration Association. If the American Arbitration Association should cease doing business during the term of this Agreement, including any renewals, we will notify you of our selection of another arbiter group. Such arbitration proceedings shall be conducted before one arbitrator who is a member of the American Arbitration Association Panel of Franchise Arbitrators and shall be conducted in Minneapolis, Minnesota. Except as otherwise provided in this Agreement, the arbitration shall be conducted in accordance with the then-current commercial arbitration rules of the American Arbitration Association. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. The arbitrator shall have the right to award or include in the award any relief available and appropriate under the applicable law (as set forth in Section ~~17.16~~ 17.14) and this Agreement. The award and decision of the arbitrators shall be conclusive and binding upon all parties to the arbitration and on no other parties, and judgment upon the award may be entered in any court of competent jurisdiction. The parties further agree that in connection with any such arbitration proceeding they shall file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within 30 days after the date of the filing of the claim to which it relates.

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

~~agents or representatives of both you and us also may be joined in the arbitration.~~ Exceptions to Arbitration. Notwithstanding Section 17.8(a) above, we may bring any of the following claims in court and not arbitration: (i) claims relating to your use of our Marks and/or Confidential Information, (ii) claims to enforce the covenant not to compete, or (iii) any claims for specific performance, injunctive relief or collection of amounts owed to us. If we elect to exercise our rights pursuant to this Section 17.8(b), the parties understand and agree that we can bring any other claims we may have against you in the same cause of action without being in breach of Section 17.8(a) of this Agreement. We may bring any claims pursuant to this Section 17.8(b) in the federal or state court of general jurisdiction in Cheyenne, Wyoming, or where your Restaurant is located. You irrevocably consent and submit to the personal jurisdiction and venue of these courts and waive all objections to the personal jurisdiction of and venue in these courts, including objections based on forum nonconveniens.

(b) Private Disputes. Any controversies, claims, dispute and any litigation arising out of or related to this Agreement, any related agreement, the relationship of the parties, the validity of this Agreement or any related agreement, or any specification, standard or operating procedure relating to the establishment of operation of the Franchise will be conducted and resolved on an individual basis only and not a class-wide, multiple plaintiff, or similar basis. No arbitration or litigation arising out of or relating to this Franchise Agreement or the System may be brought on behalf of any franchisee associations or groups, and you agree not to participate in any such arbitration or litigation. Any such proceeding will not be consolidated with any other proceeding involving any other person, except for disputes involving affiliates of the parties to such litigation.

(c) Attorneys' Fees. If Franchisor is the prevailing party, in whole or in part, in any action arising out of, or related to, this Agreement (including an action to compel arbitration), Franchisor is entitled to recover from the other party all costs and expenses related to the action, including reasonable attorneys' fees, and all costs of collecting monies owed.

(d) Waiver of Punitive Damages and Jury Trial. EXCEPT FOR PUNITIVE, EXEMPLARY, TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO ANY PARTY UNDER FEDERAL LAW OR OWED TO THIRD PARTIES WHICH ARE SUBJECT TO INDEMNIFICATION UNDER SECTION 7.3, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, TREBLE OR OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU (OR YOUR OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES, INCLUDING LIQUIDATED DAMAGES, IT SUSTAINS. WE AND YOU (AND YOUR OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER US OR YOU (OR YOUR OWNERS).

(e) Survival. This Section ~~17.10~~17.8 shall continue in full force and effect subsequent to, and notwithstanding the expiration or termination of, this Agreement.

17.9 ~~17.11~~ **Franchisee's Right to Associate.**

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

17.10 ~~17.12~~ **Limitations of Claims.**

Any and all claims arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal or arbitration proceeding is commenced by the

party asserting such claim within one year from the date that such party knew or should have known of the facts giving rise to the claim.

17.11 ~~17.13~~ Binding Effect.

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

17.12 ~~17.14~~ Entire Agreement.

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

(b) This Agreement may be modified only by written agreement signed on behalf of the Franchisee by all named individual Franchisees and/or by the authorized officer or agent if the named Franchisee is an entity, and on behalf of us by our President or CEO, or, at our option, upon notice of the approval of a Super-Majority as defined in Section ~~17.14~~17.12(c) below.

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

17.13 ~~17.15~~ No Liability to Others; No Other Beneficiaries.

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

17.14 ~~17.16~~ Governing Law.

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

18. MISCELLANEOUS

18.1 Construction and Definitions.

All headings of the various sections and paragraphs of this Agreement are for convenience only and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, neuter or singular usage will be construed to include the masculine, feminine, neuter or plural, wherever applicable. The term “Franchisee Affiliate” is any of your direct or indirect owners and any entity in which you or any of your owners own an interest, whether directly or indirectly. The term “Affiliate” as used in this Agreement is applicable to any company directly or indirectly owned or controlled by us. The term “Control” or “Controlling Interest,” as used in this Agreement shall mean 51% or more of the general partnership interest of a partnership or the voting power of a corporation or limited liability company. The term “Immediate Family” as used in this Agreement means a person’s spouse, parents, siblings ~~or~~, natural or adopted children, or grandchildren, each being over the age of eighteen (18) years old.

18.2 Joint and Several Liability.

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

18.3 Multiple Originals.

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

18.4 Timing Is Important.

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

18.5 Independent Provisions.

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

18.6 Delegation of Duties.

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

18.7 Force Majeure.

Neither of us will be liable for loss or damage or deemed to be in breach of this Agreement if a failure or delay in performance results from: (a) transportation shortage, inadequate supply or unavailability from manufacturers or suppliers of equipment, food products, supplies, labor, material or energy, or the voluntary surrender of the right to acquire or use any of the foregoing in order to accommodate or comply with any order, request, regulation, recommendation or instruction of any federal, state or municipal government; (b) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government; (c) Act of God; (d) viral or bacterial epidemic, declared pandemic, or other declared public health crisis; or (e) fire, strike embargo, war, terrorism, riot, hurricane, tornado, earthquake; ~~or (f) other similar event or cause beyond the control of either party whose performance was prevented or delayed.~~ Any delay resulting from any of these causes shall extend the time for performance or excuse performance, as may be reasonable, ~~except that the causes shall not.~~ Notwithstanding the foregoing, no force majeure event or circumstance will excuse payments of amounts owed ~~at the time of the occurrence or payment of any amount due thereafter~~ under

[this Agreement](#). A party seeking relief under this Section shall as soon as practicable notify the other party of its inability to perform.

19. NOTICES

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

20. NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES.

The following provision applies only to developers and franchisees that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGEMENT SIGNED OR AGREED TO BY YOU 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 US, ANY FRANCHISE SELLER, OR ANY OTHER PERSON ACTING ON OUR BEHALF. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

Signature page to follow

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

TACO JOHN’S INTERNATIONAL, INC.

FRANCHISEE:

By: _____

By: _____ Heather Leed N

Date: _____

Name: _____
(Print Name)

Its: _____
(Print Title)

Date: _____

EXHIBIT I

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

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

The parties agree as follows:

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

Traditional:

☐ Freestanding Building

☐ Endcap

☐ [Inline](#)

☐ DT Digital Olé

☐ DT Digital Olé+

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

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

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

☐ 20 years from the Effective Date of this Agreement

☐ 10 years from the Effective Date of this Agreement

☐ [Non-Traditional: \[Other Term in years\] from the Effective Date of this Agreement](#)

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

☐

☐ Not Applicable (Non-Traditional only).

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

[Taco John's FDD \(March 31, 2026\)](#)

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

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

Franchisee Name: _____

Contact Person: _____

Address _____

E-Mail _____

10. Other terms (if appropriate).

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

TACO JOHN'S INTERNATIONAL, INC.

FRANCHISEE:

By: _____

By: _____ Heather Leed N

Date: _____

Name: _____
(Print Name)

Its: _____
(Print Title)

Date: _____

033125, as amended 071725

EXHIBIT II

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS

033125, as amended 071725



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

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

Depository Information:

Name: _____ Branch: _____

City: _____ State: _____ Zip Code: _____

Routing number _____ Account number _____

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

Name/Title: _____

(Signature) Date: _____

Name/Title: _____

(Signature) Date: _____

Please

- ~~• Complete and sign form~~
- ~~• Attach a copy of a voided check~~
- ~~• Return by email to: accounting@tacojohns.com~~

EXHIBIT III

STATEMENT OF OWNERSHIP

CURRENT STRUCTURE, OWNERSHIP AND MANAGEMENT OF FRANCHISEE

Franchisee: _____

City/ST: _____

Individual
Partnership

☐☐

~~Individual~~
~~Partnership~~

Limited
Liability
Company

☐

**Form
of
Owner
ship**
(Check
One)

☐

Corporation

☐

Other (Describe)

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

Date of formation: _____

State of formation: _____

NAME	ADDRESS	PERCENT OWNED	ACTIVE IN MANAGEMENT

(continue on additional sheets as necessary)

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

Date of formation: _____

State of organization: _____

MEMBER NAME	ADDRESS	PERCENT OF OWNERSHIP	ACTIVE IN MANAGEMENT

(continue on additional sheets as necessary)

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

Date of incorporation: _____ State of incorporation: _____

STOCK OWNER NAME	ADDRESS	PERCENT OF SHARES OWNED	ACTIVE IN MANAGEMENT

(continue on additional sheets as necessary)

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

Below are the names, addresses, titles, and telephone numbers (if applicable) of each of Franchisee's owners, principal officers, or partners, and [Primary Contact](#), Above Store Leaders or other individuals who will devote their full-time efforts to the operation of the franchised business.

NAME	ADDRESS	TITLE	TELEPHONE

Date

Signature

Print name (and title if applicable)

EXHIBIT IV

GUARANTY

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS ("Guaranty") is given this
, by each of the undersigned parties.

1. In consideration of, and as an inducement to, the execution by Taco John's International, Inc. ("we" or "us") of the Franchise Agreement (the "Agreement") with _____ (the "Franchisee")

~~You waive (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against the Franchisee or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchisee which you may have arising out of your guaranty of the Franchisee's obligations; and (4) any and all other legal or equitable defenses to which you may be entitled in your capacity as guarantor or to engage or refrain from engaging in specific activities, including, without limitation, the arbitration, non-competition, confidentiality, and transfer requirements.~~

2. ~~You consent~~ Each of the undersigned consents and ~~agree~~ agrees that: ~~(1a) your~~ his, her or its direct and immediate liability under this Guaranty ~~shall~~ will be joint and several, ~~both with Franchisee and among other guarantors;~~ ~~(2) you~~

~~(b) he, she or it will make any payment or~~ render any payment or performance required under the Agreement ~~on~~ upon demand if ~~the~~ Franchisee fails or refuses punctually to do so ~~when required;~~ ~~(3c) your~~ this liability will not be contingent or conditioned ~~on~~ upon our pursuit of any remedies against ~~the~~ Franchisee or any other person or entity; ~~(4d) your~~ this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may, from time to time, grant to ~~the~~ Franchisee or to any other person or entity, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any ~~claim or by~~ claims (including, without limitation, the ~~addition of any rider to the Agreement or any release of other amendment to the Agreement accepted by the Franchisee; and (5) guarantors~~), none of which will in any way modify or amend this Guaranty, which will ~~continue and~~ be continuing and irrevocable during the term of the Agreement ~~and afterward (including extensions)~~, for so long as any performance is or might be owed under the Agreement by Franchisee ~~has or~~ any ~~obligations under the Agreement~~ of its owners or guarantors, and for so long as we have any cause of action against Franchisee or any of its owners or guarantors; and (e) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement, and despite the transfer of any direct or indirect interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

3. ~~You agree to be bound by the restrictive covenants and confidentiality provisions contained in Article 8 and Section 16.5 of the Agreement and the indemnification provisions contained in Section 7.3 of the Agreement~~ Each of the undersigned waives (a) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned shall be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to us; (b) all rights to require us to proceed against Franchisee for any payment required under the Agreement, proceed against or exhaust any security from Franchisee, take any action to assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guaranty or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee; (c) any benefit of, or any right to participate in, any security now or hereafter held by us; and (d) acceptance and notice of acceptance by us of his, her or its undertakings under this Guaranty,

all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he, she or it may be entitled. We shall have no present or future duty or obligation to the undersigned under this Guaranty, and each of the undersigned waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Franchisee, any other guarantor, or any collateral securing any obligations of Franchisee to us.

Without affecting the obligations of the undersigned under this Guaranty, we may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release, or compromise any claims against Franchisee or any other guarantor, make advances for the purpose of performing any obligations of Franchisee under the Agreement, and/or assign the Agreement or the right to receive any sum payable under the Agreement, and the undersigned each hereby jointly and severally waive notice of same. The undersigned expressly acknowledge that the obligations hereunder survive the expiration or termination of the Agreement.

4. In addition, the undersigned each waive any defense arising by reason of any of the following: (a) any disability, counterclaim, right of set-off or other defense of Franchisee, (b) any lack of authority of Franchisee with respect to the Agreement, (c) the cessation from any cause whatsoever of the liability of Franchisee, (d) any circumstance whereby the Agreement shall be void or voidable as against Franchisee or any of its creditors, including a trustee in bankruptcy of Franchisee, by reason of any fact or circumstance, (e) any event or circumstance that might otherwise constitute a legal or equitable discharge of the undersigned's obligations hereunder, except that the undersigned do not waive any defense arising from the due performance by Franchisee of the terms and conditions of the Agreement, (f) any right or claim of right to cause a marshaling of the assets of Franchisee or any other guarantor, and (g) any act or omission of Franchisee.

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

~~This~~

6. Each of the undersigned individually, jointly and severally, also makes all of the covenants, representations, warranties and agreements Franchisee set forth in the Franchise Agreement and is obligated to perform thereunder and personally bound thereby, including, without limitation, under Sections 2, 7, 8, 14, 16, 17 (which include, among other things, the ARBITRATION of certain disputes, consent to JURISDICTION AND VENUE and WAIVER OF JURY TRIAL RIGHTS AND WAIVER OF PUNITIVE DAMAGES), as if each of the undersigned had personally signed the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has signed and delivered this Guaranty ~~is now executed~~ effective as of the ~~Effective Date~~ date of the Franchise Agreement, regardless of the actual date of signature.

GUARANTOR [\(Signature\)](#)

GUARANTOR [\(Signature\)](#)

GUARANTOR [\(Print\)](#)

GUARANTOR [\(Print\)](#)

EXHIBIT V

NON-TRADITIONAL FACILITY RIDER

This Non-Traditional Facility Rider ("Rider") is made this ~~day of~~ _____, by and bet

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

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

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

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

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

3. ~~Sections 2.3(a), 2.3(b), 2.3(c), and 2.3(d) are deleted in their entirety. It is understood that Franchisee shall not receive any Protected Territory or Right of First Refusal Area, or any other kind of exclusivity rights, for its Restaurant. Unless otherwise deleted or modified in this Rider, all references to a "Protected Territory" throughout the Franchise Agreement shall mean the Premises~~ Section 2.3 is deleted and the following is inserted in its place:

2.3 No Protected Territory; Reservation of Rights.

(a) No Territorial Rights, Reservation of Rights. You acknowledge and agree that the Franchise is nonexclusive, you have no territorial protection whatsoever, and we retain all rights with respect to the Taco John's System, the Marks, the sale of similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever it desires. Specifically, but without limitation, we reserve the following rights:

(i) the right to establish and operate, and to grant to others the right to establish and operate, Taco John's Restaurants (including at non-traditional locations), any similar businesses or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations (regardless of the proximity to the Restaurant), under the Marks or under other trademarks or service marks, and on any terms and conditions we deem appropriate;

(ii) the right for us and our affiliates to market, offer, and sell, and to authorize third parties to market, offer, and sell, any and all products and services through alternative channels of distribution (other than Taco John's Restaurants), at any location, and on any terms and conditions as we determine including, but not limited to, sales through channels such as wholesale or retail distribution, Internet marketing and distribution, social media marketing, mail order, catalog, retail store display, or made- to-order or pre-packaged product sales in grocery stores, at any location. The products and services available through these alternative channels may include those that are the same as or similar to those which you will offer and sell, such as any menu items offered at your Restaurant, or entirely different services and products. The prices advertised and charged by us, our affiliates, and our approved suppliers for the sale of the products and services to operators of alternative channels, and the prices advertised and charged by the operators of the alternative channels to third parties and the public for the products and services, may be higher or lower than the prices at which the same or similar products and services are made available by us, our affiliates, and our approved suppliers to you and the prices charged by you to customers of your Restaurant; and

(iii) the right to acquire or be acquired by (whether through acquisition of assets, ownership interests, or otherwise, regardless of the form of transaction) a business providing products and services similar to those provided at the Restaurant, or by another business, even if such business operates, franchises, and/or licenses competitive businesses.

(b) No Right to Catering, Delivery Services. You understand and agree that due to the Premises being located within a non-traditional location, you may not offer delivery services or catering services from the Restaurant in any manner.

(c) Taco John's Restaurant. A "Taco John's Restaurant" offers our "Core Menu" as defined by current policy and has facilities and equipment necessary to prepare the Core Menu under the Marks.

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

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

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

7.3 Indemnification.

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

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

9.3 Advertising and Marketing Fee.

You agree to pay to us for deposit in an Advertising Fund an "Advertising and Marketing Fee" equal to 2% of the Net Sales of the Restaurant. We reserve the right to modify the Advertising and Marketing Fee on 60 days' notice to an amount equal to the amount we charge to new franchisees, but in no event shall the Advertising and Marketing Fee exceed 2.25% of the Net Sales of the Restaurant during the Initial Term of this Agreement. The Advertising and Marketing Fee is payable in the same manner as the Royalty. The Advertising and Marketing Fee will be used in the manner described in Article 11.

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

If the Restaurant shares a common storage area with any other business operated on the Premises, you will maintain the common storage area in accordance with

our standards for cleanliness and repair. If there is only one restroom facility located on the Premises, it shall be maintained in accordance with our standards for cleanliness and repair.

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

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

Provided that you are in substantial compliance with the provisions of this Agreement, if you lose the right to possession of the Premises through no fault on your part or if the Premises are destroyed, condemned or otherwise rendered unusable, or if you request the relocation of your Restaurant and, in our reasonable judgment, the existing site for the Restaurant does not meet our then-current standards and specifications for sites for Taco John's Restaurants, we will grant permission for the relocation of the Restaurant to an alternate non-traditional location and site which meets our then-current site criteria for Taco John's Restaurants located at non-traditional locations and is approved by us. If we agree on the relocation of the Restaurant, you agree to expeditiously develop the alternate site in compliance with our then-current specifications and requirements for Taco John's Restaurants, all at your sole cost and expense, and to open the relocated Restaurant within 150 days after receiving our permission to relocate, unless otherwise agreed to by us. You agree to de-identify, to our standards, the vacated location within 30 days of relocation. You shall pay us a relocation fee of 25% of the then-current Initial Franchise Fee for Taco John's Restaurant franchisees.

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

(i) You agree to purchase and maintain, at your own cost and expense from an approved vendor, the specific electronic cash register, freestanding kiosks, kitchen video monitors, receipt printers, and a drive-thru speed of service timing system and headset system if your Restaurant has a drive-thru (the "Point of Sale System"), along with the computer hardware, software, Internet connections and service, required dedicated power lines, and other computer related accessories, peripherals and equipment necessary to support the Point of Sale System, mobile ordering and delivery platforms that utilize geofencing services (if applicable), firewall and security service, and the required back of house information system (which includes the specific computer and software required to manage inventory, purchasing and other back of house functions) we specify from time to time (collectively, with the Point of Sale system, the "Computer System") with at least the minimum specifications we require from time to time for use in operating the Restaurant. Your Computer System must be set up in accordance with our specifications to record all sales information in connection with the Restaurant and to comply with your reporting requirements to us. Your Computer System must also be capable of processing credit card and debit card payment and complying with PCI DSS standards as described in Section 10.4(h) and be able to receive sales from mobile ordering, third-party delivery, and catering (if applicable). We may require you to upgrade, at your expense, any part or all of the Computer System when deemed necessary by us. We may also

change the required Point of Sale System or other elements of the Computer System from time to time in our discretion, and you will be required to acquire any updated system at your sole expense. You must enter into any contracts required by the company that oversees these systems and services and you must pay the fee for those systems and services to us or the supplier, as we designate. We require you to use a financial reporting system provided by us or our designated supplier that allows you to upload and deliver your Net Sales reports, Profit and Loss statements, and other data, information, and records we require. There is currently no fee due for this system, but we may impose a fee upon ~~one hundred eighty (180)~~ days' notice, in which event you must pay the fee charged for that service to us or the supplier, as we designate. The fee for the financial reporting system, once established, is subject to change upon notice from us or the supplier. You have the option to purchase interior digital menu boards from our approved third-party supplier. You will be required to pay the license fee for the digital menu boards, which may be charged directly by the supplier or which we may collect on behalf of the supplier. ~~For any non-compliance with this subsection 10.4(i), you may be subject to a non-compliance fee as set forth in Section 9.11.~~

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

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

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

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

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

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

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

FRANCHISOR:
TACO JOHN'S INTERNATIONAL, INC.

FRANCHISEE:

By: _____
Heather Leed Neary, President & CEO

By: _____

Date: _____

Name: _____
(Print Name)

Its: _____
(Print Title)

Date: _____

EXHIBIT VI

RIDERS TO THE FRANCHISE AGREEMENT FOR SPECIFIC STATES

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

APPLICABLE RIDER:

☐ ~~California~~ Minnesota ☐ North Dakota

~~Illinois~~ ~~South Dakota~~

~~Indiana~~ ~~Virginia~~

~~Minnesota~~ ~~Washington~~

~~New York~~ ~~Wisconsin~~

☐ Rhode Island

TACO JOHN’S INTERNATIONAL, INC.

FRANCHISEE:

By: _____

By: _____ Heather Leed N

Date: _____

Name: _____
(Print Name)

Its: _____
(Print Title)

Date: _____

CALIFORNIA RIDER TO FRANCHISE AGREEMENT

~~1. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in~~

~~connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

ILLINOIS RIDER TO FRANCHISE AGREEMENT

~~Illinois law governs the Franchise Agreement.~~

~~In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.~~

~~Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.~~

~~In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.~~

~~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.~~

INDIANA RIDER TO FRANCHISE AGREEMENT

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

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

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

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

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

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

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

~~All disputes to be arbitrated will be governed by the Federal Arbitration Act (the “FAA”).~~

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

MINNESOTA RIDER TO FRANCHISE AGREEMENT

1. **Limitation of Claims.** The following ~~phrase~~sentence is added ~~atto~~ the ~~beginning~~end of Section ~~17.12~~17.8(f) of the Franchise Agreement:

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

~~2. **Non-Solicitation.** Minnesota Statutes Section 181.991 prohibits a franchisor from restricting, restraining, or prohibiting in any way a franchisee from soliciting or hiring an employee of the franchisor or an employee of a franchisee of the same franchisor. Any such restrictions in Section 10.7(b) are hereby deemed deleted.~~

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

2. **Releases.** The following sentence is added to the end of Sections 2.4(b)(viii) and 14.4(i) of the Franchise Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law with respect to claims arising under Minn. Rule 2860.4400D.

3. **Waiver of Punitive Damages and Jury Trial.** If and then only to the extent required by the Minnesota Franchises Law, Section 17.8(e) of the Franchise Agreement are deleted in its entirety.

4. ~~3.~~**Addition of Paragraphs.** The following is added to the Franchise Agreement:

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

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

NEW YORK RIDER TO FRANCHISE AGREEMENT

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

place:

~~The Initial Training will include classroom instruction and restaurant operation training and will be furnished at a Taco John's Restaurant(s) location or in our Restaurant Support Center at a time we designate.~~

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

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

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

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

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

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

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

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

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

~~The foregoing choice of law should not be considered a waiver of any right conferred upon Franchisee by the General Business Law of the State of New York, Article 33. This language has been included in this Agreement as a condition to registration. Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Agreement, including all choice of law provisions, are fully enforceable. Franchisor and Franchisee intend to fully enforce all of the provisions of the Agreement and all other documents signed by them, including but not limited to, all venue, choice of law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act. Minnesota Rule 2860.4400(J) prohibits Franchisee from being required to consent to the Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief. Also, a court will determine if a bond is required.~~

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

1. **Transfer by Franchisee Releases.** The following sentence is added at to the end of ~~Section~~Sections 2.4(b)(viii) and 14.4 (i) of the Franchise Agreement:

~~(Any release executed in connection herewith will not apply to any~~the extent otherwise prohibited by applicable law with respect to claims ~~that may arise~~arising under the North Dakota Franchise Investment Law.)

2. ~~**Addition Covenant Not to Compete.**~~ Section 8.3 of Paragraphs. The Franchise Agreement is amended by adding the following ~~paragraphs~~:

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

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

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

~~Restriction on Forum: Requiring North Dakota franchisees~~

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, you acknowledge and agree that we intend to seek enforcement of these provisions to the extent allowed under the law.

3. **Governing Law.** The following language is added at the end of Section 17.16 of the Franchise Agreement:

~~Notwithstanding the foregoing, to consent to the jurisdiction of courts outside of~~ extent required by the North Dakota.

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

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

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

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

~~General Release: Franchise agreements that require the franchisee to sign a general release upon renewal of the franchise agreement~~ Investment Law, North Dakota law will apply to this Agreement.

4. **Consent To Jurisdiction.** The following language is added at the end of Section 17.8(b) of the Franchise Agreement:

However, to the extent required by applicable law, you may bring an action in North Dakota.

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

SOUTH DAKOTA RIDER TO FRANCHISE AGREEMENT

1. ~~Acknowledgments.~~ The following ~~language~~sentence is added to the end of Section 17.8(f) of the Franchise Agreement:

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

VIRGINIA RIDER TO THE FRANCHISE AGREEMENT

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

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

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

WASHINGTON RIDER TO FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT, AND RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of ~~anything to the contrary~~ contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. ~~Conflict of Laws.~~ In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. ~~Franchisee Bill of Rights.~~ RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of

~~termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.~~

~~3. Site of Arbitration, Mediation, and/or Litigation. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.~~

~~4. General Release. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).~~

The statutes of limitations under North Dakota law apply with respect to claims arising under the North Dakota Franchise Investment Law.

~~5. Statute of Limitations and Waiver of Jury Trial. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.~~

~~6. Transfer Fees. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.~~ **Waiver of Punitive Damages and Jury Trial.** If and then only to the extent required by the North Dakota Franchise Investment Law, Section 17.8(e) of the Franchise Agreement is deleted in its entirety.

RHODE ISLAND RIDER TO FRANCHISE AGREEMENT

~~1. 7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.~~ **Governing Law, Consent to Jurisdiction.** The following language is added to the end of Section 17.16 of the Franchise Agreement:

~~8. Certain Buy Back Provisions. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.~~

~~9. Fair and Reasonable Pricing. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).~~

~~10. Waiver of Exemplary & Punitive Damages. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).~~

~~11. Franchisor's Business Judgement. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may~~

be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

~~12. Indemnification. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.~~ Section 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." To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

~~13. Attorneys' Fees. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.~~

~~14. Noncompetition Covenants. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.~~

~~15. Nonsolicitation Agreements. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.~~

~~16. Questionnaires and Acknowledgments. 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.~~

~~17. Prohibitions on Communicating with Regulators. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).~~

~~18. Advisory Regarding Franchise Brokers. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.~~

WISCONSIN RIDER TO FRANCHISE AGREEMENT

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

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

ATTACHMENT B

AREA DEVELOPMENT AGREEMENT

Developer

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EXHIBITS

I ADDENDUM TO AREA DEVELOPMENT AGREEMENT

|

033125, as amended 071725

TACO JOHN'S INTERNATIONAL, INC.

AREA DEVELOPMENT AGREEMENT

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

1. INTRODUCTION

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

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

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

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

by you and your owners.

2. DEVELOPMENT AREA

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

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

C. We will not establish, nor will we grant a franchise to any other party to establish, additional Taco John's Restaurants using the Marks and System anywhere within the Development Area during the term, as defined in Article 6 below, of this Agreement, except as otherwise provided herein or with your written permission. Notwithstanding the foregoing, there may be existing Franchise Agreements in effect as of the date of this Agreement under which we have granted rights to third parties to operate Taco John's Restaurants in the Development Area (the "Existing Restaurants"). You agree and acknowledge that the Franchise Agreements for such Existing Restaurants may remain in effect, and nothing in this Agreement shall prevent, prohibit, or restrict the operations of such Existing Restaurants. We may renew the Franchise Agreements or enter into successor Franchise Agreements for any Existing Restaurants. In addition, subject to the exclusivity set forth in Section 2.A above, all rights reserved to us in each of the Franchise Agreements executed hereunder are reserved under this Agreement. Furthermore, you agree that we also reserve the right, either ourselves or through an affiliate, to exercise any and all rights that we have reserved in any Franchise Agreement with you within your Development Area, excluding only the right to establish or grant rights to a third party to establish a Taco John's Restaurant using the Marks and System within the Development Area during the term hereof. Specifically, this includes but is not limited to all of those rights reserved under Section 2.3 of the Initial Franchise Agreement, such as our right to operate or allow others to operate non-traditional units within the Development Area, sales through other channels in the Development Area, the operation of other businesses under different trademarks within the Development Area, and the conduct of delivery and catering services by other Taco John's Restaurants in your Development Area.

~~D. Provided you are in full compliance with this Agreement, including the Development Schedule, defined in Section 4.A below, and with each Franchise Agreement executed pursuant to this Agreement, commencing on the date on which you execute a Franchise Agreement for the last of your Taco John's Restaurants to be developed hereunder and for a period of two years thereafter (the "Exercise Period"), we grant to you a right of first refusal to establish and operate additional Taco John's Restaurants in the Development Area in excess of the number of Taco John's Restaurants~~

~~specified in the Development Schedule, in accordance with this Section 2.D. If we identify a location for a third party who desires to establish and operate a Taco John's Restaurant in the Development Area, or if we identify a location in the Development Area that we believe to be suitable for development of a company or affiliate-owned Taco John's Restaurant (in each case, a "Subsequent Restaurant Location"), we will first offer you the right to acquire a franchise for the Subsequent Restaurant Location under the terms and conditions of our then-current Franchise Agreement for a Taco John's Restaurant, including the Initial Franchise Fee set forth therein. Such offer shall expire 30 days after notice of such offer is given to you (the "Offer Period"). If you do not sign our then-current Franchise Agreement for the Subsequent Restaurant Location prior to the expiration of the Offer Period, this right of first refusal shall expire and we will be entitled to operate or grant a franchise for the operation of a Taco John's Restaurant at such Subsequent Restaurant Location, as applicable. You will have this right of first refusal for all Subsequent Restaurant Locations during the Exercise Period for so long as you have exercised your rights to acquire all prior Subsequent Restaurant Locations offered to Developer under this Section 2.D. If you refuse or decline to acquire a franchise for a Subsequent Restaurant Location, this right of first refusal shall expire and be null and void as to all future Subsequent Restaurant Locations in the Development Area and you will have no right to prevent or prohibit us from operating or granting a franchise for a Taco John's Restaurant in the Development Area. Upon the expiration of the Exercise Period, we may resume adding franchised or our own Taco John's Restaurants in the Development Area to the extent permitted by the terms of the Franchise Agreements then in effect for Taco John's Restaurants located in the Development Area.~~

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

3. DEVELOPMENT FEE

A. Concurrently with the execution of this Agreement, you will pay us as consideration for the development rights granted herein, an amount set forth in the Addendum ("Development Fee") equal to \$5,000 for each Taco John's Restaurant to be opened hereunder.

B. We will apply \$5,000 of the Development Fee toward the initial franchise fee ("Initial Franchise Fee") due under the Initial Franchise Agreement and each subsequent Taco John's Restaurant to be developed under this Agreement (each, a "Subsequent Franchise Agreement"), which shall be in the amount determined in accordance with Section 3.C below.

C. The Initial Franchise Fee for each Franchise Agreement signed hereunder shall be in the amount of the then-current Initial Franchise Fee applicable for that type of Taco John's Restaurant.

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

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

4. DEVELOPMENT SCHEDULE AND MANNER OF EXERCISING DEVELOPMENT RIGHTS

A. You will be bound by and strictly follow the schedule for developing the Taco John's Restaurants set forth in the Addendum (the "Development Schedule"). Time is of the essence. By the date set forth under the Development Schedule for each applicable Taco John's Restaurant, you must exercise your development rights by entering into a Franchise Agreement with us for that Taco John's Restaurant and opening the Restaurant for business. Further, you must have open and operating the cumulative number of Taco John's Restaurants set forth on the Development Schedule. If you do not meet your Development Schedule under this Agreement, then, at our option, we may ~~treat such failure as a default~~ terminate this Agreement pursuant to Section 7.B(i) below, or, in the alternative, we may terminate your exclusivity rights to the Development Area ~~and your right of first refusal rights described in Section 2. At your discretion, you.~~ You may request an extension to the Development Schedule ~~to avoid these consequences.~~ If we, in our sole discretion, agree to ~~grant that extension, you will be charged a non-refundable~~ extend the Development Schedule, you must pay to us the Extension Fee as set forth in Section 4.A(i) below. We are not obligated to agree to any extension of the Development Schedule, and if we do agree to extend the Development Schedule in accordance with this Agreement, no such extension shall exceed thirteen (13) months.

(i) The "Extension Fee" shall be 4.5% of the applicable Monthly System Sales Average, as defined hereafter. The "Monthly System Sales Average" means an amount equal to the average net sales of all Taco John's Restaurants (franchised and company-owned) reported to us over the previous month. The Extension Fee must be paid each month for each Restaurant to be developed hereunder for which a Franchise Agreement is not signed or which is not open as required by the Development Schedule until such time as you comply with the Development Schedule up to a maximum of 13 months. ~~The~~ You must pay the Extension Fee ~~is charged onto us no later than~~ the 20th day of each month. ~~If you are not in compliance with the Development Schedule after 13 months, we may exercise our right to terminate this Agreement.~~

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

C. Each Subsequent Franchise Agreement to be executed by you for each Taco John's Restaurant to be developed hereunder shall be in the then-current form of Franchise Agreement being offered to franchisees by us, which may contain terms substantially different than the terms of the Initial

Franchise Agreement and earlier Subsequent Franchise Agreements. You acknowledge that we have the right to charge the then-current Initial Franchise Fee and the then-current rates for all other initial fees and deposits, the royalty fees, product purchases, advertising contributions, and other fees, products and services.

5. DEVELOPMENT EXECUTIVE

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

6. TERM

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

7. DEFAULT AND TERMINATION

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

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

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

(ii) You default on any other term or condition of this Agreement and fail to cure such default after 30 days’ written notice to you; or

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

C. Upon termination of this Agreement pursuant to Section 7.B above, all remaining development rights ~~and the right of first refusal granted to you under this Agreement~~ shall

automatically be revoked and shall be null and void. You shall not be entitled to any refund of any portion of the Development Fee under any circumstances. You shall have no right to establish or operate any Taco John's Restaurant for which a Franchise Agreement has not been executed by the parties.

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

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

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

8. TRANSFERABILITY

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

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

~~B. A condition of our approval of a Transfer of this Agreement is that you will Transfer all of your interest under this Agreement. You will not be permitted to Transfer any portion of this Agreement, such as the development rights of a particular Restaurant, separate and apart from the remainder of this Agreement. We will not approve any Transfer of this Agreement without the Transfer of the rights to all Franchise Agreements entered into between TJI and Developer hereunder. You and the transferee shall comply with the requirements under each Franchise Agreement entered into between TJI and you for the Transfer of each such Franchise Agreement, including the payment of the applicable transfer fee and any other fees due for each Franchise Agreement.~~ Your Right to Transfer. Neither this Agreement nor any rights, interests, or obligations hereunder may be, directly or indirectly, assigned, transferred, delegated, sublicensed, or otherwise conveyed by you or your owners, whether voluntarily, involuntarily, by operation of law, or otherwise, without obtaining our prior written consent, which we may condition or withhold in our sole discretion. For purposes of this Agreement, any direct or

indirect change in ownership or control of a Party, including without limitation by merger, consolidation, reorganization, sale of equity or voting interests, sale of all or substantially all assets, or other change in control transaction, shall be deemed an assignment requiring such prior written consent. Any attempted assignment, transfer, change in ownership or control, delegation, sublicense, or other conveyance in violation of this provision shall be null, void, and of no effect. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns.

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

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

~~E. You may Transfer one or more of the individual Franchise Agreements or any interest in those Franchise Agreements, or all or a substantial portion of the assets of your Taco John's Restaurants associated with such Franchise Agreements without a Transfer of your interest under this Agreement in accordance with the terms of each such Franchise Agreement, provided that the Taco John's Restaurant(s) associated with the Franchise Agreement(s) being Transferred are open and operating as of the date of the Transfer (a "Franchise Transfer"). In that event, (i) the Taco John's Restaurant(s) associated with the Franchise Transfer shall continue to be counted as Taco John's Restaurant(s) to be developed under this Agreement, (ii) the Franchise Agreement(s) associated with the Franchise Transfer shall continue to be included in the cumulative number of Taco John's Restaurants required to be opened and continuously operated in the Development Area, regardless of whether the applicable Franchise Agreement is transferred to the transferee or the transferee executes a new Franchise Agreement, (iii) the exclusive rights granted to you in this Agreement shall be modified to permit the transferee of the Franchise Transfer to operate in the Development Area, and (iv) a default by the transferee of the Franchise Agreement related to a Franchise Transfer shall constitute grounds for a default to be declared under this Agreement pursuant to Section 7.B.(ii) hereof.~~

9. COVENANTS

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

Franchise Disclosure Document delivered to Developer shall apply.

10. NOTICES

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

11. INDEPENDENT CONTRACTOR RELATIONSHIP AND INDEMNIFICATION

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

B. Indemnification.

(i) ~~B. Developer agrees to indemnify, release, defend and hold TJI, its subsidiaries and affiliates, and its and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") harmless against, and to reimburse them for all Claims, defined below, any and all third party obligations of Developer, and any and all claims, obligations and liabilities directly or indirectly arising out of this Agreement or the operation of any Taco John's Restaurants. For purposes of this indemnification, "Claims" means all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. TJI will have the right to defend any such Claim against it. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.~~ We will in no event assume liability for or be deemed liable under this Agreement as a result of any action or omission by you in your operation of the business conducted pursuant to the terms of this Agreement or any claim or judgment arising therefrom against us. You must defend, at your own cost, and indemnify to the fullest extent permitted by law, us and our affiliates, and our respective past, present and future owners, officers, directors, managers, agents, employees and the predecessors, successors, heirs and assigns of any and all of the foregoing (collectively, "Indemnitees") from all losses and expenses (including, but not limited to, reasonable attorneys' fees, costs of investigation, settlement costs, and interest) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether the same is reduced to

judgment) or any settlement thereof arising directly or indirectly from, as a result of, or in connection with (i) your activities under this Agreement, (ii) your default of any covenant, warranty, representations, agreement, or obligation set forth in this Agreement, (iii) your default or alleged default of any other agreement, (iv) your violation or alleged violation of any applicable law, regulation, standard or directive, or any industry standard, including without limitation, violations resulting from your use of the System, (v) libel, slander, or any other form of defamation by you or your directors, officers, shareholders, partners, members, employees, agents and attorneys, (vi) acts, errors, or omissions by you or any of your directors, officers, shareholders, partners, members, employees, agents and attorneys, (vii) your activities relating to the operation of the business conducted pursuant to the terms of this Agreement, including but not limited to your development of any Taco John's Restaurants, or (viii) your failure to maintain all required and recommended insurance policies and coverage amounts during the Term as set forth by us in this Agreement or otherwise in writing.

(ii) This indemnification will include all losses alleging the negligence of Indemnitees, including without limitation negligence in the development of Taco John's Restaurants and other conduct of the business operated pursuant to the terms of this Agreement, including our standards and specifications, but excluding any case which Indemnitee is determined by a court of competent jurisdiction to have engaged in grossly negligent or willful misconduct. This Section 11.B will survive termination or expiration of this Agreement.

(iii) You must promptly notify us of any action, suit, proceeding, claim, demand, inquiry, investigation, or default described in this Section 11.B. With respect to any threatened or actual litigation, proceeding, or dispute that could directly or indirectly affect us or any of the other Indemnitees under this Section 11.B, we will have the right, but not the obligation, to: (i) choose counsel; (ii) direct and control the handling of the matter; and (iii) settle any claim against the Indemnitees, at your cost and expense. No such undertaking by us will, in any manner or form, diminish your obligation to indemnify us and to hold us harmless.

(iv) Under no circumstances will the Indemnitees be required or obligated to seek recovery from third parties or to otherwise mitigate their losses in order to maintain a claim against you. You agree that the failure to pursue recovery or to mitigate loss will in no way reduce the amounts the Indemnitees may recover from you.

12. MISCELLANEOUS

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

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

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

D. This Agreement (including the riders, attachments and exhibits to this Agreement) contains the entire agreement and understanding between the parties and supersedes any and all prior agreements concerning its subject matter. We do not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement. You acknowledge and agree that no representations have been made to you by us or our representatives regarding projected sales volumes, market potential, revenues, or profits of a Taco John's Restaurant. Additionally, you acknowledge and agree that, in entering into this Agreement, you are not relying on the existence or non-existence of any particular fact or matter not set forth in this Agreement, a Franchise Agreement between the parties, or in the Franchise Disclosure Document provided to you. You agree and understand that we will not be liable or obligated for any oral representations or commitments made prior to the execution hereof, for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments, or for claims of negligent or fraudulent omissions or nondisclosure of facts or information. Nothing in this Agreement or in any related agreement is intended to disclaim any representations made by us in the Franchise Disclosure Document provided to you. This Agreement may be modified only upon execution of a written agreement signed on behalf of the Developer by all named Developers and/or by the authorized officer or agent if the named Developer is an entity and on behalf of us by our President and CEO.

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

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

G. This Agreement shall not be effective until accepted by us as evidenced by dating and signing of this Agreement by our President and CEO.

13. APPLICABLE LAW

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

B. TJI AND DEVELOPER AGREE THAT ANY DISPUTE BETWEEN THE PARTIES ARISING OUT OF THE TERMS OF THIS AGREEMENT SHALL BE GOVERNED BY THE APPLICABLE PROVISIONS OF THE LAST FRANCHISE AGREEMENT ENTERED INTO BETWEEN TJI AND DEVELOPER AT THE TIME OF THE DISPUTE, WHICH TERMS AND

CONDITIONS ARE BY THIS REFERENCE INCORPORATED HEREIN, AND SHALL APPLY REGARDLESS OF WHETHER THE APPLICABLE FRANCHISE AGREEMENT IS IN FULL FORCE AND EFFECT AT THE TIME OF THE DISPUTE. IN THE EVENT NO FRANCHISE AGREEMENT HAS BEEN SIGNED AT THE TIME OF THE DISPUTE, ANY DISPUTE ARISING OUT OF THIS AGREEMENT SHALL BE SUBMITTED FOR BINDING ARBITRATION BEFORE ONE ARBITRATOR WHO IS A MEMBER AMERICAN ARBITRATION ASSOCIATION PANEL OF FRANCHISE ARBITRATORS AND SHALL BE CONDUCTED IN MINNEAPOLIS, MINNESOTA. THE ARBITRATION SHALL BE CONDUCTED IN ACCORDANCE WITH THE THEN-CURRENT COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION.

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

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

14. NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES.

The following provision applies only to developers and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGEMENT SIGNED OR AGREED TO BY YOU 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 US, ANY FRANCHISE SELLER, OR ANY OTHER PERSON ACTING ON OUR BEHALF. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

Signature page to follow

The parties ~~have duly executed, sealed,~~to this Agreement now execute and ~~delivered~~deliver this Agreement ~~on this _____ day of _____~~in multiple counterparts on the dates indicated below. This Agreement shall become effective on the Effective Date.

TACO JOHN'S INTERNATIONAL, 20 INC.
TJI:

DEVELOPER:

~~Taco John's International, Inc.~~ By: _____ By: _____ Heather Leed N
Company Name

By: _____ By: _____

Its: _____ Its: _____

Date: _____ Name: _____
(Print Name)

Its: _____
(Print Title)

Date: _____

**EXHIBIT I
ADDENDUM TO AREA DEVELOPMENT
AGREEMENT**

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

The parties agree as follows:

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

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

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

4. Development Executive and Notice Address. The designated Development Executive who will be responsible for your development activities, and the address for any Notice required or permitted to be given under this Agreement, is:

Print Name ~~and~~: _____

Title _____

Address City State Zip

Phone Number:

E-mail Address

[Space Intentionally Left Blank]

Email:

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

Number of Restaurants to be Developed	Date by which Franchise Agreement must be Signed	Date by which Restaurant must be Open and Continuously Operating	Cumulative number of Restaurants Required to be Open and Continuously Operating as of the Date in the Preceding Column
1	Date of this Agreement		
2			
3			
4			

6. Other terms (if appropriateapplicable).

TJI:

DEVELOPER:

Taco John's International, Inc.

Company Name

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

ATTACHMENT C

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

033125, as amended 071725

~~NONDISCLOSURE AND NONCOMPETITION AGREEMENT~~

~~This Nondisclosure and Noncompetition Agreement (this “**Agreement**”) is made and entered into effective the on the day of _____, 20 by and among Taco John’s International, Inc., a Wyoming corporation (“**TJI**”), 1650 West End Blvd., Suite 200, St. Louis Park, Minnesota 55416, the franchisee named on the signature page of this Agreement (the “**Franchisee**”), and the associate of Franchisee named on the signature page of this Agreement (the “**Associate**”).~~

~~RECITALS~~

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

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

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

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

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

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

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

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

obtain an advantage over its competitors who do not have access to, know of, or use such written materials or information.

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

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

5. ~~Audit of Business Records.~~ TJI or its authorized agent may request, receive, inspect, and audit any business records, financial or otherwise, of Associate, Associate's immediate family members, or any party affiliated with Associate or its immediate family members, including any companies or entities associated with Associate or its immediate family members, that TJI in its sole discretion determines may be relevant in determining Associate's compliance with the terms of this Agreement or Franchisee's business results in its Franchised Business. Any such inspection or audit shall be conducted in accordance with the audit provisions set forth in the Franchise Agreement, which are deemed incorporated herein. Inspections and audits conducted at Associate's business location or other location where the records are held may take place without prior notice, during normal business hours. TJI may audit and inspect documents covering a period beginning with the date on which Associate's Affiliation commenced and ending on the date such audit is concluded. All documents provided for TJI's inspection or audit must be certified by Associate and the appropriate affiliated party, if applicable, as true, complete and correct. Inspections and audits may be conducted following the expiration or termination of Associate's Affiliation for any reason.

6. ~~Injunction.~~ Associate acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, TJI and Franchisee, or either one separately, shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which TJI and/or Franchisee may be entitled.

7. ~~Assignment.~~ Both Franchisee and TJI may assign all or part of this Agreement and the rights which inure to either of them hereunder without the consent of Associate, provided that any assignment by Franchisee shall require the written consent of TJI. This Agreement shall not be assignable by Associate.

~~8. **Effect of Waiver.** The waiver by Associate, Franchisee or TJI of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof, and in no event shall such a waiver be binding upon TJI unless it is in writing and signed by an authorized representative of TJI.~~

~~9. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of Associate, Franchisee and TJI and their respective heirs, executors, representatives, successors and assigns.~~

~~10. **Entire Agreement.** This instrument contains the entire agreement of Associate, Franchisee and TJI relating to the matters set forth herein. It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought. Further, both Associate and Franchisee agree that no change to this Agreement shall be made without the written consent of TJI having first been obtained.~~

~~11. **Governing Law.** This instrument shall be governed by and construed under the laws of the State of Wyoming.~~

~~12. **Arbitration.**~~

~~a. Any and all controversies, disputes or claims between TJI, its subsidiaries and affiliated companies or their shareholders, officers, directors, agents, employees and attorneys (in their representative capacity); Franchisee, its shareholders, officers, directors, agents and employees; and/or Associate arising out of or related to this Agreement or the validity hereof shall be submitted for binding arbitration; except for actions for injunctive relief pursuant to Section 6 above, which actions TJI and/or Franchisee at their option may bring either in a court of competent jurisdiction or in arbitration.~~

~~b. If TJI is a party to any controversy, dispute or claim, the arbitration will be administered before one (1) arbitrator who is a member of the American Arbitration Association Panel of Franchise Arbitrators, on demand of either party. The arbitration shall be conducted in Minneapolis, Minnesota and in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association. If the American Arbitration Association should cease doing business during the term of this Agreement, including any renewals, TJI will notify Franchisee and Associate of its selection of another arbiter group. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. The arbitrator shall have the right to award or include in the award any relief which is deemed proper in the circumstances including, without limitation, money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, attorneys' fees and costs. The award and decision of the arbitrators shall be conclusive and binding upon all parties to the arbitration and on no other parties, and judgment upon the award may be entered in any court of competent jurisdiction, and both parties waive any right to contest the validity or enforceability of such award. The parties further agree to be bound by the provisions of any applicable limitation on the period of time in which claims must be brought. The parties further agree that in connection with any such arbitration proceeding they shall file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within 30 days after the date of the filing of the claim to which it relates.~~

~~c. If TJI is not a party to such controversy, dispute or claim, such arbitration proceedings shall be conducted within the Protected Territory (as applicable, as defined in the Franchise Agreement between the Franchisee and TJI) of the Franchisee and will be heard by one arbitrator in accordance with the then current commercial arbitration rules of any arbitration group mutually acceptable to Franchisee and Associate, and if Franchisee and Associate cannot agree on an arbitration group within 30 days after demand for arbitration, then the American Arbitration Association shall conduct such arbitration in accordance with its then current commercial arbitration rules. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court.~~

~~13. **Severability.** If any provision of this Agreement is held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority, arbitrator or otherwise, the parties authorize and request such court, governmental~~

~~3 authority, or arbitrator to modify the provision held to be void, voidable, invalid, unenforceable or inoperative to contain such lesser covenants that impose the maximum duty permitted by law so that the provision is upheld as valid, and the parties agree to be bound by the modified provision. The holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement, which shall otherwise remain in full force and effect.~~

~~14. **Attorneys' Fees.** If TJI or Franchisee must enforce any of the provisions or rights under this Agreement in any action at law or in equity and if the TJI and/or Franchisee is successful in such litigation or arbitration as determined by the court or arbitrator in a final judgment or decree, then the Associate shall pay TJI or Franchisee, as applicable, all costs, expenses and reasonable attorneys' fees incurred by TJI and/or Franchisee (including without limitation such costs, expenses and fees on any appeals), and if TJI and/or Franchisee receives a judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.~~

~~15. **Definitions.** All capitalized terms not defined in this Agreement have the respective meanings set forth in the effective Franchise Agreement between Franchisee and TJI.~~

~~16. **Cross Default.** A default by Associate under this Agreement will be deemed a default of all agreements between Franchisee and TJI, unless waived by TJI in writing.~~

The parties have executed this Agreement as of the date first above written.

TJI: _____ **FRANCHISEE:** _____

TACO JOHN'S INTERNATIONAL, INC., _____
a Wyoming corporation _____ a _____

By: _____ By: _____
Its: _____ Its: _____

ASSOCIATE: _____

Print Name: _____

ATTACHMENT D

LIST OF FRANCHISEES AND AREA DEVELOPERS

AREA DEVELOPERS AS OF DECEMBER 31, ~~2024~~2025

RELIANCE HOSPITALITY GROUP,
LLC

148 Cottonwood Road Newington, Connecticut 06111 (860) 778-6179

B&B HOLDING, LLC 1808 Pascoli CV Lexington, Kentucky 40509 (502) 681-6144

~~OLE 2021, LLC (2 Area Development
Agreements)~~

PENTEX RESTAURANT GROUP 210 Broadway N, Ste. 200 Fargo, North Dakota 58107 (701)
235-2014

~~OLE ENTERPRISES LLC 210 Broadway N, Suite 200 Fargo, North Dakota 58102 (701) 235-2014~~

~~PRGA OPERATIONS — MONTANA, LLC P.O. Box 937 Minot, North Dakota 58702 (701) 340-2312~~

LOVE'S TRAVEL STOPS AND COUNTRY STORES, INC.
10601 N. Pennsylvania Avenue
Oklahoma City, Oklahoma 73120
(605) 214-1065

033125, as amended 071725

†

ACTIVE FRANCHISEES AS OF DECEMBER 31, ~~2024~~2025

ARKANSAS

J&P Tacos LLC
1819 E Main Street
Russellville, Arkansas 72801 (479)
280-1932

COLORADO

Love's Travel Stops & Country Stores Inc.
3800 E State Highway 56 Berthoud,
Colorado 80513 (970) 532-2507

~~4 Cities, Inc.~~ iDAD-6 Inc.
200 E Horsetooth Road Ft Collins,
Colorado 80525 (970) 204-4335

~~4 Cities, Inc.~~ iDAD-6 Inc.
1609 Specht Point Road Ft Collins,
Colorado 80525 (970) 472-0086

TJH Ventures LLC
1430 North Avenue
Grand Junction, Colorado 81501
(970) 314-9620

~~4 Cities, Inc.~~ iDad-6 Inc.
2508 11th Avenue Greeley, Colorado
80631 (970) 352-2857

~~4 Cities, Inc.
1635 N Lincoln Avenue
Loveland, Colorado 80538
(970) 667-2066~~

PJM Inc.
9675 Washington Street Thornton,
Colorado 80229 (303) 484-9828

~~4
Cities
, Inc.
7910
S 6th
Street
Wellington, Colorado 80549 (970)
568-3967~~

~~4022-0708-5853 (Taco Johns - 3)~~ Taco
John's iDAD (March 31, 2026)
PJM Inc.
280 W 136th Avenue
Westminster, Colorado 80234

IDAHO D Squared Enterprises LLC 1643
Washington Street N Twin Falls, Idaho
83301 (208) 933-2190

ILLINOIS

L&R
Industries
Inc. 1525
S Main
Street
Bloomington, Illinois 61701 (309)
828-4336

Will-Ring Enterprises Inc.; ~~Alexander G-
Habeeb~~
562 William R
Latham Sr Drive
Bourbonnais, Illinois
60914 (815) 929-1333

Will-Ring
Enterprises Inc.
484 S Kennedy
Drive Bradley,
Illinois 60915
(815) 939-3064

L&R
Industries
Inc. 725 S
Main
Street
Creve Coeur,
Illinois 61610
(309) 698-0027

L&R Industries Inc.
2422 E
Washington
Street East
Peoria,
Illinois 61611
(309)
699-7412

~~Galesburg Mexican Inc.-
1922 N Henderson Street-
Galesburg, Illinois 61401-
(309) 297-4072~~

~~033125, as amended 071725 Taco
Hall & Walsh ch 31, 2026)
4922-0708-5833 (Taco Johns-3)
Properties, Inc.
8304 N 2nd~~

Wendy & Tom, Inc.
120 E 10th Avenue
Milan, Illinois 61264
(309) 948-2018

Roadways Plaza, LLC
2855 Overpass Road
Riverton, ~~IL~~[Illinois](#) 62561 (217) 606-7666

Love's Travel Stops & Country Inc.
201 Loves Drive South Jacksonville,
Illinois 62650 (217) 243-0400

INDIANA

Evansville West Hospitality TN LLC
604 N St Joseph Avenue Evansville,
Indiana 47712 (812) 467-0804

Evansville East Hospitality TN LLC
2509 Washington Avenue Evansville,
Indiana 47714 (812) 473-7841

Love's Travel Stops & Country Stores Inc.
1379 Flaxmill Road Huntington, Indiana
46750 (260) 609-5286

~~-~~Love's Travel Stops & Country Stores Inc.
10157 N. Love's Avenue
Michigan City, Indiana 46361
(260) 609-5286

David Van Baalen, Patricia Van Baalen, Ben
Van Baalen 850 N Broadway Peru, Indiana
46970 (765) 919-4554

IOWA Taco John's of Iowa Inc. 2501
Adventureland Drive Altoona, Iowa 50009
(515) 967-8777

Taco John's of Iowa
Inc. 500 Lincoln
Way
Ames, Iowa 50010 (515) 232-3176

Taco John's of Iowa
Inc. 319 S Ankeny
Blvd Ankeny, Iowa
50021

C&M Enterprises, Inc. 6210 University Avenue Cedar
Falls, Iowa 50613 (574) 934-4103

PenCore Holdings Inc. 223
Collins Road NE Cedar
Rapids, Iowa 52402 (319)
393-6101

Double L Investments, Inc.
226 Edgewood Road NW
Cedar Rapids, Iowa 52405
(319) 396-2025

Cherokee Hospitality TN LLC
902 N 2nd Street Cherokee, Iowa
51012 (712) 225-0374

Ole Enterprises LLC
2601 James Street
Coralville, Iowa 52241
(319) 519-5041

Bremer Restaurant Management Inc.
2300 W Broadway Council Bluffs,
Iowa 51501 (712) 323-7088

Bremer Restaurant Management Inc.
217 E Broadway Council Bluffs,
Iowa 51501 (712) 323-5121

Taco John's of Iowa Inc.
708 S Walnut Street
Creston, Iowa 50801
(641) 782-4731

Davenport Hospitality TN, LLC
1915 E Kimberly Road
Davenport, Iowa 52807 (563)
355-2044

-Manakamana, Inc.
320 W Kimberly Road #3
Davenport, Iowa 52806 (563)
388-7322

Taco John's of Iowa Inc.
2727 SW 9th Street Des
Moines, Iowa 50315 (515)
282-8800

Taco
John's
of
Iowa
Inc.
1250 E
Army
Post
Road
Des
Moine
s,
Iowa
50315
(515)
285-13
31

Taco
John's
of
Iowa
Inc.
5824
Dougl
as
Avenu
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Moine
s,
Iowa
50310
(515)
270-46
24

Des Moines, Iowa 50312
(515) 243-6900

Eastern Iowa TJ's LLC
17 E 20th Street
Dubuque, Iowa 52001
(563) 582-3443

Eastern Iowa TJ's LLC
2258 Flint Hill Drive
Dubuque, Iowa 52003
(563) 583-3642

Fairfield Mexican Inc. 703 W Burlington Avenue
Fairfield, Iowa 52556
(641) 472-7833

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(515) 986-3360

Taco John's of Iowa Inc.
1020 West Street
Grinnell, Iowa 50112 (641)
236-4863

Ole Enterprises LLC 1940 Blairs
Ferry Road Suite 100 Hiawatha,
Iowa 52233 (319) 200-4800

Taco John's of Iowa Inc.
1103 N Jefferson Way
Indianola, Iowa 50125
(515) 961-3335

~~OLE 2021~~, Ole XII LLC 320 5th
Avenue SW Le Mars, Iowa
51031 (712) 546-4008

Ole Enterprises LLC
907 S Center Street
Marshalltown, Iowa
50158 (641) 753-6211

Ole Enterprises LLC
603 S Federal Avenue
Mason City, Iowa 50401
(641) 423-8503

Ole Enterprises, LLC
2516 Park Avenue
Muscatine, Iowa 52761
(563) 264-8911

~~-~~Newton Hospitality TN LLC
2106 1st Avenue E Newton,
Iowa 50208 (641) 792-1798

~~Taco-~~
~~John's of~~
~~Iowa-~~
~~Inc.-~~
~~1611-~~
~~Sunset-~~
~~Drive~~
~~Norwalk, Iowa 50211 (515)-~~
~~981-0598~~

KGT Inc.
224 8th Street SW
Taco John's FDD (March 31, 2026)
Orange City, Iowa 51041
(712) 737-4555

Tac
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John
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Iowa
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Inc.
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Iowa
525
77
(641) 673-3264

Sheldon, Iowa 51201 (712) 324-5287

Murray 5G Inc.
2111 27th Street
Sioux City, Iowa 51104
(712) 255-8709

Murray 5G Inc.
3601 Gordon Drive
Sioux City, Iowa 51106
(712) 255-9996

Tac
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John
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Iowa
a
Inc.
423
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Stre
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Ottumwa, Iowa 52501 (641)
682-0965

~~Taco-~~
~~John'~~
~~s of~~
~~Iowa-~~
~~Inc-~~
~~911-~~
~~W-~~
~~16th-~~
~~Stree~~
~~t~~
~~Pella, Iowa 50219 (641) 628-8818~~

Sheldo
n
[Taco John's FDD \(March 31, 2026\)](#)
Hospita
lity TN
LLC

Murray 5G Inc. 1721
Hamilton Blvd
Sioux City, Iowa 51103
(712) 258-8023

Murray 5G Inc.
3218 Singing Hills
Blvd Sioux City, Iowa
51106 (712) 222-1223

Nissen Inc.
2329 Circle Drive W
Spirit Lake, Iowa 51360
(712) 336-4849

Taco John's of Iowa Inc.
3924 NW Urbandale Drive
Urbandale, Iowa 50322
(515) 252-9977

C&M Enterprises Inc.
1620 La Porte Road
Waterloo, Iowa 50702
(319) 233-3651

Taco John's of Iowa Inc.
205 Hickman Road
Waukeee, Iowa 50263
(515) 216-2204

Kuhl Corporation of Waverly; Laura A
Kuhlmann 617 W Bremer Avenue
Waverly, Iowa 50677 (319) 352-5055

Taco John's of Iowa Inc.
350 Grand Avenue
West Des Moines, Iowa 50265
(515) 255-4485

Taco John's of Iowa Inc.
7253 Vista Drive
West Des Moines, Iowa 50266
(515) 457-9100

~~KANSAS~~

Sickler Investment Company; Stone
Investments Inc.
216 S 10th Street
Atchison, Kansas 66002
(913) 367-0276

Taco Springs LLC
13032 Kansas Avenue
Bonner Springs, Kansas 66012
(913) 422-7304

Chanute Hospitality TN LLC
1503 S Santa Fe Avenue
Chanute, Kansas 66720 (620)
433-4056

~~Western-
Kansas-
Mexican-
Foods Inc.~~

Terrazen
Management
LLC 625 W
Willow
Colby, Kansas 67701 (785) 460-8226

~~Concordia~~Concord
ia Hospitality TN
LLC 2122 Lincoln
Street Concordia,
Kansas 66901
(785) 243-4335

TJ's East Inc.; ~~Kenneth R Creasey~~
2309 Haskell Avenue Lawrence, Kansas 66044 (785)
842-5533

Love's Travel Stops & Country Stores Inc.
1001 E Pancake Blvd Liberal, Kansas
67901 (620) 626-5409

Flint Hills Holdings
LLC 214 Leavenworth
Street
Manhattan, Kansas 66505 (785)
320-6133

KCTJ's Inc.; Stacey Frederes;
Jamie Frederes; Fred
[Frederes](#)
18617 W
151st Street
Olathe,
Kansas
66062
(913) 829-8226

~~LOSDIAS LLC 418 E Iron Avenue Salina,
Kansas 67401 (785) 825-6382~~

~~LOSDIAS LLC 3049 Riffel Drive Salina,
Kansas 67401 (785) 404-1600~~

TMEX-Rest LLC
3706 S. Burlingame Rd.
Topeka, ~~KS~~[Kansas](#) 66609

KENTUCKY

Benton Mex LLC; HMC Inc.; Kimberly
Inman; Tammi S Halvorson 360 Main
Street Benton, Kentucky 42025 (270)
527-1670

Henderson Hospitality TN LLC
1949 US Highway 41 N Henderson,
Kentucky 42420 (270) 830-6585

~~-Madisonville Mex LLC;-~~
~~Kimberly Inman~~ 1076 N
Main Street Madisonville,
Kentucky 42431 (270)
821-6568

~~HMC Inc.;~~ Mayfield TJ's LLC; ~~Kimberly-~~
~~Inman Tammi S Halvorson~~ 1016 Paris
Road Mayfield, Kentucky 42066 (270)
247-0545

HMC Inc.; TJ's of Murray LLC; Kimberly
Inman; Tammi S Halvorson 1100
Chestnut Street Murray, Kentucky 42071
(270) 753-9697

B&B Holding, LLC
525 E Brannon Road
Nicholasville,
Kentucky 40356 (859)
724-7492

Bridge Mex LLC; HMC Inc.; Kimberly
Inman; Tammi S Halvorson 2201 Bridge
Street Paducah, Kentucky 42001 (270)
443-6716

Paducah Hospitality
TN LLC 5266 US
Highway 60
Paducah, Kentucky 42001 (270) 558-5206

HMC Inc.; TJ's of Jackson LLC;
Kimberly Inman; Tammi S
Halvorson 2956 Jackson Street
Paducah, Kentucky 42001 (270)
442-9399

Princeton Hospitality
TN LLC 530 US
Highway 62 W
Princeton, Kentucky 42445 (270)
365-7112

MASSACHUSETTS

~~Reliance~~
~~Hospitality~~
~~Group LLC~~
~~50 S~~
~~Broadway~~
~~Lawrence,~~
~~Massachusett~~
~~s 01846~~
~~(978)291-590~~
~~7~~[Tacos of](#)
[Commonwea](#)
[lth, LLC 77](#)
[Summer](#)
[Street](#)
[Boston, MA 02111 \(617\) 431-8787](#)

Reliance
Hospitality
Group LLC
536 N Main
Street
Leominster, Massachusetts 01453
(978) 952-0775

MINNESOTA

Ole
Enter
prise
s
LLC
2225
E
Main
Street
Albert Lea,
Minnesota
56007 (507)
373-9818

JAT
Restau
rants
LLC
5952
Large
Avenu
e
Albertville, Minnesota 55301 (763)
~~276-7187~~ [July's FDD \(March 31, 2026\)](#)

ECHOS

Ole Enterprises LLC
308 W Oakland Avenue
Austin, Minnesota 55912 (507)
433-3870

E&G, Inc.
1285 Paul Bunyan Drive NW
Bemidji, Minnesota 56601
(218) 444-2266

Twin City TJ's Inc. ~~;-~~
~~Tamra Kennedy~~ 11724
Ulysses Street NE
Blaine, Minnesota 55449
(763) 767-3344

PenCore Holdings Inc.
301 Washington Street NE
Brainerd, Minnesota
56401 (218) 829-7375

-JAT Restaurants LLC
1201 Highway 25 N
Buffalo, Minnesota
55313 (763) 682-9100

Cambridge Tacos Inc.
225 2nd Avenue NE
Cambridge, Minnesota
55008 (763) 689-4553

Walt Cressman; Gwen F Cressman; Judd
Selland; Kay Selland; Brian Miller 1200
Highway 33 S Cloquet, Minnesota 55720
(218) 879-0902

TJC Dakota Inc.
605 N Main Street
Crookston, Minnesota 56716 (218)
281-7357

ECHOS Management Group
233 E Frazee Street Detroit
Lakes, Minnesota 56501 (218)
844-4660

SAM
Enterprises
Inc. 312 E
Central
Entrance
Duluth,
Minnesota
55811
(218) 727-5667

SAM
Enterprises
Inc. 4601
Grand
Avenue
Duluth, Minnesota 55807 (218)
624-1044

SAM
Enterprises
Inc. 1810
London
Road
Duluth, Minnesota 55812 (218)
728-4797

L & T Peterson Enterprises
Inc.; Lance Peterson; Tanya
Peterson

901 E Blue Earth Avenue
Fairmont, Minnesota
56031
(507) 238-2322

ECHOS Management
Group 1212 N Union
Avenue
Fergus Falls, Minnesota 56537
(218) 739-3563

Twin City TJ's Inc.; ~~Tamra Kennedy~~
1966 W Broadway Avenue
Forest Lake, Minnesota 55025
(651) 464-7590

A&E Erickson Inc.
910 S Pokegama Avenue Grand Rapids, Minnesota
55744 (218) 999-7474

Walt Cressman; Gwen F
Cressman; Judd Selland;
Kay Selland; Brian Miller
2502 13th
Avenue E
Hibbing,
Minnesota
55746

(218) 262-5052
Twin City TJ's Inc. ~~;~~
~~Tamra Kennedy~~ 134
4th Avenue NW
Hutchinson,
Minnesota 55350
(320) 587-3424

JAT Restaurants LLC 9495 Deegan Avenue
NE Monticello, Minnesota 55362 (763)
295-6913

E-dot Restaurant Management Inc. 108 Atlantic
Avenue Morris, Minnesota 56267 (320) 589-2133

J-Ron Enterprises Inc.
719 E Depot
Litchfield, Minnesota
55355 (320) 693-3554

Bieg Deal LLC
109 LeMieur Street
Little Falls, Minnesota
56345 (320) 632-2754

~~Cassie Baum~~ Baumcom LLC 8-22
Aviation Road Little Falls,
Minnesota 56345 320-639-2277

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~~Luverne, Minnesota 56156 (507)-~~
~~283-4562~~

LTP Restaurants Inc.
2112 N Broad Court
Mankato, Minnesota
56001 (507) 388-2836

TLP Ventures Inc.
1040 Madison Avenue
Mankato, Minnesota
56001 (507) 386-8226

JAT Restaurants LLC
13320 Grove Drive
Taco John's FDD (March 31, 2026)
Maple Grove,
Minnesota 55369
(763) 416-1460

Twin City TJ's Inc.; ~~Tamra Kennedy~~
4217 Winnetka Avenue N
New Hope, Minnesota 55428
(763) 432-7294

~~Lilleodden~~
~~Enterprises~~ Goldfinch
Management LLC 1301 S
Broadway Street New Ulm,
Minnesota 56073 (507)
354-8226

~~Stillwater Tacos Inc.~~
~~5910 Neal Avenue N~~
~~Oak Park Heights, Minnesota 55082~~
~~(651) 439-7771~~

Oakdale Tacos Inc.
1010 Gershwin Avenue N
Oakdale, Minnesota 55128
(651) 738-6831

Adahway LLC 38668 US Highway
169 Onamia, Minnesota 56359 (320)
738-1399

Steele
County
Taco Inc.
1839 S
Cedar
Avenue
Owatonna,
Minnesota
55060
(507) 451-2023

E-dot Restaurant
Management Inc.
301 S Rum River
Drive Princeton,
Minnesota 55371
(763) 389-5478

~~Cassie-Baum~~[Baumcom LLC](#) 1258
Fromelt Loop NW Rice,
~~MN~~[Minnesota](#) 56367 (320) 393-2914

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[Nico John's FDD \(March 31, 2026\)](#)
W

Rochester, Minnesota 55901 (507) 281-9409

Panama Enterprises, Inc.
15085 Canada Avenue
Rosemount, Minnesota 55068 (651) 423-6005

JAT Restaurants LLC 155 County

JAT Restaurants LLC 155 County
Road 120
Sartell, Minnesota 56377 (320) 281-5588

TJ's of Savage Inc.; Cindy J Lund-Geer 4111 Egan
Drive Savage, Minnesota 55378 (952) 890-6100

~~Ed~~[Edwin L.](#) Bounds 1301 Heather
Street Shakopee, Minnesota 55379
(952) 496-2798

E-dot Restaurant Management Inc. 22945 Lake G
Blvd NW St Francis, Minnesota 55070 (763) 753-

JAT Restaurants LLC
211 County Road 75 W
St Joseph, Minnesota
56374 (320) 557-0557

Twin City TJ's Inc. ~~;-~~
~~Tamra Kennedy~~ 3340
Rice Street
St Paul, Minnesota 55126
(651) 483-5776

TRF Hospitality TN LLC
122 3rd Street W Thief
River Falls, Minnesota
56701 (218) 681-5987

JAT Restaurants LLC
29 Division Street
Waite Park, Minnesota 56387
(320) 251-4220

Twin City TJ's Inc. ~~;-~~
~~Tamra Kennedy~~ 4430
S Lake Street White
Bear Lake,
Minnesota 55110
(651) 653-5997

Beef
or
Bea
ns
Inc. ~~;-~~
130
3 S
1st
Stre
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[Taco John](#)

MISSOURI

CG Hospitality TN
LLC 111 N Kings
Highway
Cape Girardeau, Missouri
63701 (573) 651-3555

V&Y LLC 2300 Bernadette Drive Space 716
Columbia, Missouri 65203 (573) 499-9992

Independence Hospitality TN
LLC 4242 S Noland Road
Independence, Missouri 64055
(816) 381-7827

ESS Foods LLC
1215 Millcreek
Road
Lebanon, Missouri 65536 (417) 533-7000

~~Ole 2021~~, [Ole XII](#) LLC 1015 S Main Street
Maryville, Missouri 64468 (660) 582-8056

Brenda White; Donna White;
Larry A White; Larry G White
309 N 2nd
Street
Odessa,
Missouri
64076
(816) 633-8662

D&S
Bluff
LLC
2780
Tucker
Road
Poplar Bluff, Missouri 63901

(573) 727-8145
KTA Enterprises Inc.÷
~~Thomas (Sonny) Pratt~~
~~1409 E Malone Avenue~~
810 S. Main Street
Sikeston, Missouri
63801 (573)
~~471-3344~~270-8022

~~OLE 2021~~,Ole XII LLC
6110 Lake Avenue St
Joseph, Missouri 64504
(816) 364-2131

~~OLE 2021~~,Ole XII LLC
2205 N Belt Highway St
Joseph, Missouri 64506
(816) 238-5685

~~OLE 2021~~,Ole XII LLC
1315 S Belt Highway St
Joseph, Missouri 64507
(816) 364-3355

MONTANA

PenCore Holdings Inc.
1105 Grand Avenue
Billings, Montana 59101
(406) 252-3318

PenCore Holdings Inc.
402 Main Street Billings,
Montana 59101 (406)
248-8002

PenCore Holdings Inc.
2655 Central Avenue
Billings, Montana 59101
(406) 656-3688

PenCore Holdings Inc.
4780 King Street E
Billings, Montana 59102
(406) 655-9764

PenCore Holdings Inc.
1104 Shiloh Crossing
Billings, Montana 59102
(406) 534-6313
Taco John's FDD (March 31, 2026)

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[Taco John's FDD \(March 31, 2026\)](#)

Best Taco GF 10th, LLC 1301 10th Avenue S
Great Falls, Montana 59401 (406) 727-2222

Best Taco GF Northside, LLC.
1001 14th Street N
Great Falls, Montana
59401 (406) 727-2758

Ole Enterprises LLC
825 Northwest
Bypass
Great Falls, Montana
59404 (406) 453-4141

TORCO LLC 215 W 14th Street Hardin, Montana
59034 (406) 665-1370

~~Ole 2021~~, [Ole XII](#) LLC 505 1st Street W Havre,
Montana 59501 (406) 265-6100

~~Ole 2021~~, [Ole XII](#) LLC 2301 N Montana Avenue
Helena, Montana 59601 (406) 443-3710

~~Ole 2021~~, [Ole XII](#) LLC 150 N Main Street Kalispell,
Montana 59901 (406) 257-1721

Best Taco Investments LLC
1115 W Lewis Street
Livingston, Montana 59047
(406) 222-1911

Best Taco Investments LLC
911 S Haynes Street Miles
City, Montana 59301 (406)
234-2627

-Best Taco Missoula, LLC
2600 S Reserve Street
Missoula, Montana 59801
(406) 543-7275

TRT Inc.
724 S Central Avenue
Sidney, Montana 59270
(406) 433-2295

NEBRASKA

AL Hospitality TN LLC
824 E 3rd Street Alliance,
Nebraska 69301 (308)
762-6590

Bremer Restaurant Management, Inc.
1215 N 6th Street Beatrice, Nebraska
68310 (402) 228-1334

Bremer Restaurant Management Inc.
1314 Harlan Drive Bellevue,
Nebraska 68005 (402) 934-9655

Taco John's of Nebraska
Inc. 102 W 5th Street
Bridgeport, Nebraska 69336
(308) 641-7756

Taco Queen Inc.
930 G Street
Central City, Nebraska 68826
(308) 946-2801

CH
Hospit
ality
TN
LLC
1310
W
Highw
ay 20
Chadron, Nebraska 69337 (308)
432-4509

Bremer Restaurant Management Inc.
3310 Elk Lane Fremont, Nebraska
68025 (402) 620-4385

GRG Hospitality TN
LLC 3650 N 10th Street
Gering, Nebraska 69341
(308) 632-3100

Wiltgen Inc. II; Jim Wiltgen
1408 S Locust Street Grand
Island, Nebraska 68801 (308)
382-0380

Grand Island TJ's Inc.; Jim Wiltgen
2210 N Webb Road
Grand Island, Nebraska 68803
(308) 381-8267

LRH Inc.
729 S Burlington Street
Hastings, Nebraska
68901
(402) 462-4211

~~Wiltgen Inc.
419 E 25th Street
Kearney, Nebraska 68847
(308) 234-9515~~

TACOED Inc.
105 W
56th
Street
Kearney,
Nebraska
68847
(308) 224-2400

DeRock Inc.
501 N
Madison
Street
Lexington,
Nebraska
68850
(308) 324-6610

[Taco John's FDD \(March 31, 2026\)](#)

Echo Valley Enterprises Inc.
3301 N 27th Street
Lincoln, Nebraska 68521 (402) 466-8226

-Echo Valley Enterprises Inc.
5641 S 56th Street Lincoln,
Nebraska 68516 (402) 423-8230

Triple H Companies LLC
2301 N 84th Street
Lincoln, Nebraska 68507
(402) 325-0105

Echo Valley Enterprises Inc.
1126 South Street Lincoln,
Nebraska 68502 (402) 477-2943

MSB Enterprises LLC; Jerry Calvin; Robin
Calvin 710 West B Street McCook,
Nebraska 69001 (308) 345-1980

Top Tier LLC
2410 S 11th Street
Nebraska City, Nebraska 68410
(402) 873-7956

Murray 5G Inc.
801 S 13th Street
Norfolk, Nebraska 68701 (402) 316-7832

T-J Inc.
1216 E 4th Street North Platte, Nebraska
69101 (308) 534-2258

T-J Inc.
3211 Detco Circle North Platte, Nebraska
69101 (308) 534-0200

Epic Eats LLC 302 Oregon Trail Suite 100
Ogallala, Nebraska 69153 (308) 284-8226

Bremer Restaurant
Management Inc. 2901 N
108th Street Omaha,
Nebraska 68164 (402)
964-2111

Bremer Restaurant
Management Inc. 350 N
168th Street Omaha,
Nebraska 68118 (402)
330-5253

Bremer Restaurant
Management Inc. 5445 L
Street Omaha, Nebraska
68117 (402) 731-8250

Murray 5G Inc. 2701 Dakota
Avenue
S Sioux City, Nebraska 68776
(402) 494-4002

-Michalek York LLC
3609 S Lincoln Avenue
York, Nebraska 68467
(402) 362-4736

NEVADA

TJ's Mexican Food Inc.; Julie Ann Raum
770 S Wells Avenue Reno, Nevada
89502 (775) 786-8422

NORTH DAKOTA

DAC Foods Inc.
1911 N 13th Street
Bismarck, North Dakota 58501
(701) 223-7547

DAC Foods Inc.
320 S 3rd Street
Bismarck, North Dakota 58501
(701) 222-1878

DAC Foods Inc.
1518 Burnt Boat Drive
Bismarck, North Dakota 58503
(701) 258-1688

~~Ole 2021~~, Ole XII LLC 354 Highway 2
W Devils Lake, North Dakota 58301
(701) 662-2227

Preferred Restaurant Group Inc.
180 14th Street W Dickinson,
North Dakota 58601 (701)
483-0975

Love's Travel Stops & Country Stores Inc
7988 160th Avenue NE Drayton, North
Dakota 58225
(701) 454-0370

~~Ole 2021~~, Ole XII LLC 4522 26th
Avenue S Fargo, North Dakota 58104
(701) 343-9809

Ole XII LLC 2522 Gateway Drive Grand
Forks, North Dakota 58201 (701)
772-5712

PenCore Holdings Inc. 605 25th St. SW
Jamestown, North
Dakota 58401 (701)
252-2508

DAC
Food
s Inc.
814 E
Main
Street
Mandan, North
Dakota 58554 (701)
663-2828

Preferred Restaurant
Group Inc. 1725 S
Broadway Minot,
North Dakota 58702
(701) 838-3289

Parshall/Lucky
Mound Community
Development Board
& Corporation 305
2nd Avenue NE
Parshall, North
Dakota 58763
(701) 627-4444

Robert Bergan;
Joni Bergan 148
2nd Street NE
Valley City, North
Dakota 58072 (701)
845-5495

ECHOS
Management
Group 801
Dakota Avenue
Wahpeton,
North Dakota
58075 (701)
642-4680

Preferred Restaurant
Group Inc. 1215 2nd
Avenue W
[Taco John](#)
Williston, North
Dakota 58801 (701)
572-7980

(605) 734-4115

OHIO

Taco John's of Ohio Inc.
392 Richland Avenue
Athens, Ohio 45701
(740) 594-4766

IBEatS, LLC 86 Charles Street Deadwood,
South Dakota 57732 (605) 578-3975

Love's Travel Stops & Country Stores Inc.
972 State Road 97 Bellville, Ohio 44813
(419) 886-0209

-Love's Travel Stops & Country Stores
Inc. 25727 Durdoc Street Circleville,
Ohio 43113 (740) 474-4126

SOUTH DAKOTA

PenCore Holdings Inc.
2300 SE 6th Avenue
Aberdeen, South Dakota 57401
(605) 225-2533

Cowboytacos, LLC
1401 Mill Street
Belle Fourche, South Dakota 57717
(605) 892-6436

~~Ole 2021~~, [Ole XII](#) LLC 101 Split Rock
Blvd Brandon, South Dakota 57005 (605)
582-7287

Ole Enterprises, LLC
609 Medary Avenue
Brookings, South Dakota 57006
(605) 692-7524

KFP Enterprises Inc.
704 E 5th Street
Canton, South Dakota 57013
(605) 987-2410

~~Chamberlain-~~
~~Hospitality-~~
~~TN~~[ChambTJ](#) LLC
126 S Front Street
Chamberlain, South Dakota 57325

Traden Inc.
1145 Jensen Highway Hot Springs, South Dakota
57747 (605) 745-6880

PenCore Holdings
Inc. 410 Dakota
Avenue N
Huron, South Dakota 57350
(605) 352-4474

MB Hospitality TN LLC
219 W 4th Avenue
Milbank, South Dakota 57252
(605) 432-4906

GF Buche Company
Hwy 18 Mission,
South Dakota
(605)384-4333

Midwest Mexican Foods Inc.
701 N Sanborn Blvd
Mitchell, South Dakota
57301 (605) 996-4445

PenCore Holdings
Inc. 415 E Sioux
Avenue
Pierre, South Dakota 57501
(605) 224-2083

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[Taco John's FDD \(March 31, 2026\)](#)

e
N Sioux City,
South Dakota

Angela Charlson
Main Street Pine
Ridge, South
Dakota 57770
(605) 867-5333

Ole Enterprises LLC
1710 Cambell Street
Rapid City, South
Dakota 57701 (605)
343-6778

Ole Enterprises LLC
3812 Eglin Street Rapid
City, South Dakota
57703 (605) 791-2062

Ole Enterprises LLC
1828 Haines Avenue
Rapid City, South
Dakota 57701 (605)
343-3119

Ole Enterprises LLC
2810 W Main Street
Rapid City, South
Dakota 57701 (605)
343-7844

Midwest Mexican Foods Inc.
1700 E 10th Street Sioux Falls,
South Dakota 57103 (605)
339-9558

Midwest Mexican Foods Inc.
1920 W 12th Street Sioux Falls,
South Dakota 57103 (605)
338-8518

Midwest Mexican Foods Inc.
~~1420 W 41st Street Sioux~~
~~Falls~~ 106 Venture Place, Suite
100 Tea, South Dakota
~~57105~~ 57064 (605)
~~361-7970~~ 213-0122

Goten S&B Inc.
~~1224 E 57th Street~~
1224 E 57th Street
Sioux Falls, South
Dakota 57108 (605)

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Sioux Falls,
South Dakota
57104 (605)
338-7121

Goten S&B Inc.
5100 S Louise Avenue Sioux
Falls, South Dakota 57108 (605)
361-9920

Goten S&B Inc. 6729 W 41st
Street

Sioux Falls,
South Dakota
57106 (605)
362-1020

Mid
west
Mexi
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Food
s Inc.
1804
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Sioux Falls,
South Dakota
57103 (605)
271-1191

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[Taco John's FDD \(March 31, 2026\)](#)

Sisseton, South Dakota 57262
(605) 698-7310

Gar-Shar
Incorporated 504 W
Jackson Blvd
Spearfish, South Dakota 57783
(605) 642-4620

IBEatS, LLC 2314 S Junction Avenue Sturgis, South
Dakota 57785 (605) 347-3556

Hennessey Enterprises Inc.
825 E Cherry Street
Vermillion, South Dakota
57069 (605) 624-9431

PenCore Holdings
Inc. 24 9th Avenue
SE
Watertown, South Dakota 57201
(605) 886-3149

G.F. Buche Company
401 SD-46
Wagner, ~~SD~~[South Dakota](#)
57380 (605) 384-4010

G.F. Buche Company
1124 E. 5th St.
Winner, ~~SD~~[South Dakota](#)
57580 (605) 384-4333

~~Murray~~ 5G Inc.
1014 Broadway Street
Yankton, South Dakota 57078
(605) 665-4114

TENNESSEE

Elizabethton Hospitality TN LLC
601 Broad Street Elizabethton,
Tennessee 37643 (423) 543-4999

Morristown Hospitality TN LLC
2770 W Andrew Johnson Highway
Morristown, Tennessee 37814 (423)
587-2640

Love's Travel Stops & Country Stores Inc.
1003 Highway 76 White House, Tennessee
37188 (615) 672-6902

UTAH

Love's Travel Stops and Country Stores, Inc
915 S 1100 Avenue W Fillmore, ~~UT~~[Utah](#)
84631 (435) 334-7001

WASHINGTON

Love's Travel Stops and Country Stores,
Inc.
4315 Prichard Rd.
Moses Lake, ~~WA~~[Washinton](#)
98837 (509) 761-5421

Lee's of
Washington Inc.
E 1002 Wellesley
Spokane, Washington 99207 (509) 487-6093

WISCONSIN

Herman Basuki; Julie L
Basuki 2405 Highway 45
N Antigo, Wisconsin
54409 (715) 627-0500

James M Tysdal; Mary Tysdal

[;Emily Kelbert](#)

1416 N
Richmond Street
Appleton,
Wisconsin
54911 (920)
733-0544

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Bellevue, Wisconsin 54311 (920)
406-7630

BB Taco LLC 147 Liberty Avenue
Beloit, Wisconsin 53511 (608)
365-7055

Sparks

Tacos

BRF

LLC

400

Oasis

Road

Black River Falls,

Wisconsin 54615

(715) 284-3010

~~PZA Inc.~~

~~257 W Prairie View Road~~

~~Chippewa Falls, Wisconsin 54729~~

~~(715) 723-5011~~ [Taco John's FDD \(March 31, 2026\)](#)

PZA Inc.

Edgerton, Wisconsin 53534

Edgerton, Wisconsin 53534
(608) 884-0196

PenCore Holdings Inc. 634 W.
Johnson Street
Fond Du Lac, Wisconsin 54935 (920)
922-4400

-Wisconsin Tacos Inc. 710 11th
Street S Hudson, Wisconsin 54016
(715) 386-5522

Stoneridge Kaukauna LLC 300 E Ann
Street Kaukauna, Wisconsin 54130 (920)
766-6080

Ole 2021, LLC 6211 75th Street Kenosha, WI 53142
(262) 228-6205

~~Jeffrey D Fennie; Karla M Fennie~~[Taco
Jackson Street, Inc.](#) 1211 Jackson Street
La Crosse, Wisconsin 54601 (608) 782-1890

~~Jeffrey D Fennie; Karla M Fennie~~[Taco
Jackson Street, Inc.](#) 602 Monitor Street
La Crosse, Wisconsin 54603 (608) 782-1750

Wisconsin Tacos Inc.
813 N Central Avenue
Marshfield,
Wisconsin 54449
(715) 387-4884

Wisconsin Tacos Inc.
1526 Broadway Street N
Menomonie, Wisconsin
54751 (715) 235-4477

~~Ole 2021, LLC 2170 Miller Parkway-
Milwaukee, WI 53219 (262) 330-0450~~

Ole 2021, LLC 4650 S. 5th Street
(formerly Layton Ave.) Milwaukee,
~~WI~~[Wisconsin](#) 53221
(414) 285-5069

(715) 544-4402

-SAM Enterprises Inc.
2437 Tower Avenue
Superior, Wisconsin
54880 (715) 395-1725

PenCore Holdings Inc.
317 N Grand Avenue
Waukesha, Wisconsin
53186 (262) 524-9898

Wautoma Shell LLC
W7684 State Road 21 & 73
Wautoma, Wisconsin
54982 (920) 787-1050

Ole 2021, LLC 6749 W. Greenfield
Avenue West Allis, ~~WI~~[Wisconsin](#)
53214 (414)285-6204

Ole 202, LLC 1750 S. Main Street
West Bend, ~~WI~~[Wisconsin](#) 53095
(262) 276-0163

PenCore Holdings Inc.
610 E Grand Avenue
Wisconsin Rapids,
Wisconsin 54494 (715)
421-0602

Herman Basuki; Julie L Basuki
412 Genesee Street Wittenberg,
Wisconsin 54499 (715) 253-2340

WYOMING

Lodar Enterprises Inc. ~~;~~
~~Lori Stilwell; Daryl~~
~~Stilwell~~ 4031 E 2nd
Street Casper, Wyoming
82609 (307) 235-4016

Lodar
Enterpr
ises
Inc. ~~;~~
~~Lori~~
~~Stilwell~~
~~;~~ ~~Daryl~~
~~Stilwell~~
4035
Plaza
Drive
Casper, Wyoming 82604 (307)
262-0591

~~4 Cities, Inc.~~

~~2207 17th Street Cody, Wyoming 82414 (307)-
527-6424~~

Lodar Enterprises
Inc.; ~~Lori Stilwell;~~
~~Daryl Stilwell~~ 400

Teton Way
Douglas, Wyoming 82633 (307) 358-3744

The LLL
Company 407
Park Street
Thermopolis, Wyoming 82443 (307) 864-2262

~~Northwest Distributing Company 808 E 2nd
Street Gillette, Wyoming 82716 (307) 682-2224~~

Northwest Distributing Company
610 E Boxelder Road Gillette,
Wyoming 82718 (307) 685-6950

~~4 Cities, Inc.~~

~~870 Main Street Lander, Wyoming 82520 (307)-
332-0291~~

T-J Inc.
2114 Grand Avenue Laramie, Wyoming 82070 (307)
745-5085

Lodar Enterprises Inc.; ~~Lori Stilwell; Daryl Stilwell~~
3533 W Yellowstone Highway
Mills, Wyoming 82609 (307)
235-8102

~~-Gateway~~
Travel Center
LLC 5007
Highway 16
Newcastle, Wyoming 82701 (307)
746-2002

~~4 Cities, Inc.~~

~~525 E Coulter
Avenue Powell,
Wyoming
82435
(307) 754-9527~~

T-J Inc.
623 W Main
Street
Riverton,
Wyoming
[Page John's FDD \(March 31, 2026\)](#)
82501
(307) 856-9649

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~~TBD—Boston, MATacos of~~
~~Commonwealth, LLC (978) 291-5907~~[Phoenix, AZ JT Restaurant Group LLC \(785\) 656-0553](#)

~~TBD—FARGO~~

[Newington, CT Reliance Hospitality Group LLC \(860\) 778-6179](#)

[Fargo, ND Ole ~~2021~~,
\[XII LLC \\(605\\) 228-8468\]\(#\)](#)

~~033125, as amended 071725~~[La Porte, IN Shiv](#)
[Foods, Inc. \(331\) 315-3116](#)

~~21~~

[Casper, WY Lodar Enterprises, Inc. \(307\) 277-6509](#)

ATTACHMENT **ED**

LIST OF FORMER FRANCHISEES

033125, as amended 071725

LIST OF FRANCHISEES WHO HAVE CEASED

**DOING BUSINESS IN THE ONE YEAR
PERIOD ENDED DECEMBER 31, ~~2024~~2025**

Listed below are the names and last known city, state and telephone numbers of every franchisee who has had a Taco John's Restaurant terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

FRANCHISEE- NAME	CITY	STATE	LAST- KNOWN- PHONE	TRANSFER	NO. OF RESTAURANTS
~~CRDC 58th Ave LLC~~	~~Denver~~	~~CO~~	~~970-978-0351~~		~~1~~
~~Ohare QSR LLC~~	~~Chicago~~	~~IL~~	~~563-676-0993~~		~~1~~
~~We Love Tacos, LLC~~	~~Cadillae~~	~~MI~~	~~616-776-2604~~		~~1~~
~~We Love Tacos, LLC~~	~~Caledonia~~	~~MI~~	~~616-776-2602~~		~~1~~
~~We Love Tacos, LLC~~	~~Hudsonville~~	~~MI~~	~~616-776-2601~~		~~1~~
~~We Love Tacos, LLC~~	~~Monroe~~	~~MI~~	~~616-776-2603~~		~~1~~
~~We Love Tacos, LLC~~	~~Wyoming~~	~~MI~~	~~616-776-2600~~		~~1~~
~~Bierschenk, Inc.~~	~~Marshall~~	~~MN~~	~~507-530-2511~~		~~1~~
~~Bierschenk- Worthington, Inc.~~	~~Worthington~~	~~MN~~	~~507-530-2511~~		~~1~~
~~Big Sky Taco- Vendors, Inc.~~	~~Great Falls~~	~~MT~~	~~406-868-8255~~	~~X~~	~~2~~
~~Doering, Inc.~~	~~Missoula~~	~~MT~~	~~406-550-3680~~	~~X~~	~~1~~
~~We Love Tacos, LLC~~	~~Kettering~~	~~OH~~	~~616-776-2606~~		~~1~~
~~We Love Tacos, LLC~~	~~West Chester~~	~~OH~~	~~616-776-2605~~		~~1~~
~~Supreme Tacos, LLC~~	~~Clarksville~~	~~TN~~	~~207-705-2384~~		~~2~~
~~Bridge City Taco- LLC~~	~~Mobridge~~	~~SD~~	~~605-850-4118~~		~~1~~
~~Twin Lakes Food- Services, LLC~~	~~Dover~~	~~TN~~	~~931-249-3920~~		~~1~~

~~There was one franchisee who transferred one Restaurant to a third party, but the~~

FRANCHISEE NAME	CITY	STATE	LAST KNOWN PHONE	NO. OF RESTAURANTS	REASON
~~4 Cities Inc.~~	~~Fort Collins~~	~~CO~~	~~949-830-070 0~~	~~4~~	~~Transfer~~
~~4 Cities Inc.~~	~~Loveland~~	~~CO~~	~~949-830-070 0~~	~~1~~	~~Ceased Operations~~
~~iDAD-6, Inc.*~~	~~Wellington~~	~~CO~~	~~702-279-820 5~~	~~1~~	~~Ceased Operations~~
~~Taco John's of Iowa, Inc.*~~	~~Norwalk~~	~~IA~~	~~605-338-133 0~~	~~2~~	~~Ceased Operations~~
~~Galesburg Mexican Inc.*~~	~~Galesburg~~	~~IL~~	~~641-919-022 9~~	~~1~~	~~Ceased Operations~~
~~Western Kansas Mexican Foods Inc.~~	~~Colby~~	~~KS~~	~~785-460-822 6~~	~~1~~	~~Transfer~~
~~Losdias LLC~~	~~Hutchinson~~	~~KS~~	~~316-641-378~~	~~3~~	~~Termination~~

<u>Reliance Hospitality Group LLC*</u>	<u>Lawrence</u>	<u>MA</u>	<u>9</u> <u>860-778-617</u> <u>9</u>	<u>1</u>	<u>Ceased Operations</u>
<u>J-Ron Enterprises, Inc.*</u>	<u>Luverne</u>	<u>MN</u>	<u>320-235-502</u> <u>0</u>	<u>1</u>	<u>Transfer</u>
<u>Hee-Fat Investments LLC</u>	<u>Luverne</u>	<u>MN</u>	<u>507-227-679</u> <u>4</u>	<u>1</u>	<u>Ceased Operations</u>
<u>Lilleodden Enterprises LLC</u>	<u>New Ulm</u>	<u>MN</u>	<u>507-276-690</u> <u>5</u>	<u>1</u>	<u>Transfer</u>
<u>Stillwater Tacos Inc.*</u>	<u>Oak Park Heights</u>	<u>MN</u>	<u>612-804-920</u> <u>0</u>	<u>1</u>	<u>Ceased Operations</u>
<u>Wiltgen Inc.*</u>	<u>Kearney</u>	<u>NE</u>	<u>308-236-691</u> <u>6</u>	<u>1</u>	<u>Ceased Operations</u>
<u>Chamberlain Hospitality TN LLC*</u>	<u>Chamberlain</u>	<u>SD</u>	<u>615-663-728</u> <u>8</u>	<u>1</u>	<u>Transfer</u>
<u>PZA Inc.*</u>	<u>Chippewa Falls</u>	<u>WI</u>	<u>715-836-680</u> <u>0</u>	<u>1</u>	<u>Ceased Operations</u>
<u>4 Cities Inc.</u>	<u>Cody</u>	<u>WY</u>	<u>949-830-070</u> <u>0</u>	<u>4</u>	<u>Reacquired by Franchisor</u>
<u>Northwest Distributing Co. Inc.*</u>	<u>Gillette</u>	<u>WY</u>	<u>307-752-323</u> <u>1</u>	<u>1</u>	<u>Ceased Operations</u>

* Indicates franchisee or its owners ~~also own other Restaurants, and as a result, did not leave the system and are not listed in this chart.~~

~~There were two corporate entity franchisees who transferred a total of two Restaurants to a related entities under common ownership for their own business purposes and, as a result, the transferors did not leave the system and are not listed in this chart.~~

~~There were 10 franchisees who closed a total of 15 Restaurants, but the franchisee or its owners also continued to operate other Restaurants they owned, and as a result did not leave the system.~~

033125, as amended 071725

~~In addition, there were three franchisees owning three restaurants who transferred an equity interest in a franchisee entity in 2024. However, the transferor franchisees remain in the system and are not listed in this chart.~~

~~Because none of these franchisees left the system, they are not included in the list above, although the changes in these outlets are shown in Item 20 of the Disclosure Document. As a result, there are 10 franchisees, owning 18 Restaurants who left the system and are shown in this chart.~~remain in the franchise system

|

ATTACHMENT ~~F~~E

FINANCIAL STATEMENTS

4922-0708-5853 (Taco Johns -3)

-

033125, as amended 071725

TACO JOHN'S INTERNATIONAL,
INC.

FINANCIAL ~~REPORT~~SPORT

DECEMBER 31, 2025, 2024, ~~2023~~ AND
~~2022~~2023

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Statements of Retained Earnings

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~~9-21~~

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MNP



MAP Assurance Services, LLP

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors Taco
John's International, ~~Inc.~~nc.
Cheyenne, Wyoming

Opinion

We have audited the financial statements ~~of Taco~~of Taco John's ~~International~~International, Inc. (the Company), which ~~comprise~~comprim the Balance Sheets as of December 31, 2025, 2024, and 2023 ~~and 2022~~; the related Statements of Income, Retained Earnings, and Cash Flows for the years then ended; and the related notes to the financial statements.

~~In~~In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025, 2024, ~~2023~~ and ~~2022~~2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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~~presentadon 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~~w events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free **from material misstatement, whether due to fraud or error, and to issue an auditor's report** that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to ~~fraud~~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~~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~~Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control-related matters that we identified during the audit.

Other Information Included in the Franchise Disclosure Document

Management is responsible for the other information included in the Franchise Disclosure Document. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

~~In~~In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Cheyenne, Wyoming March ~~27~~25, ~~2025~~2026

~~2~~

TACO JOHN'S INTERNATIONAL, INC.

BALANCE SHEETS December 31, 2025, 2024, ~~2023~~ and ~~2022~~2023

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3

ASSETS	<u>2025</u>	~~2022~~
Current Assets	2024	(Consolidated)

2

(Consolidated)

Cash	\$ ~~4,498,391~~ 4,28,078	S	<u>4,498,391</u>	<u>\$ 6,532,231</u>	<u>\$ 6,810,546</u>
Restricted cash, ~~advertising~~ advertising funds	~~616,024~~ 903,704		<u>616,024</u>	873,864	<u>1,687,082</u>
Receivables:					
Trade ~~Tra~~ &, less ~~allowance~~ allowance for credit bsses 2025 \$58,000; 2024 ~~\$40,000~~ ; 2023 ~~\$28,000~~ ; 2022 ~~\$22,000~~ \$40,000; 2023 \$28,000	~~1,764,681~~ 1,956,466		<u>1,764,681</u>	1,880,724	<u>1,876,176</u>
Notes, current portion, less allowance for ~~credit~~ credit bsses ~~2024~~ 2025					
~~\$10,000~~ \$53,000; 2024 ~~510,000~~ ; 2023 \$20,000; ~~2022 \$19,000~~ (Note 2)		<u>109,673</u>		126,604	<u>26,675</u>
Inventories	<u>102,919</u>		<u>79,365</u>	~~79,365~~	<u>86,607</u>
Prepaid expenses and other current assets		<u>337,600</u>		204,367	<u>160,440</u>
Advertising fund restricted assets, less ~~allowance~~ allowance for credit bsses <u>2025 \$36,000</u> ; 2024 \$10,000; 2023 \$11,000; ~~2022 \$6,000~~		<u>1,851,557</u>		1,735,921	<u>2,053,209</u>
Kitchen deposits held for franchisees, current portion		<u>956,351</u>		762,000	<u>1,140,000</u>
~~Assets held for sale (Note 4)~~		<u>321,058</u>		<u>321,058</u>	<u>224,012</u>
Total ~~current assets~~ current assets	~~10,108,411~~ 10,446,008		<u>9,787,353</u>	<u>11,995,623</u>	<u>14,064,747</u>
Kitchen Deposits ~~Held~~ Held for Franchisees, less current ~~portion~~ portion				767,685	<u>1,699,397</u>
Notes Receivable, less current portion and allowance for credit losses <u>2025 \$62,000</u> ; 2024 50; 2023 \$4,000; ~~2022 \$5,000~~ (Note 2)		<u>301,444</u>		196,251	<u>72,618</u>

Property and Equipment

Company-owned restaurants (Note 64):

Land	<u>2,187,603</u>	2,187,603	2,187,603	<u>2,187,603</u>
~~Buiklings~~ Buiklings and Leasehold improvements	<u>7,425,397</u>	7,419,287	7,419,287	<u>7,252,739</u>
Furniture and equipment	<u>3,046,831</u>	2,990,673	2,948,710	<u>2,898,126</u>
Construction in progress		<u>38,268</u>		
Administrative ~~offices~~ offices:				
~~Buikling~~ Buikling and improvements	<u>1,578,848</u>	1,578,848	~~1,563,864~~ 1,563,864	<u>1,532,503</u>
Furniture and equipment	<u>1,527,889</u>	1,527,889	1,496,035	<u>1,253,976</u>
Construction in progress	<u>11,844</u>		16,560	<u>78,305</u>
	<u>15,816,680</u>	15,704,300	15,632,059	<u>15,203,252</u>
Less accumulated ~~depreciation~~ depreciation	<u>6,274,227</u>	~~5,286,515~~ 5,286,315	4,265,032	<u>3,276,627</u>
	<u>9,542,453</u>	10,417,985	11,367,027	<u>11,926,625</u>
Land ~~Held~~ Held for Investment		<u>321,058</u>	<u>321,058</u>	<u>321,058</u>
Operating Lease Right-of-Use Assets (Note <u>S3</u>)	<u>6,905,172</u>	5,970,344	6,387,265	<u>6,780,592</u>
Finance Lease Right-of-Use Assets (Note <u>S3</u>)	<u>9,952</u>	26,988	51,453	<u>108,394</u>
Total assets	<u>\$ 27,526,087</u>	<u>\$ 27,291,413</u>	<u>\$ 31,527,541</u>	<u>\$ 31,527,541</u>

Property Held for Investment Total assets

321,058\$ 27,291,413 \$ 31,527,541 \$ 34,973,431

Continued

TACO JOHN'S INTERNATIONAL, INC.

BALANCE SHEETS, 'o ~~At~~ed December 31, 2025, 2024, ~~2023~~ and ~~2022~~2023—2022
2024 (Consolidated) (Consolidated)

2023
(Conso5dated)

2025 2024

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities				
Accounts payable and accrued expenses (Note <u>7</u> ~~6~~)	\$ <u>2,067,883</u>	\$ 2,581,803	\$ 1,761,291	\$ <u>2,883,209</u>
Due to ~~affiliate~~ afFâiate (Note <u>3</u> ~~S~~)	<u>484,420</u>	668,206	703,961	<u>619,411</u>
Deferred revenue	<u>82,835</u>	201,824	270,685	<u>594,496</u>
Franchise ~~deposits~~ deposds	<u>315,000</u>	290,000	615,000	<u>825,000</u>
Unearned gift card revenue	<u>1,072,413</u>	1,026,895	1,049,937	<u>1,064,000</u>
Advertising fund restricted ~~liabilities~~ liabilitiſs	<u>2,777,832</u>	2,376,604	2,699,838	<u>3,679,903</u>
Current ~~maMitie~~ maturiies of note payable (Note <u>6</u> ~~4~~)	<u>160,757</u>	155,958		
Current ~~maturifies~~ maturhies of operating lease ~~liab~~ <u>liabiJité</u> s (Note <u>5</u> ~~3~~)	<u>616,773</u>	453,366	421,743	
Current ~~maMitie~~ maturhies of ~~finance~~ finance lease ~~liabilities~~ liabâhés (Note <u>5</u> ~~3~~)	<u>6,972</u>	17,547	24,611	<u>47,582</u>
Total ~~current~~curre nt liabilities	<u>7,584,885</u>	7,772,203	7,547,066	<u>9,713,601</u>
Note ~~payable~~ Payable, less current ~~maMitie~~ maturrés, net of unamortized debt issuance costs <u>2024</u> 2025 \$ <u>37,741</u> ; ~~2023~~ 545,549 <u>29,932</u> ; <u>2024</u> 537,741; ~~2022~~ 2023 \$ <u>53,358</u> 45,549 (Note <u>6</u> ~~4~~)	<u>2,940,677</u>	3,093,717	2,009,110	<u>1,301</u>
Operating Lease ~~Liabilités~~ Liabâiies, less current ~~maturdies~~ maturhies (Note <u>5</u> ~~3~~)	<u>7,555,510</u>	6,803,398	7,256,764	<u>7,061,207</u>
~~Finance~~ Finance Lease ~~Liabilities~~ , less ewrent ~~maturitks~~ Liabilités, lss current maMitſs (Note <u>5</u> ~~3~~)	<u>3,565</u>	10,537	28,084	<u>52,695</u>
Total liabilities	<u>18,084,637</u>	17,679,855	16,841,024	<u>16,828,804</u>

Commitments and Contingencies (Notes 7, 8,~~9~~ and 10~~9~~)

Stockholders'!

EquâyEquity Capital stock: Common, ~~Class~~Crass A, voting - \$0.01 par value; 1,000,000 shares

authorized; 2,000 shares issued and outstanding	20	<u>20</u>	20	<u>20</u>
~~Additional~~ Additional paid-in ~~capital~~ capdal	550,670	<u>550,670</u>	550,670	<u>550,670</u>
~~Retahed ea~~ gsRetained earnings	<u>8,890,760</u>	9,060,868	14,135,827	<u>17,593,937</u>
Total ~~stockbolde~~rs' equity <u>stockholders' equify</u>	<u>9,441,450</u>	9,611,558	14,686,517	<u>18,144,627</u>
Total liabilities ~~and~~ and stockholders' ~~equity~~ equity	\$ <u>27,291,413</u> <u>7,526,087</u>	S <u>27,291,413</u>	\$ <u>31,527,541</u>	\$ <u>34,973,431</u>

See Notes to ~~Financial~~Financial Statements.

TACO JOHN'S INTERNATIONAL, INC.

STATEMENTS OF INCOME Years Ended December 31, 2025, 2024, ~~2023~~ and ~~2022~~2023

~~Revenues Franchise revenues: Franchise roydy fees, net of incentives 2024~~

~~2023~~ — ~~2022~~

2025 2024
(Consolidated) (Consolidated)

Revenues

Franchise revenues:

Franchise royalty fees, net of incentives 2025

~~\$238,716; 2024 \$734,748; 2023 \$655,857; 2022-~~ ~~\$434,246~~ (Note ~~3~~ <u>5</u>)	<u>\$ 18,834,383</u>	\$ 19,489,415	\$ 20,304,653	~~\$ 20,304,653~~
Advertising and marketing fees (Note ~~3~~ <u>5</u>)	<u>4,133,897</u>	4,853,648	5,126,186	~~5,126,186~~
Forfeitures and liquidating damages	<u>559,631</u>	305,703	147,314	~~147,314~~
Sale of franchise rights, development agreements, and supplies	<u>243,500</u>	443,750	420,000	~~420,000~~
Foodservice distribution fees	<u>457,492</u>	486,305	872,678	~~872,678~~
Total franchise revenues	<u>24,228,903</u>	25,578,821	26,870,831	~~26,870,831~~
Sales by Company-owned restaurants	<u>9,062,634</u>	9,200,999	9,659,004	~~9,659,004~~
Marketing allowances	<u>1,101,220</u>	1,184,397	1,215,447	~~1,215,447~~
Gift card breakage	<u>114,453</u>	130,658	132,025	~~132,025~~
Other (Note ~~3~~ <u>S</u>)	<u>281,573</u>	275,403	~~274,992~~ <u>274,992</u>	~~274,992~~
Total revenues	<u>34,788,783</u>	36,370,278	38,152,299	~~38,152,299~~

Costs and Expenses

Franchise expenses:

Affiliate royalty fees (Note ~~3~~ <u>S</u>)	<u>2,929,110</u>	4,142,446	4,286,390	~~4,286,390~~
Sale of franchise rights, development agreements, and supplies (Note ~~3~~ <u>S</u>)	<u>8,000</u>	20,000	56,000	~~56,000~~
Total franchise expenses	<u>2,937,110</u>	4,162,446	4,342,390	~~4,342,390~~
Company-owned restaurants cost of sales	<u>2,711,617</u>	2,876,172	3,157,189	~~3,157,189~~
Company-owned restaurants operating expenses	<u>5,633,300</u>	5,472,915	5,891,922	~~5,891,922~~
Advertising funds expense (Note ~~9~~ <u>8</u>)	<u>5,916,825</u>	6,646,911	6,947,091	~~6,947,091~~
General and administrative expenses (Notes ~~5~~ <u>3</u> , ~~7~~ <u>6</u> and ~~8~~ <u>7</u>)	<u>17,682,977</u>	22,104,605	18,959,419	~~18,959,419~~
Total costs and expenses	<u>34,881,829</u>	~~41,663,049~~ <u>41,263,049</u>	~~39,298,011~~ <u>39,298,011</u>	~~39,298,011~~
Gain on Disposal of Property and Equipment (Note ~~4~~)	<u>=</u>	<u>=</u>	54,391	~~54,391~~
Operating ~~(loss)~~ income	<u>(93,046)</u>	(4,892,771)	~~(1,09~~	~~35,000)~~

				~~1,321~~ (1,091,321)	
Financial <u>Income</u> (Expense)					
~~Income~~ Interest income (Note 2)		<u>47,237</u>	97,477	47,940	
Interest (expense) (Notes ~~53~~ and ~~64~~)		<u>(124,299)</u>	(98,999)	(51,566)	
Net (~~loss~~ <u>loss</u>)- ~~income~~	\$	<u>(170,108)</u>	\$ (4,894,293)	\$ (1,094,947)	\$
See Notes to Financial Statements.					

[See Notes to Financial Statements.](#)

[TACO JOHN'S INTERNATIONAL, INC.](#)

[STATEMENTS OF RETAINED EARNINGS Years Ended December 31, 2025, 2024 and 2023](#)

~~TACO JOHN'S INTERNATIONAL, INC.~~	
~~STATEMENTS OF RETAINED EARNINGS Years Ended December 31, 2024, 2023 and 2022~~	
Balance, December 31, ~~2024~~ 2022	\$ ~~18,083,022~~ 17,593,937
~~Net income~~	
~~Dividends~~	~~(2,625,589)~~
~~Balance, December 31, 2022~~	

Net (loss)	(1,094,947)
Dividends	~~(2,363,163)~~ (2,363,163)
Balance, December 31, 2023	14,135,827
Net (loss)	(4,894,293)
Dividends	(180,666)
Balance, December 31, 2024	\$ 9,060,868
Net (loss)	(170,108)
Dividends	
Balance, December 31, 2025	\$ 8,890,760
See Notes to Financial Statements.	

TACO JOHN'S INTERNATIONAL, INC.				
STATEMENTS OF CASH FLOWS				
Years Ended December 31, <u>2025</u> , 2024, <u>and</u> 2023- ~~and 2022~~				
			2 0 2 3	~~20 22~~
	<u>2025</u>	2024	(Consolidated)	
Cash Flows From Operating Activities				
Net (loss) ~~income~~	\$ (170,108)	\$ (4,894,293)	\$ (1,094,947)	\$ ~~2,136,504~~
Adjustments to reconcile net (loss) ~~income~~ to net cash <u>provided</u>				
by (used in) operating activities:				
Provision for (recovery of) credit losses	149,000	(3,000)		11,000
Impairment loss on kitchen deposits held for franchisee	476,500			
~~(used in) operating activities:~~ Depreciation and amortization	1,004,948	1,045,74	1,038,529	627,60

		8		6
(Gain) on disposal of property and equipment		-		(54,391)
Gift card breakage		(114,453)	(1 30,658)	(1 32,025)
Noncash operating lease expense	452,565	416,921	393,327	308,796
Amortization of debt issuance costs	7,809	7,808	7,809	1,301
(Recovery of) provision for credit losses		(3,000)	11,000	(98,000)
(Gain) on disposal of property and equipment			(27,094)	(876,365)
(Gain) on disposal of finance lease assets		-	(27,297)	(136,370)
Gift card breakage		(130,658)	(132,025)	(127,173)
Changes in assets and liabilities:				
(Increase) decrease in:				
Decrease (increase) in: Trade receivables	(209,785)	62,340	(228,564)	(69,449)
Inventories	(23,554)	1,036	6,206	(22,555)
Prepaid expenses and other current assets	(132,893)	19,473	(63,400)	222,970
Advertising fund restricted assets	(141,636)	60,675	252,613	(225,951)
Kitchen deposits held for franchisees	96,834	170,237	1,139,475	(2,839,397)
(Decrease) increase in:				
Increase (decrease) in: Accounts payable and accrued expenses	(513,920)	820,512	(1,152,988)	(567,491)
Due to affiliate	(183,786)	(35,755)	84,550	(53,716)
Deferred revenue	(118,989)	(68,861)	(323,811)	319,951
Franchise deposits	25,000	(325,000)	(210,000)	(135,000)
Unearned gift card revenue	159,971	107,616	117,962	155,173
Advertising fund restricted liabilities	401,228	(323,234)	(980,065)	(951,872)
Operating lease liabilities	(471,874)	(421,743)	617,300	(28,181)
Net cash provided by (used in) operating activities	692,857	(3,490,178)	(571,420)	(2,359,219)
Cash Flows From Investing Activities				
Advance on notes receivable	(591,750)	243,259	110,649	3,153,214
Payments on notes receivable	202,237			
Purchase of property and equipment	(112,380)	(72,241)	(402,648)	(5,172,868)
Proceeds from sale of property and equipment		-	129,052	2,162,497
Proceeds from sale of finance lease assets		-	27,579	142,121
Net cash provided by (used in) investing activities		171,018	(135,368)	284,964
Net cash provided by (used in) investing activities		(501,893)	171,018	(35,368)
Subtotal (forward)	190,964	(3,319,160)	(706,788)	(2,074,255)

Continued

ContinueJ

TACO JOHN'S INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS, ~~Consolidated~~ Years Ended December 31, 2025, 2024, ~~2023~~ and ~~2022~~2023

2023 ~~2022~~

2025 2024 ~~(Consolidated)~~
(Consolidated)

Subtotal (forwarded) \$190,964 \$ (3,319,160) \$
(706,788) ~~\$ (2,074,255)~~

Cash Flows From Financing Activities

Proceeds from note payable	=	<u>1,321,341</u> <u>1,321,341</u>	2,000,000	
Principal payments on note payable	<u>(156,050)</u>	(88,584)	-	-
Principal payments on finance lease liabilities	<u>(17,547)</u>	~~(24,611)~~ <u>(24,611)</u>	(21,582)	~~(83,068)~~
Cash dividends paid	=	~~(180,666)~~ <u>(180,666)</u>	(2,363,163)	~~(2,625,589)~~
<u>Net cash (used in) provided by financing activities</u>	<u>(173,597)</u>	1,027,480	(384,745)	~~(2,708,657)~~
~~(Decrease)~~ <u>Increase (decrease) in</u> cash and restricted cash	<u>17,367</u>	~~(2,291,680)~~ <u>(2,291,680)</u>	(1,091,533)	~~(4,782,912)~~

Cash and Restricted Cash

Beginning 5,114,415 7,406,095 8,497,628

Ending \$ 5,131,782 ~~13,280,540~~
\$ 5,114,415 \$ 5,114,415

Supplemental Disclosures of Cash Flows Information

Cash payments for interest	\$ <u>124,299</u>	\$ 98,999	\$ 51,566	~~\$ 10,024~~
Cash payments for state taxes	<u>5,550</u>	2,464	2,370	~~7,295~~

Supplemental Schedule of Noncash Operating Activities

Initial recognition of operating lease asset and liability \$

1,387,393

\$ Supplemental

<u>Financing Activities</u>			
<u>Trade receivable reclassified as note receivable</u>	\$ -	\$ 41,703	\$ 218,016
<u>Sale of capital asset financed by note receivable</u>	=		<u>107,500</u>
<u>Capital asset additions financed by accounts payable</u>			<u>31,070</u>
<u>Residual value of finance lease assets upon disposal</u>			<u>(26,000)</u>

<u>Financing Activities</u>			
<u>Trade receivable reclassified as note receivable</u>	\$ 41,703	\$ 218,016	\$
<u>Sale of capital asset financed by note receivable</u>	-	107,500	
<u>Capital asset additions financed by accounts payable</u>		31,070	360,099
<u>Initial recognition of finance lease asset and liability</u>			86,664
<u>Residual value of finance lease assets upon disposal</u>	-	(26,000)	(81,055)

				→
Property held for investment reclassified as property				
held for sale	-	321,058		99,013

See Notes to Financial Statements.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: Taco John's International, Inc. (the Company) principally franchises and operates Taco John's Mexican food restaurants throughout the United States.

Principles of consolidation: The Company considers for consolidation entities in which a controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity (VIE), is required to be consolidated by its primary beneficiary. The primary beneficiary is the entity that possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it.

The Company possessed a variable interest in Taco John's Advertising Production Fund Corporation (the Fund). The Fund was established as a requirement of the Company's franchise agreements. The ~~purpose~~purpom of the Fund was to develop advertising materials and disburse advertising funds for the benefit of the Company's franchisees. The Fund ceased operations during the year ended December 31, 2023 and was legally dissolved.

A summary of the Company's significant accounting policies follows:

Cash: The Company maintains its cash in bank deposit accounts that, at times, may exceed Federally insured limits. The Company has not experienced any losses on such accounts and believes that it is not exposed to any significant credit risk on cash accounts.

Restricted cash: Restricted cash includes cash collected by the advertising funds, usage of which is restricted for advertising activities.

Trade accounts and notes receivable: Trade accounts and notes receivable are primarily generated from ongoing business relationships with the Company's franchisees as a result of the franchise agreements. Trade receivables bear interest of up to 1.5% per month. Notes receivable are carried at amortized cost and bear interest as stated in Note 2.

Receivables are stated net of an allowance for credit losses. Credit loss estimates include the consideration of the likelihood of default expected over the estimated life of the receivable. Management periodically assesses the need for an allowance for credit losses based upon several key credit quality indicators, such as outstanding past-due balances, the financial strength of the obligor, the estimated fair value of any underlying collateral, and agreement characteristics.

The Company believes that its vulnerability to risk concentrations in its receivables is mitigated by its favorable historical collectability on past-due balances and expectations for fluctuations in general ~~market~~marka conditions. Receivables are written off when there is a mutually agreed-upon settlement of debt, a discharge due to bankruptcy, or a terminated franchise agreement and it is not cost-beneficial to pursue further collection. Recoveries of receivables previously written off are recorded when received.

The trade accounts receivable and allowance for credit losses balances were \$~~1,828,727~~1,898,176 and (\$~~37,000~~22,010), respectively, as of January 1, ~~2022~~2023.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies, Continued

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value and consist primarily of restaurant food items and paper supplies.

~~TACO JOHN'S INTERNATIONAL, INC.~~

~~NOTES TO FINANCIAL STATEMENTS~~

~~Note 1. Nature of Business and Summary of Significant Accounting Policies, Continued~~

Advertising fund restricted assets and liabilities: Under the Company's franchise **agreements**, franchisees contribute 4% of revenues to the advertising fund. On behalf of franchisees, the Company collects, holds, and distributes the advertising funds. Contributions from franchisees are recorded as advertising and marketing fees (1.15%) in the Statements of Income if the Company is acting as principal to the transactions. The remaining 2.85% of funds collected are not considered revenues or expenses of the Company, as the Company is acting as an agent. Advertising funds are used to build the Company's brand equity and awareness primarily through a national marketing strategy, including national television advertising, digital media, social media programs, email, loyalty, and public relations initiatives.

Restricted assets and liabilities of the advertising fund as of December 31 are as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>Trade receivables, net</u>	<u>\$ 1,516,335</u>	<u>\$ 1,462,373</u>	<u>\$ 1,572,612</u>
<u>Prepaid expenses</u>	<u>286,631</u>	<u>273,548</u>	<u>222,984</u>
<u>Note receivable (Note 2)</u>	<u>48,591</u>	<u>=</u>	<u>=</u>

Advertising fund restricted assets \$ 1,851,557 \$ 1,735,921 \$ 1,795,596

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Trade receivables, net</u>	<u>\$ 1,462,373</u>	<u>\$ 1,572,612</u>	<u>\$ 1,551,074</u>
<u>Prepaid expenses</u>	<u>273,548</u>	<u>222,984</u>	<u>502,135</u>
<u>Advertising fund restricted assets</u>	<u>\$ 1,735,921</u>	<u>\$ 1,795,596</u>	<u>\$ 2,053,209</u>
<u>Accounts payable and accrued expenses</u>	<u>\$ 359,787</u>	<u>\$ 226,895</u>	<u>\$ 304</u>
<u>Deferred revenue</u>	<u>1,106,703</u>	<u>840,255</u>	<u>999</u>

			887	2 5 5, 6 4 3
Assets held for others	<u>1,311,342</u>	1,309,454	~~1,395,685~~ <u>1,395,685</u>	2, 1 3 5, 9 3 0

Advertising funds restricted liabilities \$ 2,777,832 ~~\$ 2,376,604~~ ~~\$ 2,699,838~~ ~~\$ 3,679,903~~ \$ 2,699,838

Kitchen deposits held for franchisees: To address supply chain backlog concerns during the year ended December 31, 2022, the Company paid a vendor for kitchen equipment on behalf of new franchisees during the year ended December 31, 2022. These deposits act as collateral until the new franchisees pay the vendor for, and take ownership of, the equipment. At that time, the deposits are eligible to be refunded to the Company. ~~The Company believes that all deposits are fully refundable~~

Given the age of the equipment, in January 2026, the Company engaged a third-party vendor to assist in the liquidation of the equipment. The fair value of the equipment was determined using a cost approach (Level 2 inputs for comparable transactions), specifically a 30% discount for risk of obsolescence less cost to sell. Based on the current recovery estimate, the Company recognized an impairment loss of \$476,5tXl during the year ended December 31, 2025, to adjust the carrying value of the deposits to their estimated realizable value, which is included in general and administrative expenses.

~~**Assets held for sale:** Noncurrent assets are classified as held for sale if it is highly probable that they will be recovered primarily through a sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount or fair value less costs to sell. Any impairment loss on a disposal group is allocated to assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on the initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in operating income. Once classified as held for sale, property and equipment are no longer depreciated.~~TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies, Continued

Debt issuance costs: Debt issuance costs are presented as a direct deduction from the carrying amount of the associated debt liability. Debt issuance costs are amortized over the term of the loan using the straight-line method. Accounting principles generally accepted in the United States of America (U.S. GAAP) require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different ~~from~~fom the results that would have been obtained under the effective yield method. Amortization expense was \$7,809, \$7,808, and \$7,809-~~and \$1,301~~ for the years ended December 31, 2025, 2024, and 2023~~and 2022~~, respectively, and is included in interest (expense) in the Statements of ~~Income~~.

~~TACO JOHN'S INTERNATIONAL, INC.~~

NOTES TO FINANCIAL STATEMENTS

~~Note 1~~Income. ~~Nature of Business and Summary of Significant Accounting Policies, Continued~~

Property and equipment: Property and equipment are stated at cost. Assets with a cost of \$5,000 or more and a useful life of more than one year are capitalized and depreciated over their useful lives using the straight-line method. Leasehold improvements are amortized over the shorter of the lease term or the useful life of the assets. The estimated useful lives are as follows:

Buildings and leasehold improvements	5-30 years	3-10 years	2-3 years
Furniture and equipment Vehicles			

Maintenance and repairs of property and equipment are charged to operations, and major improvements are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the results from operations in the period of disposal.

Leases: The Company determines if a contract contains a lease at inception. Generally, the lease term is the minimum of the noncancelable period of the lease, inclusive of renewal periods the Company is reasonably certain to exercise. The Company recognizes a right-of-use (ROU) asset and a lease liability for each lease with a contractual term greater than 12 months at the time of the lease inception. The Company does not record leases with an initial term of 12 months or less on the Balance Sheet but continues to record rent expense on a straight-line basis over the lease term.

Lease assets and liabilities are recognized at the lease commencement date, which is the date the Company controls the use of the property. Lease liabilities represent the present value of lease payments not yet paid. The Company did not make the policy election to combine lease and non-lease components. As such, common area maintenance payments are not part of future lease payments. The Company uses its incremental borrowing rate ~~as disclosed in Note 6~~ as the discount rate for its leases.

ROU assets represent the Company's right to use an underlying asset and are based upon the lease

liabilities adjusted for prepayments, initial direct costs, lease incentives, and the impairment of ROU assets, as applicable. Additionally, tenant incentives used to fund leasehold improvements are generally recognized when earned and reduce the Company's ROU asset related to the lease. These are amortized through the operating lease asset as reductions of expense over the lease term.

The Company's real estate operating leases typically include fixed rent escalations over the term of the lease. Operating lease expense is recognized on a straight-line basis over the lease term and is included in general and administrative expenses.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies, Continued

The Company (a) does not have lease agreements that contain any material residual value guarantees or material restrictive covenants, (b) has not entered into any leases with related parties, (c) does not have any leases in which it acts as the lessor, and (d) is not party to any subleasing arrangements.

~~TACO JOHN'S INTERNATIONAL, INC.~~

~~NOTES TO FINANCIAL STATEMENTS~~

~~Note 1. Nature of Business and Summary of Significant Accounting Policies, Continued~~

Impairment of long-lived assets: Management reviews long-lived assets used in operations for impairment whenever events and circumstances indicate that the carrying amount of an asset may not be recoverable. Any impairment loss will be measured by the difference between the fair value of an asset ~~and~~ and its carrying amount and will be recognized in the period the recognition criteria are first applied and met. Management determined that no impairment of long-lived assets existed as of December 31, 2025, 2024, or 2023 ~~or 2022~~, other than that previously disclosed for kitchen deposits held for franchisees in 2025.

Deferred revenue: ~~Deferred revenue~~ represents funds collected from franchisees that have yet to be expensed on dead inventory resolution and other supply chain issues. As the Company acts as a principal to these transactions, amounts received are deferred until the related expenses have been incurred. There deferred revenue balance was ~~\$274,545~~ \$594,496 as of January 1, ~~2022~~ 2023.

Franchise deposits: The Company enters into area development agreements (ADA) with certain franchisees. The ADA generally provides the franchisee with the right to develop a specified number of new restaurants within a stated, non-exclusive territory for a specified period, subject to the franchisee meeting interim new restaurant development requirements. The ADA fee is \$5,000 per restaurant, which is recorded as a deposit. The ADA is applied to the initial franchise fee at the time the restaurant is opened or is recognized as forfeitures and liquidating damages if the ADA is subsequently terminated.

Unearned gift card revenue: The Company records a liability in the period a gift card is sold. As gift cards are redeemed or incur breakage, as discussed below, the Company reduces the liability. Unearned gift card revenue was ~~\$1,036,000~~ 1,064,000 as of January 1, ~~2022~~ 2023.

Revenue recognition: The Company recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue From Contracts With Customers*, which provides a five-step model for recognizing revenue from contracts with customers, as follows:

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2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when or as performance obligations are satisfied

The Company's revenues consist primarily of franchise revenues, sales by Company-owned restaurants, marketing allowances, and gift card breakage. The Company's products and services are marketed and ~~sold~~old primarily to customers in the United States. Results of operations are substantially affected by economic conditions, which can vary significantly by market and are impacted by consumers' disposable income levels and spending habits.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies, ~~Continued~~Continueit

*Franchise revenues.*² The Company's franchise agreement provides a franchisee the right to construct, own and operate a restaurant upon a site accepted by the Company and to use the Company's system in connection with the operation of the restaurant at that site. The franchise agreement generally provides for a term of 10 to 20 years and up to three 10-year renewals subject to certain conditions. The Company's franchise agreement includes (a) pre-opening services, such as training; (b) the right to use the Company's symbolic intellectual property over the term of each franchise agreement; and (c) ongoing services, such as the management of the advertising and marketing fund contributions, the development of training materials and menu items, and restaurant monitoring.

The franchise agreement provides for various fees, including, but not limited to, the following:

- (a) Initial franchise fees ranging from \$10,000 to \$25,000 (through 2024) or \$15,000 to \$40,000 (effective 2025), including pre-opening services and the sale of franchise equipment, supplies, and rights, are recognized when the requirements of the franchise agreement have been substantially fulfilled, usually upon opening. These promises are accounted for as a single performance obligation. Additionally, the Company has elected the practical expedient to account for the pre-opening services as distinct from the franchise license.
- (b) Continuing royalties are calculated as a percentage of franchise restaurant sales that are related entirely to the Company's performance obligation under the franchise agreement. These royalties are considered variable consideration, but because they relate to a license of intellectual property, they are not included in the transaction price. ~~Instead~~I nstead, royalty revenue is recognized as franchise restaurant sales occur. The royalty fee is 5% of sales. The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represents a single performance obligation. Although the franchisor's underlying activities associated with the symbolic intellectual property will vary both within a day and day to day, the symbolic intellectual property is accessed over time, and the customer (the franchisee) simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the symbolic intellectual property (including other related activities). At times, the Company offers reductions in the required royalty fee to certain franchisees~~-~~. These incentives are accounted for as a reduction to the transaction price.
- (c) Advertising and marketing fees are calculated as 1.15% of franchise restaurant sales and are considered variable consideration. The performance obligation under the franchise agreement is the management of the advertising and marketing fees, which are used to promote the intellectual property of the Company and its franchisees.
- (d) Foodservice distribution fees are calculated at either \$0.08 (through June 2024) or \$0.10 (effective July 2024) per case for all products sold under the Company's foodservice distribution agreement and are considered variable consideration. The performance obligation under the purchase agreement is to provide dead inventory resolution and other supply chain support. The foodservice distribution fees are collected by the foodservice distribution vendor and remitted to the Company on a quarterly basis.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies, ~~Continued~~ContinueJ

Sales by Company-owned restaurants. The Company records food and beverage revenue from Company-owned stores upon the delivery of the food or beverage to the customer (the consumer), which is when the performance obligation is satisfied. The Company collects and remits sales taxes on transactions with customers and reports such amounts under the net method in the Statements of Income. Accordingly, ~~these~~the taxes are not included in gross revenue. The Company owned 11 restaurants at December 31, 2025 and seven restaurants at December 31, 2024, and 2023 ~~and 2022~~.

Marketing allowances. Marketing allowance revenue is recorded based on the transaction price, which includes variable consideration based on purchase requirements set forth by the Company's vendors. The performance obligation for the marketing allowances is the sale of certain soft drinks and other food ~~items~~item. Payment terms are set forth in the vendor agreements and are either (a) advanced to the Company at the beginning of the year based on the prior year's purchases or (b) remitted to the Company on a quarterly basis.

Gift card breakage. The Company sells gift cards that do not have an expiration date, and it does not deduct dormancy fees from outstanding gift card balances. The Company uses historical gift card redemption patterns to determine the probability of a gift card's redemption. When a gift card is redeemed by a customer, the Company remits the cash value to the applicable franchise. Gift card breakage is recognized when the likelihood of a gift card being redeemed by the customer is remote and the Company determines that there is not a legal obligation to remit the unredeemed ~~gift~~gift card balance to the relevant jurisdiction. The determination of the gift card breakage rate is based upon the Company's historical redemption patterns. The Company recognizes gift card breakage by applying its estimate of the rate of gift card breakage on a pro rata basis over the period of estimated redemption.

Advertising: Advertising production costs are expensed in the period the advertising first takes place. Other advertising costs are expensed as incurred.

Self-insurance programs: The Company utilizes a self-insurance plan for health insurance. Predetermined loss limits have been arranged with an insurance company to limit the Company's per-occurrence cash outlay. Accounts payable and accrued expenses include the estimated cost to settle reported claims and incurred but not reported claims.

Income taxes: The Company, with the consent of its stockholders, elected to be taxed under sections of Federal and state income tax laws which provide that, in lieu of corporation income taxes, the stockholders separately account for their pro rata shares of the Company's items of income, deduction, losses, and credits. As a result of this election, no income taxes have been recognized in the accompanying financial statements.

Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustments to the financial statements. With few exceptions, the Company is no longer subject to income tax examinations by U.S. Federal, state, or local tax authorities except for the last three years filed.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies, ~~Continued~~Continued

Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: ~~Certain assets and liabilities~~The asset held for sale on the Balance Sheets as of December 31, ~~2024 and 2023 and 2022, and certain revenues and expenses on the Statements of Income for the years then ended, have~~has been reclassified to be consistent with the ~~classifications~~classification adopted ~~for the year ended~~as of December 31, ~~2024~~2025, with no ~~effect~~effect on retained earnings ~~or net (loss) income, as the criteria for classification as held for sale were no longer met.~~

Subsequent events: Events occurring subsequent to the Balance Sheet date have been evaluated for financial statement impact or disclosure through March ~~27~~25, ~~2025~~2026, the date the financial statements were available to be issued.

Note 2. Notes Receivable

At December 31, ~~2024~~2025, the Company has ~~one~~a note receivable outstanding with a balance of ~~\$136,604~~\$74,708, which includes an allowance for credit loss of \$115,000. The note receivable ~~is noninterest-bearing~~bears interest at a rate of 6%, requires monthly principal and interest payments of \$20,000 through ~~December 2025~~August 2028, and is unsecured.

~~The~~At December 31, 2024, the Company had ~~four notes~~a note receivable ~~from a franchisee for the sale of four Company-owned restaurants. In March 2022, the Company received \$3,092,660, comprising the principal and accrued interest, as payment~~outstanding with a balance of \$136,604. The note receivable was noninterest-bearing and was paid in full ~~for the outstanding notes~~in December 2025.

Note 3. ~~Related-Party Transactions and Subsequent Event~~

~~Spicy Seasonings, LLC: The Company is related to Spicy Seasonings, LLC through common ownership. Spicy Seasonings, LLC pays the Company a monthly administrative fee for accounting services and office space provided to Spicy Seasonings, LLC. In addition, under the terms of a royalty agreement with Spicy Seasonings, LLC, the Company pays Spicy Seasonings, LLC 1% of systemwide restaurant sales and 20% of fees earned for each franchise sold. All Company trademarks, including the responsibility for defending them, rest with Spicy Seasonings, LLC. During the years ended December 31, the Company had the following transactions with Spicy Seasonings, LLC:~~

~~2024 2023 2022~~

Administrative fees (other revenue)	\$ 8,400	\$ 8,400	\$ 8,400
Affiliate royalty fee expense, of which			
\$668,206, \$703,961 and \$619,411,			
respectively, is included in due to affiliates	4,142,446	4,286,390	4,228,600
Initial sale of franchise expense	20,000	56,000	41,000

~~TACO JOHN'S INTERNATIONAL, INC.~~

~~NOTES TO FINANCIAL STATEMENTS~~

~~Note 3. — Related Party Transactions and Subsequent Event, Continued~~

~~**Related party franchisees:** Certain franchisees are owned by the Company's shareholders, and the Company recognizes revenue from these franchisees under the terms of the franchise agreements. In addition, the franchisees pay the Company a monthly administrative fee for accounting services. During the years ended December 31, the Company had the following transactions with related party franchisees:~~

	2024	2023	2022
Franchise royalty fees	\$ 236,584	\$ 238,195	\$ 225,972
Advertising and marketing fees	189,647	190,934	174,817
Administrative fees (other revenue)	82,340	70,725	67,200

~~Effective January 1, 2025, the royalty for systemwide restaurant sales was reduced to 0.75%. Effective January 1, 2026, 2027, and 2028, the royalty for systemwide restaurant sales will be 1.1%, 1.15%, and 1%, respectively.~~

~~Note 4. — Assets Held for Sale~~

~~Assets held for sale comprise the following as of December 31:~~

~~Company-owned restaurants: Property and equipment, net~~
~~-2024~~

~~-2023~~

~~-2022~~

~~\$ 224,012~~

~~Land~~

~~-321,058~~

~~-321,058~~

Total assets held for sale

~~\$ 321,058 \$ 321,058 \$ 224,012~~

In December 2023, management committed to a plan to sell a parcel of land previously held for investment, and the asset was presented as held for sale at December 31, 2023. The carrying amount of the asset was \$321,058 at December 31, 2024 and 2023.

In December 2021, management committed to a plan to sell two Company-owned restaurants and land previously held for investment, and all assets associated with those restaurants and the land were presented as a disposal group held for sale at December 31, 2021. An impairment loss of \$441,131 was recognized during the year ended December 31, 2021 for the write down of the disposal group to its fair value less costs to sell. The carrying amount of the disposal group was \$125,000 and \$458,025 at December 31, 2022 and 2021, respectively. In June 2022, the Company closed the sale of one of the Company-owned restaurants for a sales price of \$322,482, resulting in the recognition of a loss on the disposal of \$2,518. In April 2023, the Company closed on the sale of the second Company-owned restaurant and land for a net sales price of \$112,333, resulting in the recognition of a loss on the disposal of \$12,667.

In June 2022, management committed to a plan to sell the food truck, and all assets associated with the food truck were presented as a disposal group held for sale at December 31, 2022. The carrying amount of the disposal group was \$99,012 at December 31, 2022. In July 2023, the Company closed on the sale of the food truck for a net sales price of \$110,000, resulting in the recognition of a gain on the disposal of \$10,988.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

~~Note 4. Assets Held for Sale, Confirmed~~

~~In December 2021, management committed to a plan to sell the Wyoming headquarters building and land, and all assets associated with the building and land were presented as a disposal group held for sale at December 31, 2021. The carrying amount of the disposal group was \$932,412 at December 31, 2021. In December 2022, the Company closed on the sale of the building and land for a net sales price of \$1,777,249, resulting in the recognition of a gain on the disposal of \$844,837.~~

~~Note 5. Leases~~

The Company leases land and buildings for Company-owned restaurants, office space, ~~vehicles,~~ and office equipment under leases that have initial terms ranging from three to 20 years. Real estate leases typically include options to extend the leases for additional five-year periods, although such renewals have been excluded from the calculation of the lease liability as it is not reasonably certain that the Company will exercise them.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term.

Four of the leases for Company-owned restaurants include variable lease payments equal to a percentage (4% to 5%) of the restaurants' net sales in excess of specified thresholds (\$850,000 to \$1,250,000) during each lease year of the lease (2025 through 2030). There was no variable lease expense incurred during the year ended December 31, 2025.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Leases, Continued

The components of lease cost for the years ended December 31 are as follows:

	<u>202</u> <u>5</u>	202 4	<u>202</u> <u>3</u>	<u>202</u> <u>2</u>
Operating lease cost	<u>\$ 671,028</u>	\$ 645,101	\$ 651,210	<u>\$ 330,898</u>
Finance lease cost:	<u>17,036</u>			
Amortization of ROU lease assets		24,465	30,659	<u>76,413</u>
Interest on finance lease liabilities	<u>490</u>	1,184	2,255	<u>6,223</u>
	<u>17,526</u>	25,649	32,914	<u>82,636</u>
Short-term lease cost	<u>37,041</u>	31,363	44,731	<u>220,570</u>
Total lease cost	<u>\$ 725,595</u>	\$ ~~702,113~~ <u>702,113</u>	\$ ~~728,855~~ <u>728,855</u>	<u>\$ 634,104</u>

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5. Leases, Continued

Supplemental cash flow and noncash information related to leases for the years ended December 31 is as follows:

	<u>202</u> <u>5</u>	202 4	202 3	<u>202</u> <u>2</u>
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	<u>\$ 689,744</u>	\$ 648,470	\$ 633,330	<u>\$ 50,284</u>
Operating cash flows from finance leases	<u>490</u>	1,184	2,255	<u>6,223</u>
Financing cash flows from finance leases	<u>17,547</u>	24,611	21,582	<u>83,068</u>
ROU assets obtained in exchange for lease obligations: Operating lease liabilities	<u>\$ 1,387,393</u>	<u>\$ -</u>	<u>\$ -</u>	
Operating lease liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>7,000,032</u>
Finance lease liabilities				<u>86,664</u>

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3. Leases Continued

Supplemental information related to leases for the years ended December 31 is as follows:

	2025	2024	2023
Weighted-average remaining lease term (years):			
Operating leases	11.64	13.71	14.49
Finance leases	1.50	1.7d	2.45

Weighted-average discount rate:

~~2.50%~~

~~2.50%~~

Supplemental Balance Sheet information:

~~Operating lease ROU assets~~ Finance lease ROU
assets, gross Accumulated amortization

~~\$ 5,970,344~~ ~~\$ 6,387,265~~
~~\$ 6,780,592~~ ~~\$ 33,173~~ \$
86,664 \$ 86,664

Finance lease ROU assets

~~\$ 176,319~~ ~~(23,221)~~
~~(59,676)~~ ~~(35,211)~~
~~(67,925)~~ ~~\$ 26,988~~
~~\$ 51,453~~ ~~\$~~
~~108,394~~ ~~35,211~~

~~\$ 9,952~~ ~~\$ 2d 988~~ ~~\$ 51,453~~

One of the Company's office leases included a ~~\$1,000,000~~ 1,000,000 lease incentive payable to the Company to fund a portion of leasehold improvements to the leased space, which was included in the calculation of the operating lease asset and liability. The incentive was received by the Company in February 2023, resulting in a corresponding increase to the operating lease liability.

~~TACO JOHN'S INTERNATIONAL, INC.~~

NOTES TO FINANCIAL STATEMENTS

~~Note S. Leases, Continued~~

The Company's lease term expirations range from ~~2025~~2027 through 2042, and the future minimum rental payments for noncancelable leases as of December 31, ~~2024~~2025 are as follows:

		~~Operating~~ ~~Leases~~	~~Finance~~ ~~Leases~~	
		<u>Operating</u> <u>Leases</u>	<u>Finance</u> <u>Leases</u>	
Years ending December 31:				
	~~2025~~	~~\$ 664,518~~	~~\$ 18,037~~	
	2026	585,529	888,994	\$ 7,175
	2027	603,561	916,129	3,587
	2028	651,174	973,120	
	2029	671,435	1,003,039	
	<u>2030</u>	<u>1,005,220</u>		
Thereafter		~~5,876,230~~	~~5,180,087~~	
	Total minimum payments	~~9,052,447~~ <u>9,966,589</u>	~~28,799~~ <u>10,762</u>	
Less interest		~~(1,795,683)~~ <u>(1,794,306)</u>	~~(715,225)~~	
	Present value of minimum lease payments	~~\$ 7,256,764~~ <u>\$ 8,172,283</u>	~~\$ 28,084~~ <u>\$ 10,537</u>	

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Debt

In October 2022, the Company entered into a loan agreement with a bank that provided advances in accordance with a line of credit provision. The Company took advances on the loan through May 2024, at which time the line of credit provision converted to a loan payable in the amount of \$3,376,000. The loan agreement required monthly payments of interest through May 2024. Effective in June 2024, the loan agreement requires monthly principal and interest payments of \$21,153 through November 2029, at which time all unpaid principal and accrued interest is due and payable in full. The note accrues interest at a rate of 3%. ~~The Company is subject to a prepayment penalty equal to 1% of the amount prepaid through November 2025.~~ The loan agreement is collateralized by certain assets of Company-owned restaurants.

The loan agreement requires the submission of certain financial documents during the term of the agreement. There are additional covenants and restrictions, including additional reporting requirements, the maintenance of a certain financial ratio, and limitations on transferring real property and incurring or assuming future indebtedness.

~~TACO JOHN'S INTERNATIONAL, INC.~~

~~NOTES TO FINANCIAL STATEMENTS~~

~~Note 6. Long-Term Debt, Continued~~

The outstanding balance of the note was ~~\$3,287,416~~3,131,366 at December 31, ~~2024~~2025. Aggregate maturities required at December 31, ~~2024~~2025 are as follows:

Years ending December 31:		
		~~\$ 155,958~~
	2026	<u>\$ 160,757</u>
	2027	165,715
	2028	170,590
	2029	~~2,634,396~~ <u>2,634,304</u>
		<u>~~\$ 3,287,416~~</u> <u>3,131,366</u>
~~Note 7.~~	~~Bonus Plans and Unvested Commitments~~	

Note 5. Related-Party Transactions

Spicy Seasonings, LLC: The Company is related to Spicy Seasonings, LLC through common ownership. Spicy Seasonings, LLC pays the Company a monthly administrative fee for accounting services and office space provided to Spicy Seasonings, LLC. In addition, under the terms of a royalty agreement with Spicy Seasonings, LLC, the Company pays Spicy Seasonings, LLC 20% of fees earned for each franchise sold and 0.75% (for the year ended December 31, 2025) or 1.00% (for the years ended December 31, 2024 and 2023) of systemwide restaurant sales. The royalty for the systemwide restaurant sales will remain 0.75% through December 31, 2028.

All Company trademarks, including the responsibility for defending them, rest with Spicy Seasonings, LLC.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 5. Related-Party Transactions, ContinueJ

During the years ended December 31, the Company had the following transactions with Spicy Seasonings, LLC:

		<u>2025</u>	<u>2024</u>	<u>2023</u>
Administrative fees (other revenue)	\$	<u>8,400</u>	<u>8,400</u>	<u>8,400</u>
Affiliate royalty fee expense, of which				
\$484,420, ~~\$668,206~~ and \$703,961,				
respectively, is included in due to affiliates		<u>292,911.0</u>	<u>4,142,446</u>	<u>4,286,390</u>
Initial sale of franchise expense		<u>8,000</u>	<u>20,000</u>	<u>56,000</u>

Related-party franchisees: Certain franchisees are owned by the Company's shareholders, and the Company recognizes revenue from these franchisees under the terms of the franchise agreements. In addition, the franchisees pay the Company a monthly administrative fee for accounting services. During the years ended December 31, the Company had the following transactions with related-party franchisees:

		<u>2025</u>	<u>2024</u>	<u>2023</u>
Franchise royalty fees	\$	<u>226,068</u>	<u>236,584</u>	<u>238,195</u>
Advertising and marketing fees		<u>180,928</u>	<u>189,647</u>	<u>190,934</u>
Administrative fees (other revenue)		<u>88,894</u>	<u>82,340</u>	<u>70,725</u>

Note 6. Bonus Plans and Unvested Commitments

The Company has bonus plans under which certain ~~officers~~officers, directors, and members of management meeting stated eligibility requirements are paid bonuses equal to varying percentages of their annual salary or stated incentive amounts, dependent on the achievement of established targets. These bonuses and the related taxes and benefits totaled \$1,140,000, \$1,337,300, and \$292,000 ~~and \$1,049,000~~ for the years ended December 31, 2025, 2024, and 2023 ~~and 2022~~, respectively, and are included in accounts payable and accrued expenses at each respective year-end.

Effective January 1, 2023, the Company adopted a new ~~long~~long-term incentive compensation plan that grants rights to incentive compensation on a deferred basis to eligible participants through 2025. The plan participants are primarily those individuals who have a substantial responsibility for the management and growth of the Company. The plan is designed to establish an annual incentive compensation pool based on the achievement of established targets, which vests ratably over a three-year period and is paid out annually in March following year-end. Vesting is accelerated upon certain events, such as death, disability, retirement, and other events, as defined by the plan document. Individuals must be a participant as of December 31 to receive vesting rights for that year's payout amount.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 6. Bonus Plans and Unvested Commitments, Continued

During the ~~year~~years ended December 31, 2025 and 2024, the plan targets were not achieved and no incentive compensation pool was established. During the year ended December 31, 2023, an incentive compensation pool was established in the amount of \$835,000, including related taxes and benefits. As of December 31, 2025, 2024 and 2023, the vested ~~balances~~balance of the 2023 pool totaled \$73,000, \$152,000 and ~~\$458,900~~458,900, respectively, which is included in accounts payable and accrued expenses for the years then ended. In addition, approximately \$47,000 and \$48,000 of the original incentive compensation pool was forfeited during the ~~year~~years ended December 31, 2025 and 2024. ~~The Company had a previous long-term incentive plan that terminated on December 31, 2022. The bonus and related taxes and benefits totaled \$538,450 at December 31, 2022, which is included in accounts payable and accrued expenses for the year then ended, respectively.~~

~~TACO JOHN'S INTERNATIONAL, INC.~~

NOTES TO FINANCIAL STATEMENTS

Note 87. Employee Retirement Plan

The Company has established a salary deferral plan under Section 401(k) of the Internal Revenue Code. Employees are eligible to participate in the plan once they have completed six months of service and are at least 21 years of age. Eligible employees receive a safe harbor matching contribution equal to 100% of their salary deferrals that do not exceed 5% of their compensation. The Company may also make discretionary profit sharing contributions.

The Company's total contributions to the plan were \$274,349, \$317,574, ~~\$366,117~~ and ~~\$281,330~~366,117 for the years ended December 31, 2025, 2024, ~~and~~ 2023 ~~and 2022~~, respectively. There were no discretionary profit sharing contributions for any year.

Note 9.& Marketing Commitment and Subsequent Event

The Company had a master services agreement with an advertising agency to provide marketing services and projects to promote the Company's products through February 14, 2025. The agreement required an annual agency fee of \$1,600,000 to be paid in monthly installments. The ~~monthly installments of \$66,667 and \$133,333 for February 2022 and March 2022, respectively, were waived. All hard costs and expenses are billed in addition to the~~ Company extended this agreement through December 31, 2025 at an additional agency fee of \$1,400,000. The Company incurred agency fees of ~~\$1,600,000, \$1,600,000 and \$1,400,000~~ for each of the years ended December 31, 2025, 2024, and 2023. All hard costs and 2022, respectively. The expenses were billed in addition to the fees. For the year ended December 31, 2025, the Company accrued an additional \$75,000 of performance bonus fees.

Effective January 2026, the Company entered into a new master services agreement with an advertising agency to provide marketing services and projects to promote the Company's future agency fees at products through December 31, 2024 total \$200,000 for the year ending December 31, 2025 2026 with a one-year renewal option. The agreement requires a retainer of \$666,000 and minimum production fee of \$1,249,925. All hard costs and expenses are billed in addition to the fees.

Note ~~10~~9. Contingencies

Paycheck Protection Program (PPP) loan: Due to economic uncertainty and to retain its workforce, on April 15, 2020, the Company obtained a PPP loan in the amount of \$2,290,500, which was accounted for under FASB ASC Topic 470, *Debt*. The Company applied for full loan forgiveness, which was approved in full by the U.S. Small Business Administration (SBA) on August 8, 2021. As the Company received a PPP loan in excess of \$2,000,000, the SBA requires a document retention period of six years after the date of forgiveness. During this time period, the SBA has reserved the right to audit the loan.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS

Note 9. Contingencies, Continued

Claims and litigation: The Company is subject to claims and litigation in the ordinary course of its operations. ~~In~~In the opinion of management and the Company's legal counsel, the liability, if any, arising from such claims will not have a material impact on the Company's financial position or cash flows as of and for the year ended December 31, ~~2024~~2025.

ATTACHMENT **GF**

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

Listed below are the names, addresses and telephone numbers of the state agencies that are responsible for franchising disclosure and or registration laws. Please note that we may not yet be registered to sell franchises in any or all of the listed states.

If a state is not included in the list, then we have not appointed an agent for service of process in that state pursuant to the requirements of that state's franchise laws. Some states listed below may have other agents appointed in addition to those listed below. There may be states in addition to those listed below in which we have appointed an agent for service of process.

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 One Sansome Street, Suite 600 San Francisco, California 94104-4448 (415) 972-8565 2101 Arena Boulevard Sacramento, California 95834 (916) 445-7205 (866) 275-2677 (toll free) www.dfpi.ca.gov ask.dfpi@dfpi.ca.gov	Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 (toll free)
FLORIDA	Florida Department of Agriculture and Consumer Services Division of Consumer Services Attn: Finance & Accounting 407 South Calhoun Street Tallahassee, Florida 32399-0800 (850) 410-3800	None
~~HAWAII~~	~~Commissioner of Securities- Department of Commerce & Consumer Affairs Business- Registration Division Securities- Compliance Branch 335 Merchant- Street, Room 203 Honolulu, Hawaii- 96813 (808) 586-2722~~	~~Hawaii Commissioner of Securities- Same Address~~
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General Same Address
INDIANA	Indiana Secretary of State Division of Securities 302 West Washington Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
IOWA	Iowa Secretary of State 321 E. 12th Street Des Moines, Iowa 50319 (515) 281-5204	Same
~~MARYLAND~~	~~Office of Attorney General- Maryland Division of Securities-~~	~~Maryland Securities Commissioner- Same Address~~

	~~200 St. Paul Place Baltimore, Maryland 21202-2020 (410)-576-6360~~	
MICHIGAN	Michigan Attorney General Franchise Section - Consumer Protection Division G. Mennen Williams Building, 1st Floor 525 W. Ottawa Street Lansing, Michigan 48933 P.O. Box 30213 Lansing, Michigan 48909 (517) 373-7117	Michigan Department of Commerce Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 (402) 471-3445	None
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, New York 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue, Fourteenth Floor, Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Commissioner Same
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4140	Director of Oregon Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4140
RHODE ISLAND	State of Rhode Island and Providence Plantations Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex - Building	Director of Rhode Island Department of Business Regulation Same Address

	69-1 Cranston, Rhode Island 02920 (401) 462-9500	
SOUTH DAKOTA	South Dakota Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director of South Dakota Division of Insurance Same Address
TEXAS	Secretary of State Statutory Documents Section James E. Rudder Building 1019 Brazos Street Austin, Texas 78701 P.O. Box 13550 Austin, Texas 78711 (512) 463-5705	None
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South, 2 nd Floor Salt Lake City, UT ~~84114~~ ~~801-530-6601~~ 84114 801-530-6601	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760	Director of Financial Institutions 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 P.O. Box 1768 Madison, Wisconsin 53701-1768 (608) 266-8557	Administrator, Division of Securities Same Address

OPERATIONS**MANUAL**

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food safety
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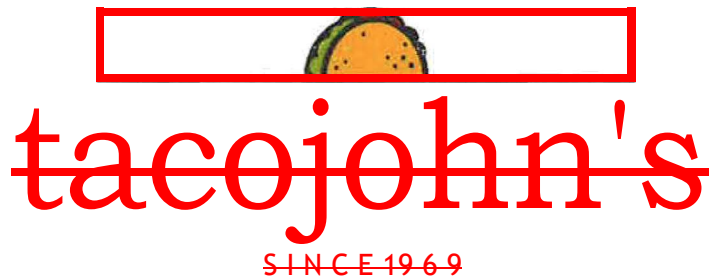
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cleanliness



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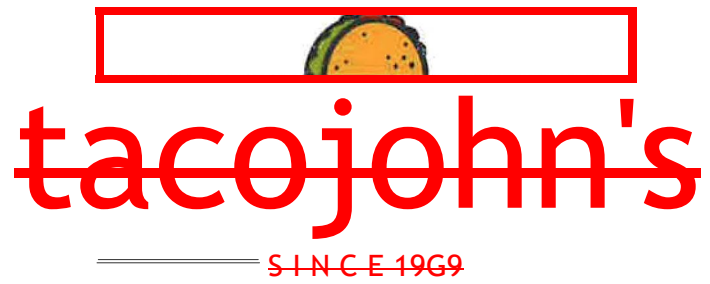
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human resources and training



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ATTACHMENT IH

DISCLOSURE

ACKNOWLEDGMENT

033125, as amended 071725

DISCLOSURE ACKNOWLEDGMENT

DO NOT SIGN THIS FRANCHISE DISCLOSURE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

DISCLOSURE ACKNOWLEDGMENT

To make sure that no misunderstanding exists between _____ (“Franchisee”)

- I received a copy of the Franchise Disclosure Document (“Disclosure Document”) on _____, 20_. I had an opportunity to ask questions and seek professional advice regarding the Disclosure Document and the Franchise Agreement. Check one: () Yes () No.
If no, please explain: _____
- I received a copy of the Franchise Agreement or Area Development Agreement at least seven calendar days prior to the date on which the Franchise Agreement or Area Development Agreement was executed. Check one: () Yes () No.
If no, please explain: _____
- I had an opportunity to seek professional advice regarding the Disclosure Document and the Franchise Agreement. Check one: () Yes () No.

If no, please explain: _____

4. I agree that no oral, written, visual or other promise, agreement, commitment, representation, understanding, side agreement, option or other representation was made to me with respect to any matter including, but not limited to, any representation or promise regarding marketing, site location, advertising, or operational assistance, which contradicted the disclosures in the Disclosure Document.

Check one: () Yes () No.

If no, please state in detail the claim or representation, who made it, and approximately when: _____

5. Except as stated in Item 19 of the Disclosure Document, I agree that no oral, written, visual, or other claim or representation which stated or suggested a specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise, was made to me by any representative of the Franchisor.

Check one: () Yes () No.

If no, please state in detail the claim or representation, who made it, and approximately when: _____

6. I understand that it is my responsibility to find and secure a location for the TACO JOHN'S restaurant, and to retain an architect, contractor, and other construction specialists.

Check one: () Yes () No.

If no, please explain: _____

033125, as amended 071725

7. I understand that entry into any business venture necessarily involves some unavoidable risk of loss or failure; that the purchase of a Taco John's franchise is a speculative investment; that there exist no guarantees against possible loss or failure in this or any other business; and that the most important factor in the success of my Taco John's business is my own personal business, marketing, and management skills.

Check one: () Yes () No.

If no, please explain: _____

The individual(s) signing below constitute all of the shareholders, partners, investors and principals of the franchised business. Each has reviewed the Franchise Disclosure Document and all exhibits, including the Franchise Agreement.

IF THERE ARE ANY MATTERS INCONSISTENT WITH THIS STATEMENT OR IF ANYONE HAS SUGGESTED THAT THIS DOCUMENT BE SIGNED WITHOUT ALL OF THE STATEMENTS BEING ANSWERED TRUTHFULLY AND ACCURATELY, IMMEDIATELY INFORM THE PRESIDENT OF TACO JOHN'S INTERNATIONAL, INC. AT 307-635-0101.

I understand and agree to the foregoing and represent and warrant that all of the above statements are answered truthfully and accurately.

Print Name

Print Name

Signature

Signature

Date

Date

Print Name

Print Name

Signature

Signature

Date

Date

ATTACHMENT J

GIFT CARD ONBOARDING AND CHANGE FORM



GIFT CARD ONBOARDING AND CHANGE FORM

FRANCHISEE INFORMATION		IRS TAX REPORTING REQUIREMENTS:	
Franchise Owner Name:		INCLUDE A COMPLETED W-9 WITH THIS FORM	
Franchise Phone Number:		1099k Name: <i>(Same as Line 1 on W-9)</i>	
Franchise Owner Email:		1099k Tax ID #:	
Company DBA Name:		1099k Address 1:	
Store Location #:		1099k Address 2:	
Store Street Address:		1099k City:	
City:		1099k State:	
State:		1099k Zip Code:	
Zip Code:		TJI USE ONLY	
Store Phone Number:		MID #:	
Request Type: <i>check one</i> New Store, expected opening date: _____ Ownership Change, expected date of transfer: _____		Point of Sale Provider: <i>check one</i>	Qu-Beyond Other: _____
Update Bank Info, requested effective date: _____ Other Change, (describe): _____		Do you currently own other stores that are operating gift cards?	YES List Store #'s: _____ _____ NO
BANKING INFORMATION:		AUTHORIZATION:	
Bank Name:		Signature:	
Bank Account Name:		Printed Name:	
Bank Account Number:		Date:	

Bank Routing Number:		A signature on this form confirms that all information submitted on this form is accurate.
Bank Address:		INCLUDE A BANK LETTER WITH THIS FORM

M4

Please return this form to your contact at Taco John's International, Inc. for gift card processing.

~~ATTACHMENT K~~ LEASE RIDER

LEASE RIDER

THIS LEASE RIDER (the “**Rider**”) is made effective this ~~day of _____, 202~~ (the “**Effective**

WHEREAS, Landlord leases or will lease certain premises to Tenant located at _____ (“**Premises**”) under that certain lease agreement dated _____ between Landlord and Tenant (“**Lease**”); and

WHEREAS, Tenant will operate a Taco John’s Restaurant at such Premises under a Franchise Agreement (“**Franchise Agreement**”) between Tenant and TJI; and

WHEREAS, the parties hereto desire to provide TJI with certain rights in the event of termination of the Franchise Agreement or default under the Lease.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. During the term of the Lease (the “**Lease Term**”), including any renewals, if any, the Premises shall not be used for any purpose other than the operation of a Taco John’s restaurant business, and Landlord agrees that Tenant shall be authorized to make such modifications to the Premises as may be necessary to comply with TJI’s requirements for remodeling, trade dress, and signage at regular intervals.
2. During the Lease Term and within 60 days after default or termination of the Lease, Landlord and Tenant grant to TJI or its agents the right to enter the Premises upon reasonable notice during regular business hours to:
 - (a) inspect and audit Tenant’s business;
 - (b) make any modifications necessary to protect TJI’s trademarks, provided such modifications do not violate the terms of the Lease; or
 - (c) remove Taco John’s signage, trademarked items, trade dress, and other related materials.
3. No act, failure to act, event, condition, non-payment or other occurrence (“**Event**”) shall constitute a breach or default under the Lease so as to allow to Landlord any right of acceleration of obligations thereunder, termination, cancellation, or rescission:
 - (a) if the Event is the non-payment of rent, unless such Event is not cured within ten (10) days after Notice of Default (as hereinafter defined) has been received by TJI;
 - (b) if the Event is anything other than the non-payment of rent, unless such Event is not cured within 25 days after Notice of Default (as hereinafter defined) has been received by TJI. Provided, however, if the Event is of such nature that it cannot reasonably be cured within such 25 day period, then, such 25 day period shall be extended to a period of such length as is reasonably necessary to cure such Event, provided, however, such period shall be extended only so long as Tenant and/or TJI diligently pursues the cure of such Event.
4. As used herein, “**Notice of Default**” means written notice mailed by registered or certified mail or delivered by a nationally recognized overnight carrier specifying the Event claimed and describing with specificity, the particular Event(s), the cure required by Landlord, and the cure period. Such Notice of

Default shall be mailed to TJI at:

033125, as amended-071725

Taco John's
International, Inc. Office
of the General Counsel
1650 West End Blvd.,
Suite 200 St. Louis Park,
MN 55416
tjilegal@tacojohns.com
307-635-0101

5. Upon receipt of a Notice of Default, TJI shall have the right, but not the obligation, to cure any default or take any other action authorized herein. Nothing herein shall be construed to require TJI to make any payments, perform any obligations, or cure any default under the Lease. Any such decision to offer to make any payments, perform any obligation, or cure any default under the Lease shall be at the sole discretion of TJI. Upon written notice from TJI, Landlord agrees to accept from TJI any payment or performance required under the Lease, or to cure any default under the Lease.

6. In the event Landlord claims that an Event has occurred, or in the event TJI notifies Landlord in writing that TJI is exercising any right to take over possession of the Premises under the Franchise Agreement or any other agreement between TJI and Tenant, then, at TJI's option, Landlord shall accept TJI as substitute tenant under the Lease and will cooperate with TJI in turning actual, immediate possession of the Premises over to TJI. In such case, the Lease shall remain in full force and effect, but with TJI as the tenant thereunder. TJI's option, hereinabove granted, may be exercised only if TJI agrees to assume the obligations of the Tenant to Landlord under the Lease as of the date TJI or its affiliate or successor is given actual possession of the Premises. No Event shall give Landlord the right to operate the franchised business unless Landlord becomes properly qualified and approved as a franchisee under TJI's then-current requirements.

7. Landlord agrees that TJI may sublet or assign the Premises to a new or existing TJI franchisee on the same terms and conditions as are contained in the Lease provided that TJI provides written notice to Landlord, and TJI and the new franchisee execute an assignment and assumption of lease agreement in a form acceptable to Landlord in its reasonable discretion. In such event, TJI shall be released from any further obligation and liability under the Lease.

8. Tenant agrees that if Landlord claims that an Event has occurred, then TJI shall have the right to:

(a) immediate and actual possession of the Premises, and all equipment and inventory therein, which possession Tenant agrees to give peaceably, and which may be otherwise obtained by TJI by warrant, injunction, temporary restraining order, summary process or such other immediate legal, summary or equitable proceeding or action as TJI may choose. Tenant hereby waives any right to a jury in any such proceeding or action.

(b) become the tenant under the Lease to the exclusion of the Tenant.

9. If any provision of the Lease provides that alterations, improvements, or equipment in the Premises becomes the property of Landlord, the parties agree that such provision shall not apply to any proprietary equipment, trade dress, signage, or other items bearing the trademarks of TJI.

10. Landlord and Tenant agree not to amend the Lease in any material respect, except with prior written consent of TJI.

11. In the event of a conflict between the terms of this Rider and the terms of the Lease, the terms of this Rider shall control.

12. Tenant and Landlord understand that TJI is entering into or has entered into a Franchise Agreement with Tenant for a Taco John's Restaurant at the Premises in reliance on the agreements of Tenant and Landlord as herein contained and that TJI, in this instance, would not have otherwise entered into such Franchise Agreement.

033125, as amended 071725

13. Any approvals or consents required by Landlord under this Rider shall not be unreasonably withheld.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider as of the Effective Date.

LANDLORD

By: _____

Name: _____

Title: _____

TENANT

By: _____

Name: _____

Title: _____

TJI

By: _____

Name: _____

Title: _____

033125, as amended 071725

ATTACHMENT **LJ**

OPERATIONAL ASSESSMENT PROGRAM **CONFIDENTIALITY/RELEASE AGREEMENT**

TACO JOHN'S INTERNATIONAL, INC. ***Operational Assessment Program Confidentiality / Release Agreement***

Taco John's International, Inc. ("**TJI**") and the undersigned applicant (the "**Applicant**") hereby agree that the Applicant will participate in TJI's Operational Assessment program ("**OA**") to determine Applicant's suitability for a potential Taco John's restaurant franchise. The OA will be conducted at the following location and on the following dates:

OA Location: _____

OA will commence _____ and will finish _____

Applicant acknowledges that, as a part of Applicant's participation in the OA (or preparation for the OA), Applicant will be furnished with certain proprietary information relating to TJI and its operations and the operations of franchised Taco John's restaurant businesses ("**Confidential Information**") owned by TJI and is treated as confidential by TJI, including without limitation, all proprietary information concerning Taco John's franchised businesses; the franchise system; marketing methods; sales and promotional methods; all nonpublic statistical information; the strategic plan for TJI; all information concerning negotiations of any kind conducted by TJI whether pending or completed; all marketing research data and marketing plans; all information contained in the TJI operations manual, and any other manual or other nonpublic written information; internal lists of franchisees and customers of Taco John's franchised businesses; and all other information which may be considered a trade secret or proprietary and such Confidential Information as may be further developed from time to time by TJI. Applicant agrees not to divulge, or utilize in any way other than in a franchised Taco John's restaurant business, any Confidential Information, without the prior written consent of TJI.

Applicant, for itself and its agents, heirs, legal representatives, successors and assigns, forever releases, waives, discharges and holds TJI and all of its affiliated companies, directors, officers, employees and agents harmless from any and all claims, demands, causes of actions, loss, damage or injury, including attorneys' fees and costs, on account of, arising out of or attributable to the attendance or participation of Applicant or its personnel in the OA or any other seminar, convention, program or meeting, or other company function or activity of TJI, or the travel to or from such programs.

Applicant agrees that Applicant shall be solely responsible for all expenses incurred by Applicant associated with Applicant's or its personnel's participation in the OA, including travel, lodging, meals, salaries and other expenses.

APPLICANT: _____ **TACO JOHN'S INTERNATIONAL, INC.**

By: _____

Print Name: _____ Print Name: _____

Print Title: _____

Date _____

Date
Phone (Office)

Phone (Home)

Fax

~~ATTACHMENT M~~

STATE ADDENDA TO DISCLOSURE
DOCUMENT

**STATE LAW ADDENDA TO THE TACO JOHN'S
INTERNATIONAL, INC.
FRANCHISE DISCLOSURE DOCUMENT**

The following modifications are made to the Taco John's, Inc. Disclosure Document for the states noted below.

CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITES (~~www~~[www](http://www.tacojohns.com).tacojohns.com and www.tacojohnsfranchise.com) HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

1. The following paragraph is added to the end of Item 3:

Neither we nor any person listed in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. § 78a et seq., suspending or expelling these persons from membership in this association or exchange.

2. The following paragraph is added to the end of Item 5:

Initial Franchise Fees paid by franchisees are typically applied towards our general operating expenses, which include but are not limited to those expenses we incur in fulfilling our initial obligations to franchisees.

3. The following paragraphs are added to the end of Item 17:

The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C. § 101, et seq.)

The Franchise Agreement contains a covenant not to compete, which extends beyond the termination or expiration of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause that may apply if the Franchise Agreement is terminated due to a breach by you. Under California Civil Code Section 1671, certain liquidated damages clauses are

unenforceable.

033125, as amended 071725

The Franchise Agreement requires binding arbitration. The arbitration will occur in Minneapolis, Minnesota, with the costs being awarded to the prevailing party. Prospective Franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (such as Business and Professions Code 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of the Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of the State of Wyoming. This provision may not be enforceable under California law.

You may be required to sign a general release of claims if you transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of

(i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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.

INDIANA

1. The Summary column of Items 17.v and we are subject to the Illinois Franchise Disclosure Act and the Indiana Deceptive Franchise Practices Act (specifically Indiana Code

Section 23-2-2.7-1(10)).

MINNESOTA

1. The following legend is added to the “Special Risks to Consider about This Franchise” on the State Cover Page:

MINNESOTA STATUTES §80C.21 AND MINNESOTA RULES 2860.4400(J) PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA, REQUIRING WAIVER OF A JURY TRIAL, OR REQUIRING THE FRANCHISEE TO CONSENT TO LIQUIDATED DAMAGES, TERMINATION PENALTIES OR JUDGMENT NOTES. IN ADDITION, NOTHING IN THE DISCLOSURE DOCUMENT OR AGREEMENT CAN ABROGATE OR REDUCE (1) ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR (2) YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION.

2. The following statements are added at the end of Item 17:

Minnesota Rules 2860.4400(D) prohibits us from requiring you to assent to a general release from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided, it does not bar the voluntary settlement of disputes.

We will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Statute §80C.17.5 provides that any claims and actions based on a violation of Chapter 80C of the Minnesota statutes or any rule or order thereunder shall be commenced within three years from the occurrence of the facts giving rise to such claim or action.

Minnesota Statute §80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. (The above language has been included in this Disclosure Document as a condition to registration. We and you do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. We and you intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by us, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.)

You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400(J). Also, a court will determine if a bond is required.

Minnesota Statutes Section 181.991 prohibits a franchisor from restricting, restraining, or prohibiting in any way a franchisee from soliciting or hiring an employee of the franchisor or a franchisee of the same franchisor.

Minnesota Statutes, Section 181.991 prohibits a franchisor from restricting, restraining, or prohibiting in any way a franchisee from soliciting or hiring an employee of the franchisor or an employee of a franchisee of the same franchisor. Any such restrictions in the Franchise Agreement are deemed deleted.

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

NEW YORK

1. The following information is added to the Cover Page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN ATTACHMENT GH OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and

the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following statement is added to the end of the “Summary” sections of Item 17.c, titled “**Requirements for you to renew or extend,**” and Item 17.m, titled “**Conditions for our approval of transfer by you**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17.d, titled “**Termination by you**”:

You may terminate the Franchise Agreement on any grounds available by law.

5. The following statement is added to the end of the “Summary” sections of Item 17.v, titled “**Choice of forum,**” and Item 17.w, titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts -- Any sale made must be in compliance with § 683(8) of the Franchise

Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, 10 business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

WE REPRESENT THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

NORTH DAKOTA

†The North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees:

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

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

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

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

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

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

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

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

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

VIRGINIA

1. The following legend is added to the "Special Risks to Consider about This Franchise" on the State Cover Page:

Unregistered Trademarks. Certain design trademarks that you may use in your business are not federally registered. If the franchisor's right to use these trademarks

in your area is challenged, you may have to identify your business and its products or services with other trademarks that may differ from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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

WASHINGTON

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

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

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

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

WISCONSIN

1. REGISTRATION OF THIS FRANCHISE IN THE STATE OF WISCONSIN DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

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

(b)

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	~~March 31,~~ ~~2025, as~~ ~~amended July~~ ~~17,~~ ~~2025~~ <u>Pending</u>
Hawaii	~~NOT~~ ~~EFFECTIVE~~ <u>Not applicable</u>
Illinois	~~March 31,~~ ~~2025, as~~ ~~amended July~~ ~~17,~~ ~~2025~~ <u>Pending</u>
Indiana	~~March 31,~~ ~~2025, as~~ ~~amended July~~ ~~17,~~ ~~2025~~ <u>Pending</u>
Maryland	~~NOT~~ ~~EFFECTIVE~~ <u>Not applicable</u>
Michigan	~~March 31,~~ ~~2025, as~~ ~~amended July~~ ~~17,~~ ~~2025~~ <u>Pending</u>
Minnesota	~~PENDING~~ <u>P</u>

	<u>ending</u>
New York	~~April 25,~~ ~~2025, as~~ ~~amended July~~ ~~17,~~ ~~2025~~ <u>Pending</u>
North Dakota	~~PENDING~~ <u>P</u> <u>ending</u>
Rhode Island	~~PENDING~~ <u>P</u> <u>ending</u>
South Dakota	~~March 31,~~ ~~2025, as~~ ~~amended July~~ ~~17,~~ ~~2025~~ <u>Pending</u>
Virginia	~~PENDING~~ <u>P</u> <u>ending</u>
Washington	~~April 3, 2025,~~ ~~as amended~~ ~~July 17,~~ ~~2025~~ <u>Pending</u>
Wisconsin	~~PENDING~~ <u>P</u> <u>ending</u>

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller- assisted marketing plans.

ATTACHMENT ~~NK~~ RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Taco John's International, Inc. ("~~FH,~~"we" or "us") offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar- days before the execution of the franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Attachment-G-

F. We authorize the parties identified on Attachment GF to receive service of process for us in the particular state.

The following Franchise Sellers were involved in the offering of this franchise:

The following employees of ours, having a principal business address of 1650 W End Boulevard, Suite 200, St. Louis Park, Minnesota 55416, and telephone number of 800-854-0819: Heather Leed Neary, ~~Richard Bundy~~, Jackie Secor, ~~Kevin Flaherty~~, Thomas A. Perella, Jr., ~~Shannon Iverson~~, Jenna Leichty, ~~Paul Guidera~~, ~~Bill Crawford~~ Landon Lane, and/or _____.

Issuance Date: March 31, ~~2025, as amended July 17, 2025~~ 2026 I received a Disclosure Document dated March 31, ~~2025, as amended July 17, 2025~~ 2026, that included the following Attachments: Attachment A - Franchise Agreement (with Exhibits) Attachment B - Area Development Agreement (with Exhibits) Attachment C - ~~Nondisclosure and Noncompetition Agreement~~ Attachment ~~D~~—List of Franchisees and Developers Attachment ~~ED~~ - List of Former Franchisees Attachment ~~F-E~~ - Financial Statements Attachment GF - State Administrators/Agents for Service of Process Attachment HG - Operations Manual Table of Contents Attachment I-H - Disclosure Acknowledgment Attachment J - ~~Gift Card Onboarding and Change Form~~ Attachment ~~K~~—Lease Rider Attachment ~~L~~—~~Operational Assessment Program Confidentiality/Release Agreement~~ Attachment ~~M-J~~ - State Addenda Attachment NK - Receipts

Date

Date

Signature

Signature

Please Print Name

Please Print Name

RECEIPT

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If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Attachment G-

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Development Agreement(~~with Exhibits~~)

Attachment C - ~~Nondisclosure and Noncompetition Agreement~~ Attachment D—List of Franchisees and

Developers Attachment ~~E~~D - List of Former

Franchisees Attachment ~~F~~E - Financial Statements

Attachment ~~G~~F - State Administrators/Agents for Service of Process

Attachment ~~H~~G - Operations Manual Table of Contents

Attachment ~~I~~H - Disclosure Acknowledgment

Attachment ~~J~~—~~Gift Card Onboarding and~~

~~Change Form~~ Attachment ~~K~~I - Lease Rider

Attachment ~~L~~—~~Operational Assessment Program Confidentiality/Release Agreement~~ Attachment ~~M~~J - State Addenda

Attachment ~~N~~K - Receipts

Date

Date

INTERNATIONAL, INC., 1650 WEST END BLVD., SUITE 200, ST. LOUIS PARK, MINNESOTA 55416.

Taco John's FDD (March 31, 2026)

Signature

Signature

Please Print Name

Please Print Name

~~IMPORTANT:~~ IF THE FDD WAS DELIVERED TO YOU ELECTRONICALLY, PLEASE IMMEDIATELY SIGN THIS PAGE ELECTRONICALLY [AND RETURN TO TJLEGAL@TACJOHNS.COM](mailto:TJLEGAL@TACJOHNS.COM). ALTERNATIVELY, PLEASE IMMEDIATELY PRINT, SIGN, DATE, ~~AND~~ E-MAIL ~~IT~~ TO TJLEGAL@TACJOHNS.COM, THEN PROMPTLY RETURN THE ORIGINAL BY MAIL OR COURIER TO TACO JOHN'S ~~INTERNATIONAL, INC., 1650 WEST END BLVD., SUITE 200, ST. LOUIS PARK, MINNESOTA 55416.~~

[INTERNATIONAL, INC., 1650 WEST END BLVD., SUITE 200, ST. LOUIS PARK, MINNESOTA 55416.](mailto:TJLEGAL@TACJOHNS.COM)

[Taco John's FDD \(March 31, 2026\)](#)

Document comparison by Workshare Compare on Tuesday, March 31, 2026
12:10:14 PM

Input:	
Document 1 ID	file:///C:/Users/TinaChristensen/Downloads/Taco John's - Amended FDD [clean].pdf
Description	Taco John's - Amended FDD [clean]
Document 2 ID	file:///C:/Users/TinaChristensen/Downloads/Taco John's - FDD 2026 - Issued 3-31-2026.pdf
Description	Taco John's - FDD 2026 - Issued 3-31-2026
Rendering set	Standard

Legend:	
<u>Insertion</u>	
~~Deletion~~	
~~Moved from~~	
<u>Moved to</u>	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	3459
Deletions	3721
Moved from	108
Moved to	108
Style changes	0
Format changes	0
Total changes	7396

1 The training identified here as classroom training is conducted online.
2 The on-the-job Management Certification Program shall consist of the following topics:

Week 1:

Review of the Taco John's Operations Manual.
Team member orientation and job station training. Job stations include fry station, recipe preparation, menu assembly, and cashier.
Satisfactory completion of job station quizzes is required.

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

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

Week 2:

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

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

