

FRANCHISE DISCLOSURE DOCUMENT

RAYYAN PIZZA FRANCHISE LLC

An Illinois limited liability company

8 McGlashen Drive

South Barrington, IL 60010

(847)322-5666

paparayspizza@gmail.com

www.paparayspizza.com



The franchisee will operate a Papa Ray's Pizza & Wings restaurant, featuring pizza, chicken wings, rib tips, calzone wraps, appetizers, salads and other food and beverage items for eat in, carry out or delivery using the primary name and mark Papa Ray's Pizza & Wings.

The total investment necessary to begin operation of a Papa Ray's Pizza Restaurant franchise is \$213,730 to \$464,080. This includes \$30,000 to \$31,000 paid to the franchisor and an affiliate of the franchisor.

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 governmental 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 availability of disclosures in different formats, contact John Rayyan, 8 McGlashen Drive, South Barrington, IL 60010, (847)322-5666.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an 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 "*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, D.C. 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 be laws on franchising in your state. Ask your state agencies about them.

Issuance date: April 23, 2025

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 Exhibit 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 Exhibit C 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 Papa Ray's Pizza & Wings 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 Papa Ray's Pizza & Wings franchisee?	Item 20 or Exhibit 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 Exhibit A.

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 Illinois. 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 Illinois than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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.

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:

- (a) A prohibition on the right of a franchisee to join an association of franchises.
- (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 the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity which in no event need be more than thirty (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 furnishing not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years and (ii) 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 (6) 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.
- (g) A provision which permits a franchisor to refuse 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) Failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or

subfranchisor.

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

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

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

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

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, franchisee has the right to request an escrow arrangement.

Any questions regarding the notice of this Offering should be directed to:

CONSUMER PROTECTION DIVISION
ATTN: Franchise
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913
(517) 335-7567

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- B. Franchise Agreement (with exhibits)
- C. Financial Statements
- D. List of Franchisees and Affiliate-Owned Locations
- E. Table of Contents of Operations Manual
- F. State Addendum (if applicable)
- G. State Effective Dates

Receipt of Disclosure Document (Two)

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The franchisor is Rayyan Pizza Franchise LLC. To simplify the language in this Disclosure Document, the franchisor will be referred to as "Company," "us" or "we." "You" means the person who buys the franchise. If you are a corporation, partnership, limited liability company or other entity created by law, certain provisions of the franchise agreement also apply to your direct or indirect owners and will be noted. These owners must personally guarantee payment and performance of all of your obligations to us.

Rayyan Pizza Franchise LLC is an Illinois limited liability company organized on December 4, 2012. We do business under our corporate name and under the name Papa Ray's Pizza & Wings. Our principal business address is 8 McGlashen Drive, South Barrington, Illinois 60010. Our agent for service of process in your state, if applicable, is disclosed in Exhibit A.

We do not have a parent company. Our predecessor is Papa Ray's Pizza 1, Inc., an Illinois corporation, with a principal place of business at 8 McGlashen Drive, South Barrington, Illinois 60010. Papa Ray's Pizza 1, Inc. established the first Papa Ray's Pizza & Wings restaurant in April 2010 and developed the system for operating a Papa Ray's Pizza & Wings Restaurant. We acquired our rights in and to the System (as described below) from Papa Ray's Pizza 1, Inc. in December 2012.

We currently no affiliates that provide products or services to the franchisees. We have no affiliates which are offering franchises in any line of business.

We offer franchises to own and operate a Papa Ray's Pizza & Wings Restaurant business (the "Papa Ray's Pizza Restaurant"), offering the products and services approved by us. You must sign our standard franchise agreement (the "Franchise Agreement") which is attached to this Disclosure Document as Exhibit B. You must operate your Papa Ray's Pizza Restaurant following our specific standards, practices, specifications, methods and procedures and décor and color schemes for all Papa Ray's Pizza Restaurants (all of which is referred to as the "System"). We may change, improve or further develop the System at any time. The System is currently identified by and Papa Ray's Pizza Restaurants will be operated under the service mark "Papa Ray's Pizza & Wings", our logo, and related marks and logos. The service mark "Papa Ray's Pizza & Wings", the logo, and all other proprietary trademarks, service marks, domain names, related logos and other commercial symbols owned by us are referred to in this Disclosure Document as the "Marks." We have no other business activities besides selling and supporting Papa Ray's Pizza Restaurant franchises.

The Papa Ray's Pizza Restaurant business is a restaurant that offers a variety of types of pizza, chicken wings, rib tips, calzone wraps, appetizers, salads and other food and beverage items. The business offers carryout and delivery service with limited dine-in seating.

The Papa Ray's Pizza Restaurant will offer its products and services to the general public and will compete with national, regional or local pizza restaurants, with other restaurants offering similar products, and with stores offering pizza products for at home preparation and consumption. The market for the products and services to be offered by a Papa Ray's Pizza Restaurant is highly developed in most areas and can be very competitive.

You will need to obtain the proper food and beverage license from the proper licensing agencies. In Illinois you and other employees must obtain a food service sanitation code certificate. Other jurisdictions may have similar requirements. You must comply with all local, state and federal health and sanitation laws and menu labeling laws applicable to businesses selling food and beverages. You are solely responsible for complying with all applicable labor and employment laws in operating your Papa Ray's Pizza Restaurant. For franchisees in Illinois, new laws that became effective January 1, 2020 require businesses to meet specific sexual harassment prevention and training requirements, and require restaurant businesses specifically to implement and provide to employees a written sexual harassment policy. There may be other laws and codes applicable to your business. You must investigate all applicable laws, regulations and codes to find out what you need to do to comply.

We have never operated a Papa Ray's Pizza Restaurant. Our predecessor and an affiliate based on common ownership, Papa Ray's Pizza 1, Inc., operated the first Papa Ray's Pizza & Wings restaurant from April 2010 to August 2014. Our affiliate Papa Rays 2, Inc. began operating a second Papa Ray's Pizza & Wings restaurant in October 2010 which it continues to operate. Our affiliate Papa Rays 4, Inc. operated a Papa Ray's Pizza & Wings restaurant from October 2013 to February 2016 and from June 2016 to the present.

We first registered our franchise offering in March 2013 but we did not actively offer franchises until 2014. We have never offered franchises in any other line of business. None of our affiliates have offered Papa Ray's Pizza Restaurant franchises or franchises in any other line of business.

Item 2

BUSINESS EXPERIENCE

Member: John Rayyan

Mr. Rayyan was a founder and has been our Member since our inception in December 2012. He has owned and operated Papa Ray's Pizza & Wings restaurants in Chicago, Illinois since 2010. He has served as President of Papa Ray's Pizza 4, Inc. in South Barrington, Illinois from September 2013 to the present. He served as President of Papa Ray's Pizza 1, Inc. in South Barrington, Illinois from December 2009 to April 2022. He was President and Director of Always Direct Mail, Inc. in South Barrington, Illinois from September 2017 to December 2022.

Item 3

LITIGATION

No litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

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

Item 5
INITIAL FEES

You must pay an initial franchise fee of \$30,000. It is due and payable in a lump sum by certified or cashier's check upon signing the Franchise Agreement. The franchise fee is not refundable under any circumstances.

The following franchisees will pay a discounted initial franchise fee of \$15,000:

(1) an existing Papa Ray's Pizza Restaurant franchisee currently operating a Papa Ray's Pizza Restaurant in compliance with the franchise agreement;

(2) a honorably discharged Veteran;

(3) a current or past employee of ours, an affiliate or one of our franchisees who was so employed for a minimum of one year.

The \$15,000 non-refundable initial franchise fee must be paid in cash in full when the franchise agreement is signed.

The remainder of this page has been left blank intentionally.

Item 6
OTHER FEES

TYPE OF FEE^{1,3}	AMOUNT	DUE DATE	REMARKS
Royalty Fee	5% of Gross Sales	On Wednesday of each week.	Covers Gross Sales for the preceding Monday through Sunday.
National Marketing Fund Contribution ²	2% of Gross Sales	On Wednesday of each week	Covers Gross Sales for the preceding Monday through Sunday.
Local Advertising ²	After the first 3 months of operation (when grand opening advertising requirement applies), \$4,333 per month for the term of the franchise.	As incurred by you.	Paid to third parties. You must submit quarterly reports to us documenting your expenditures for the previous calendar quarter.
Cooperative Advertising	As determined by the members of the cooperative. Contributions to cooperative are credited against the local advertising requirement.	As determined by members of the cooperative.	Payable if a cooperative is established in your area. All restaurants included in the cooperative, including company-owned or affiliate-owned stores, will have one vote per restaurant.
Additional Training Fee	\$200 per day; subject to increase	Before training	We provide you initial training for up to 2 owners and/or managers at no additional cost. If you want additional owners or managers to attend initial training, or you later want to send additional manager(s) to training, we will provide training based on availability for an additional training fee.
Additional Operating Assistance	Currently \$200 per day, subject to increase; plus travel and living costs of our representative	Upon billing.	We provide on-site assistance and training to you around the time of opening at no additional cost. This fee is payable if we provide you, at your request or if we require due to your non-compliance, additional assistance at your Papa Ray's Pizza Restaurant beyond what is typically provided to franchisees.
Tuition for supplemental seminars, programs or training	Fee undetermined since we have not yet conducted these programs	Before seminar	Payable if we conduct the seminar, program or training. You are responsible for your travel expenses.
Annual Conference Registration Fee	Fee undetermined since we have not yet conducted a	Before conference	Payable if we hold an annual conference for franchisees. You are required to attend the

TYPE OF FEE ^{1,3}	AMOUNT	DUE DATE	REMARKS
	conference.		conference, and if you fail to do so, the conference fee must still be paid to us. You are responsible for your travel expenses.
Transfer Fee	\$9,000 or \$5,000 if the transferee is an existing franchisee approved by us for additional franchises.	Before transfer	Payable when you transfer the franchise, an interest in Papa Ray's Pizza Restaurant, the assets of Papa Ray's Pizza Restaurant or an interest in the franchisee; no fee if the transfer is to a corporation owned by you.
Renewal Fee	\$2,500	When you sign renewal agreement	Payable if you renew your franchise at the end of the initial term.
Audit/Inspection Costs	Cost of audit or inspection, including charges of professional advisors, and travel expenses, room and board and compensation or fees of our employees or agents	Upon billing	Payable if audit necessary because of your failure to file reports, supporting records, financial statements, or other required information in a timely fashion or if any audit reveals an understatement of the reported Gross Sales of greater than 2%.
Service Charge	Greater of \$150 or the highest interest rate allowed by law not to exceed 1 ½%.	Upon billing	Payable on all overdue accounts due to us.
Management Fee	Currently \$250 per day, plus expenses; subject to increase	As agreed	Payable to us during period that our appointed manager manages Papa Ray's Pizza Restaurant, at our option, after 14 days from your receipt of a default notice or 30 days following your death or disability.
Fee for supplier approval	\$250	Upon demand	Payable if you request our determination if a supplier meets our approval.
Relocation fee	\$500 plus any travel expenses incurred by us in visiting the proposed site.	Upon demand	Payable if you relocate your store. You must obtain our prior consent to relocate.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us for all our costs, liabilities and expenses incurred by us as a result of your operation of Papa Ray's Pizza Restaurant, or you or your Owners' or employees' acts or

TYPE OF FEE ^{1,3}	AMOUNT	DUE DATE	REMARKS
			omissions, our enforcement of this Agreement, our defense of our actions taken under this Agreement or your breach of the Franchise Agreement.
Costs and Attorney's Fees	Will vary under circumstances	As incurred	You must reimburse us for costs and attorney's fees we incur in actions against you to enforce the Franchise Agreement.
Reimbursement for insurance costs	Costs and premiums incurred by us on your behalf.	Upon demand	Payable if we incur costs to purchase insurance for you if you fail to do so.
Reimbursement of Taxes	Actual assessed taxes against us for your operation of your business or on any payments you make to us.	Upon demand	Only payable if taxes of this type are assessed against us.
Software license fees	Undetermined since proprietary software has not yet been developed.	As arranged	Payable if we develop proprietary software that you must use for operating your Papa Ray's Pizza Restaurant.

1. Unless otherwise noted, all fees are imposed by and payable to us. All fees are non-refundable. The above fees are uniformly imposed on franchisees. Some existing franchisees may have different payment obligations.
2. The term "Gross Sales" means the amount of all receipts from the sale of any and all food beverages, merchandise or other products or services made and rendered in, on or from the premises of the Papa Ray's Pizza Restaurant, or through any other means, including sales outside of the Premises, that is in any way related to your Papa Ray's Pizza Restaurant, whether for cash, exchange or credit (and regardless of collection in the case of credit). Gross Sales will be deemed received on the date that payment in whatever form is actually collected and received by you. The term Gross Sales does not include any receipts from sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, promotional customer discounts and coupons, authorized employee discounts and complimentary products for promotion or charitable purposes. You must submit a weekly report of Gross Sales to us.
3. You must pay the royalty fee, advertising contribution and any other amounts you owe to us or our affiliate by electronic transfer of funds.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount- Range Estimated	Method of Payment	When Payable	To Whom Payment is Made
Initial Franchise Fee (Note 1)	\$30,000	2 lump sum payments	½ when you sign the franchise agreement; and ½ when we approve your location	Us
Travel and Living Costs while Training (Note 2)	\$2,000 - \$10,000	As arranged	As agreed	Transportation lines, hotels, restaurants
Lease Security Deposit and Rent (1 st 3 months) (Note 3)	\$4,000 - \$16,000	As arranged	As arranged	Lessor
Leasehold Improvements (Note 4)	\$30,000 - \$60,000	As incurred	As agreed	Contractors
Equipment/ Signage/ Furniture/Fixtures (Note 5)	\$57,500 - \$143,750	As incurred	As agreed	Approved Suppliers
POS Computer Systems (Note 6)	\$12,330 - \$25,330	As incurred	As agreed	Designated Suppliers
Initial Inventory and Supplies (Note 7)	\$10,000 - \$19,000	As incurred	As agreed	Designated and Approved Suppliers, including Us
Utility Deposits	\$2,000 - \$4,000	As incurred	As arranged	Municipalities
Insurance (Note 8)	\$900 – \$16,000	As incurred	As arranged	Insurance company
Miscellaneous Pre – Opening Expenses (Note 9)	\$10,000 - \$30,000	As incurred	As incurred	Licensing agencies; Professional advisors
Grand Opening Advertising (Note 10)	\$15,000 - \$30,000	As incurred	During the 90 days after opening	Suppliers
Additional Funds (1 st 3 months) (Note 11)	\$40,000 - \$80,000	As incurred	As incurred	You determine
TOTAL ESTIMATED INITIAL INVESTMENT	\$213,730 – \$464,080			

Explanatory Notes:

This is our estimate of the costs you will incur to develop and open a Papa Ray's Pizza Restaurant. The factors that underlie this estimate can vary considerably depending on a number of variables, and the actual investment you may make in developing and opening your Papa Ray's Pizza Restaurant may be less or greater than the estimates given. Payments to us are non-refundable. Payments to third parties are not expected to be refundable unless you directly negotiate this with a supplier.

1. **Initial Franchise Fee.** One-half of the initial franchise fee is paid to us when you sign the Franchise Agreement and the balance of the initial franchise fee is paid within 5 days of the date we approve the site for your Papa Ray's Pizza Restaurant. See Item 5 for a description of certain discounts available on the initial franchise fee.
2. **Training Expenses.** We do not charge a fee for the initial training program for up to 2 owners and/or managers. You are responsible for the cost of transportation and meals in attending the initial training. The amount of these costs will vary depending upon a number of factors, including travel distances from your residence and your choices for lodging and meals. This high estimate is based on 2 people attending training.
3. **Lease Security Deposit; Rent.** This estimate covers the security deposit and rent for the first 3 months for leasing a site ranging in size from 900 to 2,500 square feet. Typically the security deposit for the lease is one month's rent. The rent will vary depending on the size, type, condition and location of the premises. The low estimate assumes that you will be able to negotiate some free rent at the beginning of the lease. The estimate does not include purchasing a site which we would not recommend.
4. **Leasehold Improvements.** You must make certain leasehold improvements at the premises of Papa Ray's Pizza Restaurant according to our plans and specifications. The cost of the improvements vary greatly depending upon the size, condition, configuration, and geographical location of the premises, local zoning and building ordinances, labor and material costs, and other economic factors. This estimate includes the cost of an architect, if necessary, and contractors and building and decorating materials and supplies. Your expense will be less if you can arrange for the landlord to cover some of the costs of leasehold improvements or if you can lease a site previously used for a restaurant facility and can suitably configure the site with limited renovations. We highly recommend trying to secure a site that already is configured for a restaurant and that contains some existing kitchen fixtures and equipment. The high estimate assumes that the leased space is a vanilla box.
5. **Equipment/Signage/Furniture/Fixtures.** This estimate includes expenses for kitchen equipment (such as oven, mixer, prep table, and walk-in freezer) and fixtures, tables and chairs, small wares, and indoor and outside signage, office equipment (excluding computer system) and other items necessary for the operation of the Papa Ray's Pizza Restaurant. The low estimate assumes that you will purchase used kitchen equipment with warranties rather than new equipment.
6. **POS Computer System.** This estimate is for the purchase of the required point of sale computer system (See Item) and for the initial set up and initial weekly payments for required

online ordering.

7. **Initial Inventory and Supplies.** This estimate covers the cost of purchasing an initial inventory of ingredients, food and beverages, paper goods, menus, uniforms and other supplies.
8. **Insurance.** You must purchase and maintain insurance coverage in minimum amounts we require. The required insurance is described in Item 8 of this Disclosure Document and in the Franchise Agreement. The premiums that franchisees will be charged will vary from market to market. The low estimate is for a minimum initial payment and the high estimate is for payment in full of the annual premium.
9. **Miscellaneous Pre-Opening Expenses.** This estimate includes the cost of building permits, business licenses, food certifications and legal and accounting fees.
10. **Grand Opening Advertising.** You must spend a minimum of \$15,000 on a grand opening advertising campaign during the first 90 days of operation of your Papa Ray's Pizza Restaurant. You must follow our guidelines for the grand opening advertising, marketing and promotional programs and get our prior approval of advertising used. We may require that you use designated suppliers for grand opening advertising.
11. **Additional Funds.** This item estimates your expenses for the first 3 months of operation. It includes payroll costs (but not a draw for you), utilities, inventory purchases and other operating costs, and royalty and marketing fund payments to us. We have not included any amount in the estimates for a vehicle since delivery drivers use their own vehicles.

These figures are estimates and we cannot guarantee that you will not have additional expenses in the initial operation of your Papa Ray's Pizza Restaurant. Your costs will depend on factors such as how closely you follow our methods and procedures, your management skill, experience and business sense, local economic conditions, the local market for your products and services, competition, and the sales level reached during the initial period of operations.

In compiling these estimates, we relied on the experience of our affiliates who own and operate restaurants operating under the System. You should review these figures carefully with a business advisor before deciding whether to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing from independent third parties will depend on factors such as the availability of financing generally, your creditworthiness, the amount and type of collateral you may have and the lending policies of the financial institutions concerning the type of business you will operate.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The reputation and goodwill of Papa Ray's Pizza Restaurants will be based on, and can be maintained only by, the sale of high quality products and services and the presentation, packaging, service and sale of those products and services in an efficient and appealing manner. We have developed standards and specifications for various products, materials, equipment and supplies sold at or used in the operation of Papa Ray's Pizza Restaurants. You must operate your Papa Ray's Pizza Restaurant according to these standards. These standards and specifications may impose minimum requirements for product offerings, delivery, performance, design and appearance.

We reserve the right to require you to offer and sell at the Papa Ray's Pizza Restaurant certain proprietary products or services if we develop them ("Proprietary Products"). Once developed, you must purchase the Proprietary Products from us, an affiliate or from a manufacturer licensed by us. In addition, you must use the Proprietary Products in the manner we specify. If you purchase Proprietary Products or other products or supplies from us, an affiliate or licensed manufacturer in the future, we may derive income from the purchases.

Currently, you must purchase the point of sale system, including on-line ordering services, from a supplier that we designate. Neither we nor our affiliate is a designated supplier of these services.

You must purchase ingredients and other food products, paper goods and packaging, uniforms, signs, direct mail marketing, and menu printing from suppliers approved by us. We are not an approved supplier of any of these items. Other equipment, furniture, fixtures, and other materials and supplies that you purchase for the establishment or operation of the Papa Ray's Pizza Restaurant must meet our standards and specifications. We will notify you in our Confidential Operations Manual (the "Operations Manual") or other communications of our standards and specifications and/or names of approved suppliers.

If you would like to purchase any items from any unapproved supplier, you must submit a written request for approval of the proposed supplier. We will charge you (or the supplier) a non-refundable fee to cover the costs we incur in making this determination and will notify you of our decision within 30 days of our receipt of your request and all materials necessary to make our determination. We will establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved suppliers. Approval of a supplier may be conditioned on reputation, compliance with our specifications, product quality, timely delivery, standards of service and concentration of purchases for the benefit of the franchise system. However, our criteria for approving suppliers are not available to franchisees. We reserve the right to revoke approval of any approved supplier.

Other than our affiliate, none of our officers or managers has an ownership interest in an approved supplier.

Before you open your Papa Ray's Pizza Restaurant for business, you must obtain and maintain the insurance coverage that we require from time to time and meet other insurance-related

obligations described in the Franchise Agreement. Currently, you must maintain insurance as follows: (1) comprehensive public liability, product liability and motor vehicle liability (including hired and non-owned auto liability) insurance against claims for bodily and personal injury, death, property damage and injuries caused by or occurring in the operation of the Papa Ray's Pizza Restaurant or the conduct of business pursuant to the Franchise Agreement under one or more policies of insurance with minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; (2) general casualty insurance including fire and extended coverage, vandalism, and malicious mischief insurance for the replacement value of the Papa Ray's Pizza Restaurant and its contents; (3) workers' compensation and employer's liability insurance as required by applicable law; and (4) business interruption insurance for a minimum of 12 months. The cost of this coverage will vary, depending on the insurance carrier's charges, terms of payment and your history. Each insurance policy must name us (and, if we request it, our officers, members, manager, and employees) as an additional insured and must provide us with 30 days advance written notice of any material modification, cancellation, or expiration of the policy.

The purchase of products from designated suppliers, approved suppliers or in accordance with specifications and standards will represent approximately 60% to 65% of your initial purchases and leases in opening the Papa Ray's Pizza Restaurant and 25% to 55% of your ongoing purchases and leases in operating the Papa Ray's Pizza Restaurant.

During our fiscal year ended December 31, 2024, we did not receive any revenue from purchases by franchisees.

We do not provide any material benefits (for example, renewal or additional franchises) to franchisees based on the franchisee's use of designated or approved suppliers. However, you must comply with the requirements to purchase from designated or approved supplier to be in compliance with your franchise agreement.

We negotiate arrangements with suppliers for the benefit of franchisees. We currently receive rebates from two suppliers based on a percentage of certain purchases by our franchisees.

There are currently no purchasing or distribution cooperatives.

You must submit the proposed lease for your site to us for approval before you sign it. We may require that the lease (i) be collaterally assigned to us by a collateral assignment agreement in a form and substance reasonably acceptable to us in order to secure performance of your liabilities and obligations to us and (ii) contain certain terms and conditions as described in the franchise agreement.

All advertising and promotional materials used by you in promoting the Papa Ray's Pizza Restaurant must be completely factual, in good taste, and must conform to the highest standards of ethical advertising. You must submit to us samples of all advertising or promotional plans and materials that you desire to use and that have not been prepared or previously approved by us before you use them. If you do not receive written approval from us within 30 days, we will be deemed to have disapproved them. You may not use any marketing or promotional materials that we have disapproved.

Item 9
FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Sections 4.1. and 4.2.	7, 11
b. Pre-opening purchases/leases	Sections 4.2 and 4.5	5, 7, 8
c. Site development and other pre-opening requirements	Sections 4.3., 4.4, 4.5 and 4.6	Not applicable
d. Initial and ongoing training	Sections 5.1, 5.2, 5.3 and 5.4	6, 7 and 11
e. Opening	Section 4.6	11
f. Fees	Sections 10, 3.1., 4.8., 5.1., 5.3, 5.4, 6.1, 12.1, 12.2, 12.3, 12.4, 13.3, 14.3, and 14.4	5, 6, 7, and 10
g. Compliance with standards and policies/Operations Manual	Sections 6.2 and 11	8, 11
h. Trademarks and proprietary information	Sections 7 and 9	13, 14
i. Restrictions on products/services offered	Sections 11.3, 11.4 and 11.5	8 and 16
j. Warranty and customer service requirements	Section 11.8	Not applicable
k. Territorial development and sales quotas	Sections 2.2 and 2.7	12
l. Ongoing product/service purchases	Sections 4.5 11.3, 11.4, 11.5, 11.12 and 11.13	8
m. Maintenance, appearance and remodeling requirements	Sections 3.4 and 11.2	11
n. Insurance	Section 11.12	7, 8
o. Advertising	Section 12	6, 7 and 11
p. Indemnification	Sections 7.6, 8.3 and 15.3	6, 13
q. Owner's participation/management/staffing	Sections 11.10 and 11.11.	11, 15
r. Records/reports	Sections 13.1 and 13.2	Not applicable
s. Inspections/audits	Sections 13.3 and 13.4	6
t. Transfer	Section 14	6, 17
u. Renewal	Section 3	6, 17
v. Post-termination obligations	Section 16	17

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
w. Non-competition covenants	Sections 9.3. and 17	17
x. Dispute resolution	Section 18	17
y. Guaranty	Section 14.5	15

Item 10
FINANCING

We do not offer direct or indirect financing. We do not 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 any other assistance to you.

Before you open your Papa Ray's Pizza Restaurant, we will do the following under the Franchise Agreement:

1. Approve the location of your Papa Ray's Pizza Restaurant. We will provide you with written notice of approval or disapproval within 30 days after receiving your written proposal for the site and required information on the site. Although we may provide some assistance in locating an acceptable site for you, you are responsible for securing a site. In approving or disapproving a proposed site, we will consider factors such as visibility, traffic count, access to parking, and demographics of the surrounding area. We highly recommend trying to secure a site that already is configured for a restaurant and that contains some existing kitchen fixtures and equipment. You will lease the premises for Papa Ray's Pizza Restaurant from independent third parties. Any lease for the premises must include certain terms we require. (Franchise Agreement, Section 4.2 and Exhibit 3 to Franchise Agreement)

If you have not secured a site approved by us within 180 days of signing the Franchise Agreement, we can terminate your franchise.

2. Furnish to you specifications for a Papa Ray's Pizza Restaurant, reflecting our requirements for interior and exterior design, decoration, fixtures, furniture, layout, equipment and signs. (Franchise Agreement, Section 4.3)

3. As discussed in Item 8, provide standards and specifications and list of approved suppliers for purchasing furniture, fixtures, equipment, computer systems, signs, inventory, materials and other supplies necessary for a Papa Ray's Pizza Restaurant to begin operations. (Franchise Agreement, Sections 4.5 and 11.4)

4. Determine that you have met the requirements to open for business. (Franchise Agreement, Section 4.6)

5. Loan you one copy of the Operations Manual (described below). (Franchise Agreement, Section 6.2)

6. Provide initial training to you (up to 3 owners and/or managers). (Franchise Agreement, Section 5.1) This training will be described in detail later in this item.

During your operation of Papa Ray's Pizza Restaurant, we will do the following:

1. Provide on-site start-up assistance and training to you, your manager and employees at your Papa Ray's Pizza Restaurant for 3 days around the time you open for business. (Franchise Agreement, Section 5.2.)

2. Provide guidelines regarding the Grand Opening Advertising Campaign that you must conduct during the first 90 weeks of operation. (Franchise Agreement, Section 4.7)

3. Furnish you with guidance and assistance in the operation of your Papa Ray's Pizza Restaurant as we deem appropriate. Operating assistance may consist of advice and guidance with respect to: sale of products and provision of services; specifications, standards and operating procedures used in Papa Ray's Pizza Restaurants; food preparation and presentation methods; purchasing approved fixtures, furniture, equipment, signs, inventory products, operating materials and supplies; advertising and promotional programs; administrative, bookkeeping, accounting, sales and general operating procedures; and employee training programs. This guidance will be furnished in the Operations Manual (defined below), lists of approved suppliers, other written materials, electronic communication, consultations by phone and/or consultations at our office or at your Papa Ray's Pizza Restaurant. (Franchise Agreement, Section 6.1)

4. Upon your request and at our sole discretion, we will send a representative to your Papa Ray's Pizza Restaurant to provide additional guidance and assistance for a fee. We may require this additional guidance and assistance if you are not operating your Papa Ray's Pizza Restaurant in compliance with the Franchise Agreement. (Franchise Agreement, Section 6.1)

5. Loan to you, during the term of the Franchise Agreement, one copy of an operating and procedures manual, which may consist of one or more manuals, in written or electronic form, for Papa Ray's Pizza Restaurants (the "Operations Manual"), containing mandatory and suggested specifications, standards and operating procedures prescribed from time to time by us for Papa Ray's Pizza Restaurants and information on other obligations you have under the Franchise Agreement. The Operations Manual may be modified at any time to reflect changes in the System, including additions to and deletions from authorized products and services, specifications, standards and operating procedures of a Papa Ray's Pizza Restaurant and under the Franchise Agreement. (Franchise Agreement, Section 6.2) The table of contents of the Operations Manual as of the date of this Disclosure Document is attached to this Disclosure Document as Exhibit E. Currently, the Operations Manual has a total of 156 pages. We are currently in the process of revising the Operations Manual.

6. Issue, modify and supplement the standards, specifications and procedures for purchasing and for the operation of Papa Ray's Pizza Restaurants. (Franchise Agreement, Section 11)

7. Once it is established, we will maintain and administer a system-wide marketing fund (the "Marketing Fund") for the creation and development of advertising, marketing and promotional programs as we deem necessary or appropriate to advertise or promote Papa Ray's Pizza Restaurants. (Franchise Agreement, Section 12.1.) Once the Marketing Fund is established, you must contribute 2% of Gross Sales to the Marketing Fund.

We will direct all advertising, marketing and promotional programs financed by the Marketing Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. You agree that the Marketing Fund may be used to pay the cost of preparing and producing video, audio and written advertising materials; administering national, regional or local advertising programs including, direct mail and other media advertising, and employing advertising agencies to assist in those activities; developing and maintaining a website for the franchise system; supporting public relations, market research and marketing activities; and providing advertising, marketing and promotional materials to Papa Ray's Pizza franchisees.

The Marketing Fund is a separate and distinct account and will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs and overhead we may incur in activities reasonably related to the administration of the Marketing Fund and its advertising, marketing and promotional programs (including, conducting market research, preparing advertising, marketing and promotional materials, establishing and maintaining a website for Papa Ray's Pizza Restaurants, and collecting and accounting for contributions to the Marketing Fund). We may spend in any fiscal year an amount greater or less than the total contribution of Papa Ray's Pizza Restaurants to the Marketing Fund in that year. We may cause the Marketing Fund to borrow from itself or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising, marketing and promotional costs of the Marketing Fund before other assets of the Marketing Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the Marketing Fund and will furnish it to you on written request. There is no requirement that the Marketing Fund be audited.

You understand and acknowledge that the Marketing Fund is intended to maximize recognition of the Marks and patronage of Papa Ray's Pizza Restaurants. Although we intend to use the Marketing Fund to develop advertising, marketing and promotional materials, and to place advertising in a manner that will benefit all Papa Ray's Pizza Restaurants, we have no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Marketing Fund by Papa Ray's Pizza Restaurants operating in that geographic area or that any Papa Ray's Pizza Restaurant will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising, marketing and promotional materials or the placement of advertising. Contributions to the Marketing Fund will not be used principally to solicit new franchise sales. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Marketing Fund. We have the right to discontinue or reestablish the Marketing Fund. If the Marketing Fund is discontinued, all amounts remaining in the Marketing Fund on the date of discontinuance will be distributed to franchisees in proportion to their respective contributions.

In the year ended December 31, 2024, we did not collect any Marketing Fund contributions from franchisees.

We currently do not have an advertising council of franchisees that advises us on advertising policies, but we may establish one in the future.

We may designate or approve the establishment of a local or regional advertising cooperative consisting of franchisees in a certain area for purposes of developing cooperative local or regional advertising or promotional programs. The area covered by the cooperative will be determined by us. The members of the cooperative will determine what advertising and promotional programs it will undertake, subject to our prior approval, and you must contribute to the advertising cooperative the amount and in the manner determined by the cooperative. Payments you make to the cooperative are credited toward your local advertising expense requirement. The members of the cooperative are responsible for the administration of the cooperative and each Papa Ray's Pizza Restaurant (whether franchised or owned by us or an affiliate) will have one vote. The cooperative does not have to operate from written governing documents and does not have to prepare annual or periodic financial statements. We have the power to form, change, dissolve or merge cooperatives. Papa Ray's Pizza Restaurants owned and operated by us or our affiliates will be members of any cooperative covering their area and will contribute in the same manner as other members.

Before you use them, samples of all advertising and promotional materials and proposed content for the Internet or social media not prepared or previously approved by us must be submitted to us for approval. If we have not approved any submitted advertising within 30 days of receiving it, it will be deemed disapproved. You may not use any advertising or promotional materials that we have disapproved. (Franchise Agreement, Sections 12.3)

Computer System

You must purchase and use the point of sale (POS) system that we require for use by Papa Ray's Pizza Restaurants and purchase the necessary hardware to support it. The currently approved POS system is Microworks Prism. In addition to functioning as a cash register, its features include website online ordering and other website applications, inventory tracking, loyalty/gift card tracking, customer data collection, delivery tracking, mapping, and employee time clock function. The initial cost of purchasing the required POS system, including equipment, is \$12,000 to \$19,000. One of our affiliates has used this POS system since October 2013.

You must purchase a separate computer from your POS System for use in operating your Papa Ray's Pizza Restaurant. The estimated cost for purchasing one with basic software is \$500.

We can require you to upgrade your POS system at any time if we determine that the system is insufficient for the efficient operation and management of a Papa Ray's Pizza Restaurant or is incompatible with our computer system. There are no limits under the Franchise Agreement on the number of times you must upgrade or substitute software or hardware on the amount you may be required to spend on these upgrades or substitutions. We have the right to access your POS system to retrieve information regarding the operations of your Papa Ray's Pizza Restaurant. (Franchise Agreement, Section 11.13)

The cost of online ordering from the designated supplier of the POS system currently ranges from \$180 to \$250 per month. If we require you to use the loyalty/gift card services from the POS system designated supplier in the future, you will incur an additional monthly charge. We have no obligation to provide ongoing maintenance, support or upgrades to the required POS system. You are required to maintain an annual maintenance agreement for the POS system which we estimate will cost \$800 to \$2,000 annually.

If we develop proprietary software for use by the franchise system, we can require you to use the software, purchase hardware to support it, enter into a Software License Agreement, and to pay the then current published license fees.

You must have high-speed Internet access and an e-mail account for communication with us and for on-line ordering for customers.

Typical Length of Time for Opening

We estimate that the length of time between the signing of the Franchise Agreement and the opening of your Papa Ray's Pizza Restaurant will be 6 to 18 months, depending on the amount of time it takes to secure an approved site, the time it takes to secure required permits and licenses and how much build-out must be done to the premises and how long that will take to complete. You must sign a lease for an approved site within 6 months of signing the Franchise Agreement.

You may not open your Papa Ray's Pizza Restaurant for business until: (1) you have completed the build-out of the restaurant premises and installed all fixtures, furniture and equipment; (2) we determine that your Papa Ray's Pizza Restaurant has been constructed, equipped, decorated and stocked with inventory, materials and supplies in accordance with plans and specifications we have approved; (3) you and any operating manager have completed our initial training and your employees have completed pre-opening training to our satisfaction; (4) the initial franchise fee has been paid in full; and (5) you have furnished us with evidence of required insurance coverage. You must begin operating your Papa Ray's Pizza Restaurant within 12 months of the date you sign the Franchise Agreement. (Franchise Agreement, Section 4.7.)

Training

Before your Papa Ray's Pizza Restaurant opens, you and any operating manager must attend and complete to our satisfaction, an initial training program on the operation of a Papa Ray's Pizza Restaurant, which currently lasts 24 days (6 days a week for 4 weeks). The initial training program will be at a restaurant owned by our affiliate in Chicago or other location determined by us. Certain portions of the initial training program may be adjusted or eliminated by us in our discretion based on your skills and experience. We expect to conduct initial training classes as needed. Although we do not charge a fee for the initial training program for up to 2 people, you will be responsible for all compensation, travel, lodging and other living expenses incurred by you and any manager attending training.

If, we determine during a training program that you (or your approved Owner) are not qualified to manage a Papa Ray's Pizza Restaurant, we can require you to attend and successfully

complete additional training or we can terminate your franchise, effective upon delivery of written notice to you. If we determine during a training program that any proposed operating manager is not qualified to manage your Papa Ray's Pizza Restaurant, you may select and enroll a substitute manager in the training program for additional fees.

As of the date of this Disclosure Document, we provide the following initial training:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION*
History of Franchise, Introduction to System	8	0	Chicago, IL
Preparation of dough	0	5	Chicago, IL
Cutting and grinding cheese	0	2	Chicago, IL
Rotation	0	3	Chicago, IL
Answering the phone and taking orders	0	10	Chicago, IL
Salads	0	1	Chicago, IL
Scheduling	0	5	Chicago, IL
Mac'n'cheese	0	2	Chicago, IL
Cutting of pizza Zero	0	2	Chicago, IL
Topping Pizzas	0	5	Chicago, IL
Cheesy bread	0	1	Chicago, IL
Traditional wings	0	3	Chicago, IL
Boneless Chicken	0	2	Chicago, IL
How to handle a complaint	0	10	Chicago, IL
Local Store Marketing	0	10	Chicago, IL
Making sauce	0	2	Chicago, IL
Cutting and cleaning vegetables	0	2	Chicago, IL
Prepping toppings	0	5	Chicago, IL
Taking Orders	0	10	Chicago, IL
Prep list inventory	0	5	Chicago, IL
Food Ordering Process	0	5	Chicago, IL
Slice reheating	0	5	Chicago, IL

Register Position	0	1	Chicago, IL
Beating out and saucing pizza & weighing/spreading cheese	0	5	Chicago, IL
Rib tips	0	2	Chicago, IL
Calzones	0	3	Chicago, IL
Communication of the Line	0	3	Chicago, IL
Customer service standards	0	10	Chicago, IL
General business practices	0	73	Chicago, IL

The instructional material for the initial training program is currently the Operations Manual.

The instructor for the initial training program is our founder John Rayyan. John has operated restaurants on which the System is based since April 2010 and have operated pizza restaurants since 2008. Current managers of our affiliate-owned restaurants may assist in the on-the-job training.

In addition to the initial training program described above, we will send one of our representatives to your Papa Ray's Pizza Restaurant for 3 days around the time of opening to provide on-site assistance and additional training to you, any manager and your employees for no additional fee. (Franchise Agreement, Section 5.2)

If you want to have more than 2 owners and managers trained by us when you attend the initial training program or if you want to send new or additional managers to training after you attend the initial training program, we will provide this training for a fee provided training space is available. You are responsible for all travel and living expenses and wages incurred by your managers who attend training. (Franchise Agreement, Section 5.1)

We may offer and we may require you (or your approved Owner) and any manager to attend supplemental training, seminars, programs, regional franchise meeting and/or webinars during the term of the franchise at times and places we designate. We have the right to charge you a tuition fee for these programs and you will be responsible for your and your managers' travel and living expenses. (Franchise Agreement, Section 5.2)

We may hold an Annual Conference of franchisees. You (or your approved Owner) and/or your operating manager must attend the Annual Conference. You must pay us the Annual Conference registration fee even if you fail to attend. You must pay the travel and living expenses you and any manager incur in attending the Annual Conference. However, we are not obligated to conduct an Annual Conference.

Item 12

TERRITORY

Once the site for your Papa Ray's Pizza Restaurant is approved, we will assign a protected area ("Protected Area") for your Papa Ray's Pizza Restaurant. Your Protected Area will be a minimum radius of 3 miles from the premises of the Papa Ray's Pizza Restaurant. The boundaries will be determined based on population density, demographics, existing competition in the market, major and restricting topographical features which define contiguous areas, and other relevant factors. A map and/or description of your Protected Area will be attached at Exhibit 1 to your Franchise Agreement.

As long as you are not in default under the Franchise Agreement, we will not establish another franchised, company-owned or affiliate-owned Papa Ray's Pizza Restaurant in your Protected Area, except for a Papa Ray's Pizza Restaurant in a limited use facility. A limited use facility includes those located within airports, railroad stations or other transportation facilities; stadiums, racetracks or other sport facilities; enclosed shopping centers; casinos; theaters, auditoriums, amusement parks or other entertainment facilities; military bases; and college campuses; and similar types of captive locations. Based on our right to establish restaurants in limited use facilities, 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 competition brands that we control.

We reserve the right both within and outside the Protected Area, to: (i) offer and sell similar products using our Marks or other marks through an alternate distribution system, including the Internet or through different types of business locations, such as grocery chains or other retail stores; (ii) establish businesses offering similar services and products using different marks; (iii) acquire or be acquired by a company establishing businesses identical or similar to Papa Ray's Pizza Restaurants; and (iv) engage in any other business activities not expressly prohibited by the Franchise Agreement. We are not required to pay you if we exercise any of these rights within your Protected Area.

The franchise is granted for 1 specific location which must be approved by us. You may not relocate your Papa Ray's Pizza Restaurant without our prior written approval. Our approval will be given if your lease terminates through no fault of yours, the premises are damaged, condemned or otherwise rendered unusable, there is change in the character of the location sufficiently detrimental to the Store's business potential to warrant relocation, or the premises are no longer suitable to meet the full business potential. If we consent to your relocation of your Papa Ray's Pizza Restaurant, you will be responsible for the costs of the relocation and you must pay us a relocation fee of \$500 plus any travel expenses we incur in visiting the proposed new site.

You may not provide deliver service or catering services outside of your Protected Area except with our prior written consent and only if the location for such services is not within the protected area granted to another Papa Ray's Pizza franchisee.

You do not receive the right to acquire additional franchises under the franchise agreement. You must meet our then-current qualifications for opening another franchise and purchase another franchise to establish another Papa Ray's Pizza Restaurant with additional territory.

Beginning with the second year of operation of your Papa Ray's Pizza Restaurant, you must have annual Gross Revenues for each year of operation of a minimum of \$300,000.00 ("Minimum Annual Gross Revenue"). If you do not achieve the Minimum Annual Gross Revenue for any year of operation, you will be given the next 12 months to increase revenues so that you meet the Minimum Annual Gross Revenues. If you do not meet the Minimum Annual Gross Revenue after having been given a 12 month period to increase sales and achieve the Minimum Annual Gross Revenue, we may either (i) increase the amount that you must expend on local advertising to an amount we in our discretion deem necessary in order to increase revenues, (ii) reduce or eliminate your Protected Area upon delivery of written notice to you, and thereafter, we may establish another Papa Ray's Pizza Restaurant in the former Protected Area or (iii) terminate the Franchise Agreement upon delivery of written notice to you.

Item 13

TRADEMARKS

We grant to you the right to use certain trademarks, service marks, and other commercial symbols in operating your Papa Ray's Pizza Restaurant. The principal service mark to be used by you is "Papa Ray's Pizza & Wings" and associated logos.

On July 26, 2011, our affiliate Papa Ray's Pizza 1, Inc. obtained a service mark registration on the Principal Register of the United States Patent and Trademark Office ("PTO") for "Papa Ray's Pizza & Wings" (Registration No. 4001654) and an associated logo (Registration No. 4001655). Subsequently a cancellation proceeding was initiated by U.S.A. Famous Original Ray's Licensing Corp. for cancellation of these marks based on its ownership and use of the mark Famous Original Ray's Pizza. On November 26, 2013, our affiliate's registrations for the Papa Ray's Pizza & Wings mark and logo was cancelled by the PTO. We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. Currently, the mark Famous Original Ray's Pizza owned by U.S.A Famous Original Ray's Licensing Corp. is only in use in New York. We do not intend to offer and sell franchises in New York.

Other than as described above, there are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. There are no agreements currently in effect that significantly limit our right to use or license the use of the Marks in any manner material to you.

Your right to use the Marks is limited by the terms and conditions of the Franchise Agreement. You must comply with our rules when you use the Marks.

You may not make any representation that any of the Marks is invalid or infringes the rights of any person or is otherwise open to any other form of attack. You may not contest or assist any other person in contesting the validity or ownership of the Marks, or take any action adverse to our and our affiliate's claimed rights in and to the Marks.

You must use the Marks to identify your Papa Ray's Pizza Restaurant, but you must also identify yourself as the independent owner of your Papa Ray's Pizza Restaurant. You may not use or register any Mark as part of any entity or with any prefix, suffix or other modifying words, terms, designs or symbols (except for those we license to you) or in any modified form. You may not use any Mark in connection with the sale of any unauthorized product or service or in any other manner we have not expressly authorized in writing.

You must not obtain or register any domain names incorporating the Marks. You must not use the Marks in a website or in any other manner on the Internet without our prior written consent. You must not use any of the Marks on the Internet in any directory listing or advertising without our prior written consent. You must not make any reference to or any association with the Marks on any social media site, social network, blog, or other on-line venue or in any other manner on the Internet without our prior written consent. If any use of the Marks on the Internet is specifically permitted in the Operations Manual, you must conform your use completely to all of the applicable standards and procedures in the Operations Manual.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar mark and you may not communicate with any person other than us or our attorneys and your attorneys regarding the infringement, challenge or claim. We have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, PTO proceeding, ICANN Uniform Domain Name Dispute Resolution Policy proceeding or other administrative proceeding arising out of any infringement, challenge or claim to otherwise relating to any Mark. You must sign all instruments and documents, provide assistance and take any action that, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interest in any litigation, PTO proceeding, ICANN Uniform Domain Name Dispute Resolution Policy proceeding or other administrative proceeding or to otherwise protect and maintain our interest in the Marks.

We are not required to protect your use of the Marks or to defend you against a claim against your use of the Marks, although we have the right to defend the claim if we so choose to do so. We will indemnify you against, and reimburse you for all damages (except for any consequential damages, including loss of revenue and/or profits) for which you are held liable, and for all costs you reasonably incur in the defense of any claim in which you are named as a party, in any proceeding brought against you by any third party arising out of your use of any Mark, so long as your use of the Marks was in compliance with the Franchise Agreement and our rules and you have timely notified us of the claim or proceeding.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue use of any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice from us at your expense.

We do not know of any existing or possible superior prior rights or infringing uses that could materially affect your use of the Marks in your state.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Currently neither we nor our affiliate hold any patents material to the franchise. Currently neither we nor our affiliate hold any copyright registrations; however, we do claim copyrights in the Operations Manual and other written materials containing proprietary information regarding the System and may seek copyright registrations as we deem appropriate.

If you, your owners, managers or employees develop any ideas, concepts, methods, techniques or improvements relating to your Papa Ray's Pizza Restaurant, you agree to disclose that information to us and all of that information will become part of our confidential information. You must also assure that all corresponding intellectual property rights are assigned to us.

You may not use our confidential information (as defined in the Franchise Agreement) in any unauthorized manner. You must take reasonable steps to prevent disclosure of our confidential information to others, including having your managers and employees sign a confidentiality agreement. All of your managers and other employees who attend our training programs, seminars or conferences and/or have access to the confidential information must maintain the confidentiality of that information and sign a confidentiality agreement in a form approved by us. You must provide us with copies of the signed confidentiality agreements before the manager or employees receives training.

There are currently no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements currently in effect which significantly limit our right to use or license the use of any copyrighted materials. There are no infringing uses actually known to us which could materially affect a franchisee's use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights, trade secrets or confidential information, although we intend to take whatever action, we deem necessary to protect the best interests of Papa Ray's Pizza Restaurant System.

Item 15
**OBLIGATION TO PARTICIPATE IN THE ACTUAL
OPERATION OF THE FRANCHISE BUSINESS**

You (or your Owner) must at all times perform the obligations under the Franchise Agreement, exert your best efforts to promote and enhance the business of your Papa Ray's Pizza Restaurant and/or to affect the widest and best possible distribution of products and services from your Papa Ray's Pizza Restaurant.

Under the Franchise Agreement, you are not required to personally supervise the operations of your Papa Ray's Pizza Restaurant; however, your Papa Ray's Pizza Restaurant must at all times be under the direct, day-to-day, full-time, supervision of either you or, if you are an entity, an approved Owner who has satisfactorily completed our initial training program, or a manager who has satisfactorily completed our training program. If a manager supervises your Papa Ray's Pizza Restaurant, you or your approved Owner must remain active in overseeing the operations of your Papa Ray's Pizza Restaurant conducted under the supervision of the manager. The manager of your Papa Ray's Pizza Restaurant does not need to have an equity interest in your Papa Ray's Pizza

Restaurant but, must maintain the confidentiality of any of our confidential information to which he or she has access and managers must sign an agreement to maintain said confidentiality in a form approved by us.

You must maintain a staff of trained employees and managers sufficient to operate your Papa Ray's Pizza Restaurant in compliance with our standards and to provide proper customer service during all hours of operation.

If you are an entity, your owners must not only personally guarantee your obligations under the Franchise Agreement, but must also agree to be bound by, and personally liable for the breach of, every provision in these agreements, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the preservation of the confidentiality of our confidential information as defined in the Franchise Agreement and compliance with the covenants not to compete described in Item 17. The "Guaranty and Assumption of Obligations" is an exhibit to the Franchise Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale the products and services that we authorize for sale by Papa Ray's Pizza Restaurants and must offer them only in the manner we have prescribed. You may not offer for sale or sell any services or products that we have not authorized unless you obtain our prior written approval. We have the right to change (either add or delete) the types of required and/or authorized products and services at any time and there are no limits on our right to do so. The addition of new products or services may require the replacement or addition of new equipment to accommodate the sale of new products and services.

We may conduct market research and testing to determine consumer trends and the salability of new products and services. You must cooperate by participating in our market research programs and providing us with reports and information regarding that market research.

You can sell to any customers who come to your Papa Ray's Pizza Restaurant. You cannot provide delivery service or catering services to any location outside of your Protected Area unless you obtain our prior written consent to do so, and in no event will you be permitted to do so in the protected area granted to another Papa Ray's Pizza franchisee. You cannot conduct targeted marketing to promote your Papa Ray's Pizza Restaurant within the protected area granted to another Papa Ray's Pizza franchisee.

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Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2.1	Term is for 10 years from date of signing the franchise agreement.
b. Renewal or extension of the term	Section 3	If you are in compliance with the franchise agreement, you renew for an additional 10 year term.
c. Requirements for franchisee to renew or extend	Section 3	Substantial compliance with Franchise Agreement during its term, maintain right to possess store premises or locate new approved site, give notice, remodel store premises, sign new agreement, you and your owners sign release, and pay renewal fee. The renewal agreement you must sign to renew the franchise may contain materially different terms and conditions than your original franchise agreement.
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Sections 15.1 and 15.2	We can terminate only for cause.
g. "Cause" defined – curable defaults	Section 15.2	You have 10 days to cure defaults in payment or reporting, the time provided in your lease to cure lease defaults, 12 months for failure to meet minimum gross sales requirements, and 30 days for all defaults not listed in Section 15.2.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
h. "Cause" defined – non-curable defaults	Section 15.1	Failure to locate site or open Papa Ray's Pizza Restaurant in time required, failure to satisfactorily complete initial training, abandonment, cease operating for 2 or more days, material misrepresentations, conviction of a felony, dishonest or unethical conduct, unauthorized transfers, unauthorized use or disclosure of confidential information or Operations Manual, unauthorized use of Marks, having interest in competing business, creation of a threat to public health or safety not corrected within 24 hours, 3 or more defaults in any 12 month period, failure to attend training or conference 2 or more times, filing for bankruptcy relief.
i. Your obligations on termination/non-renewal	Section 16	Pay outstanding amounts, cease operating, cease using Marks, return items containing Marks, cancel fictitious names, transfer telephone number to us, return of confidential information, assign lease at our option or de-identify the restaurant premises (see also o. and r. below)
j. Assignment of contract by franchisor.	Section 14.1	No restriction on our right to assign.
k. "Transfer" by franchisee – definition	Section 14.2.	Includes transfer of any interest in Franchise Agreement, Papa Ray's Pizza Restaurant or a substantial portion of its assets or ownership change in franchisee.
l. Franchisor approval of transfer by franchisee	Sections 14.2 and 14.3	Except for transfer to entity controlled by you, we have right to approve all transfers, but will not unreasonably withhold approval. Transfer to an entity is effective upon 30 days' notice to us once you sign our assignment agreement and all owners guaranty the franchise agreement obligations of the entity.
m. Conditions for franchisor approval of transfer	Section 14.3.	You have complied with Franchise Agreement during the term, all amounts due us and our affiliates are paid, transferee qualifies and completes training, lessor consents to lease assignment, transferee assumes your agreement or signs new agreement for remainder of term (at our option), transfer fee paid, general release signed by you and your owners, we approve terms of transfer and you subordinate buyer's debt to you to our interest in franchise business, and you or transferee remodel the restaurant premises (see also r below).

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.6	We can match any offer for your business or an ownership interest in you.
o. Franchisor's option to purchase franchisee's business	Section 16.7	We may within 30 days of termination or expiration purchase certain assets of your Papa Ray's Pizza Restaurant at lesser of cost or fair market value.
p. Death or disability of franchisee	Section 14.4	Franchise or ownership interest in you must be assigned to approved buyer within 6 months.
q. Non-competition covenants during the term of the franchise	Section 9.3	No involvement in competing business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.1	No involvement in a competing business for 2 years within 20 miles of your Papa Ray's Pizza Restaurant or of any other Papa Ray's Pizza Restaurant (same restrictions apply after assignment).
s. Modification of the Agreement	Sections 6.2 and 19.6	Operations Manual and standards and specifications are subject to change. No modifications to the Franchise Agreement except if in writing and signed by both parties.
t. Integration/merger clause	Section 19.6	Only terms of the Franchise Agreement (including exhibits, attachments, Operations Manual and other written materials) and representations made in this Disclosure Document are binding.
u. Dispute resolution by arbitration or mediation	Sections 18.1 and 18.2	Disputes must be mediated before filing an arbitration action.
v. Choice of forum	Section 18.4	Litigation must be in Illinois; subject to state law.
w. Choice of law	Section 18.4	Law of the state of Illinois applies, except franchise laws only apply if you meet jurisdictional requirements, subject to state law.

Item 18 **PUBLIC FIGURES**

We do not use any public figure to promote its franchise.

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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.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting John Rayyan at 8 McGlashen Drive, South Barrington, IL 60010, phone: 847-322-5666, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For fiscal years 2022, 2023 and 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	5	6	+1
	2023	6	6	0
	2024	6	4	-2
Affiliate-Owned	2022	2	1	-1
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	7	7	0
	2023	7	7	0
	2024	7	5	-2

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For fiscal years 2022, 2023 and 2024

State	Year	Number of Transfers
	2022	2
	2023	0
	2024	1

Table No. 3
Status of Franchised Outlets
For fiscal years 2022, 2023 and 2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Illinois	2022	4	2	0	0	0	1	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	2	3
Indiana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	2022	5	2	0	0	0	1	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	2	4

Table No. 4
Status of Affiliate-Owned Outlets
For fiscal years December 31, 2022, 2023 and 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Illinois	2022	2	0	0	0	1	1
	2023	1	0	0	0	0	1
	2024	0	0	0	0	0	1
Totals	2022	2	0	0	0	1	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1

Table No. 5

PROJECTED OPENINGS as of January 1, 2025			
STATE	FRANCHISE AGREEMENTS SIGNED BUT UNIT NOT OPEN	PROJECTED FRANCHISED NEW UNITS IN THE NEXT FISCAL YEAR	PROJECTED OPENINGS BY US OR OUR AFFILIATE IN NEXT FISCAL YEAR
Illinois	0	0	0
Indiana	0	0	0
TOTAL	0	0	0

A list of our franchised and affiliate-owned locations as of December 31, 2024, is attached at Exhibit D to this Franchise Disclosure Document. Also attached at Exhibit D is a list of former franchisees. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the system.

There are currently no current or former franchisees who have signed agreements restricting their ability to speak openly about their experience with us.

There are currently no trademark-specific franchise organizations associated with the franchise system being offered.

Item 21
FINANCIAL STATEMENTS

Attached at Exhibit C are the audited financial statements of Rayyan Pizza Franchise LLC for the years ended December 31, 2024 and 2023 and the audited financial statements. for the years ended December 31, 2023 and 2022.

Item 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document: Exhibit B Franchise Agreement with Guaranty and Assumption of Obligations. If your state requires an addendum to the Franchise Agreement describing certain state laws or regulations which may supersede the Franchise Agreement, it will be found at Exhibit F.

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.

Item 23
RECEIPTS

The Receipts of the Disclosure Document (one copy for you and one copy for us) are found at the end of the exhibits to this Disclosure Document.

Exhibit A

STATE ADMINISTRATORS

California

Department of Financial Protection and Innovation
State of California
2101 Arena Blvd.
Sacramento, CA 95834
(213) 576-7500
(866)275-2677

Hawaii

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

Indiana

Franchise Section
Indiana Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

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

Michigan

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
P.O. Box 30212
Lansing, Michigan 48909
(517) 373-7117

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1500

New York

NYS Department of Law
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8285

North Dakota

Securities Commissioner
State of North Dakota
600 East Boulevard Avenue
State Capitol
Fifth Floor
Bismarck, ND 58505-0510
(701)328-4712

Rhode Island

Securities Division
Department of Business Regulations
State of Rhode Island
1511 Pontiac Avenue
John Q. Pastore Complex, Bldg. 69-1
Cranston, Rhode Island 02920
(401) 222-3048

South Dakota

Division of Insurance
Securities Regulation
Department of Labor and Regulation
124 S. Euclid, Second Floor
Pierre, South Dakota 57501
(605) 773-3653

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
Commonwealth of Virginia
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

Director of Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

Administrator of Division of Securities
Department of Financial Institutions
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703
(608) 267-9140

AGENTS FOR SERVICE OF PROCESS

California

California Commissioner of
Department of Financial Protection and Innovation
State of California
2101 Arena Blvd.
Sacramento, California 95834

Michigan

Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913

Hawaii

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
State of Hawaii
335 Merchant Street, Room 205
Honolulu, Hawaii 96813

Minnesota

Commissioner of Commerce
Minnesota Department of Commerce
Franchise Section
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

Illinois

Illinois Attorney General
State of Illinois
500 South Second Street
Springfield, Illinois 62701

New York

New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231
(518) 473-2492

Indiana

Secretary of State
State of Indiana
200 West Washington St.
Indianapolis, Indiana 46204

North Dakota

Securities Commissioner
State Capitol - Fifth Floor
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510

Maryland

Maryland Securities Commissioner
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202

Rhode Island

Director of Business Regulation
Department of Business Regulation
Divisions of Securities
1511 Pontiac Avenue
John Q. Pastore Complex, Bldg. 69-1
Cranston, Rhode Island 02920

South Dakota

Director of the Division of Insurance
Securities Regulation
Department of Labor and Regulation
124 S. Euclid, Second Floor
Pierre, South Dakota 57501

Virginia

Virginia State Corporation Commission
Office of the Clerk
Tyler Building, 1st Floor
1300 East Main Street
Richmond, Virginia 23219

Washington

Director of Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

Administrator, Division of Securities
Department of Financial Institutions
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

Exhibit B

FRANCHISE AGREEMENT

**EXHIBIT B TO
FRANCHISE DISCLOSURE DOCUMENT**

**PAPA RAY'S PIZZA & WINGS
FRANCHISE AGREEMENT**

Franchisee

Date of Agreement

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EXHIBIT 1:	Location of Premises and Protected Area
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RAYYAN PIZZA FRANCHISE LLC

PAPA RAY'S PIZZA & WINGS FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is being entered as of _____, 20____ (the "Agreement Date"). The parties to this Agreement are you, _____, as Franchisee, and us (Rayyan Pizza Franchise LLC, an Illinois limited liability company) of 33 W. Higgins, Suite 1050, South Barrington, IL 60010 and, if you are a partnership, limited liability company or corporation, your "Owners" (defined below).

1. INTRODUCTION

This Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations the Agreement covers before you sign it. In this Agreement, we refer to Rayyan Pizza Franchise LLC as "we", "us" or the "Company." We refer to you as "you" or "Franchisee." If you are a corporation, limited liability company or a partnership, you will notice certain provisions that are applicable to your shareholders, members or partners on 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."

Through the expenditure of considerable time, effort and money, we and our affiliates have developed a unique system for the establishment and operation of restaurants called "Papa Ray's Pizza & Wings" (referred to in this Agreement as "Papa Ray's Pizza Restaurants"), which sell pizza, wings, rib tips, calzone wraps, salads, appetizers and related food and beverage items for on-premises dining, carry-out and delivery in conjunction with distinctive business formats, signs, equipment, layouts, systems, methods, procedures, designs and advertising (all of which we refer to in this Agreement as "the System"). We identify the System by the use of certain trademarks, service marks and other commercial symbols, including the service mark "Papa Ray's Pizza & Wings" and certain associated designs, artwork and logos, which we may change or add to from time to time (collectively, the "Marks").

We grant to persons who meet our qualifications and who are willing to undertake the investment and effort necessary a franchise to own, establish and operate a Papa Ray's Pizza Restaurant in accordance with the System. This Franchise Agreement is being presented to you because of the desire you have expressed to obtain the right to develop, own and be franchised to operate a Papa Ray's Pizza Restaurant.

2. GRANT OF FRANCHISE

2.1 **Term.** You have applied for a franchise to own and operate a Papa Ray's Pizza Restaurant at one site approved by us in the following general area (when the exact location is determined, the parties will complete Exhibit 1 attached hereto): _____

_____. We have approved your application in reliance on all of the representations you made in that application. As a result, and subject to the provisions of this Agreement, we grant to you a franchise (the "Franchise") to operate a restaurant using the Marks ("Papa Ray's Pizza Restaurant") and to use the System in the operation of that Papa Ray's Pizza Restaurant, for a term of ten (10) years commencing on the Agreement Date, unless this Agreement terminates before the end of such term as provided in Section 16 of this Agreement. Termination or expiration of this Agreement will constitute a termination or expiration of your Franchise. (All references to the "term" of this Agreement refer to the period from the Agreement Date, to the date on which this Agreement actually terminates or expires.)

2.2 **Full Term Performance.** You specifically agree to be obligated to operate the Papa Ray's Pizza Restaurant, perform the obligations of this Agreement, and continuously exert your best efforts to promote and enhance the Papa Ray's Pizza Restaurant and to affect the widest and best possible distribution of products and services from your Papa Ray's Pizza Restaurant within the Protected Territory, for the full term of this Agreement.

2.3 **Protected Area.** As long as this Agreement is in force and effect and you are not in default under any of the terms of this Agreement, we will not establish another Papa Ray's Pizza Restaurant franchise or operate itself or through an affiliate any other Papa Ray's Pizza Restaurant within the protected area described in Exhibit 1 ("Protected Area"). The Protected Area granted to you will be a certain mile radius from the Premises identified in Exhibit 1. The minimum radius that you will be granted is three (3) miles from the Premises. The criteria for determining the boundaries of the Protected Area include the population density, demographics, the amount of existing competition in the market, major and/or restricting topographical features which clearly define contiguous areas, and/or other factors we deem relevant to the operation of a Papa Ray's Pizza Restaurant. As a result of these considerations, the size of Protected Areas granted to franchisees may vary. Notwithstanding the foregoing, in the event the location of the Premises is within a limited use facility, your Protected Area shall be limited to the limited use facility (as defined below) in which your Papa Ray's Pizza Restaurant is located.

2.4 **Our Reservation of Rights.** We have the right to grant outside of the Protected Area such other Papa Ray's Pizza Restaurant businesses and franchises as we, in our sole and exclusive discretion, deem appropriate. We and any affiliates reserve the right, both within and outside of the Protected Area to:

(a) grant a Papa Ray's Pizza Restaurant franchise or operate ourselves or through an affiliate a Papa Ray's Pizza Restaurant located within a limited use facility. A limited use facility includes those located within airports, railroad stations or other transportation facilities; stadiums, racetracks or other sport facilities; enclosed shopping centers; casinos; theaters, auditoriums, amusement parks or other entertainment facilities; military bases; and college campuses; and similar types of captive locations;

(b) distribute products and services which comprise, may in the future comprise or which do not comprise, a part of the System through any alternative distribution channels including,

but not limited to, supermarkets and other retail facilities, mail order systems, the Internet or similar electronic media, using the Marks (“Alternate Distribution Channels”);

(c) establish businesses which are franchised, licensed or owned by us or any affiliate at any locations we deem appropriate or distribute products or services which are similar to the products and services offered under the System under trade names, trademarks, service marks, trade dress or other commercial symbols other than the Marks.

(d) to acquire or be acquired by a company establishing businesses identical or similar to the Papa Ray’s Pizza Restaurants, even if the other business operates, franchises, and/or licenses competitive businesses anywhere, including your Protected Area; and

(e) to engage in any other business activities not expressly prohibited by this Agreement.

2.5 **Delivery, Catering and Marketing Restrictions.** You are prohibited from providing delivery service to or catering services at any location outside your Protected Area unless you obtain our prior written consent to do so. If you obtain our consent to deliver or provide catering services outside of the Protected Area, and subject to standards, specifications and procedures for delivery and catering as set forth in the Operations Manual, you may deliver and provide catering services outside of the Protected Area only as long as the area does not fall within the Protected Area assigned to another Papa Ray’s Pizza franchisee or affiliate-owned Papa Ray’s Pizza Restaurant. If the area is later assigned to a Papa Ray’s Pizza franchisee, you must immediately cease all deliveries and catering services to customers located in the other franchisee’s Protected Area.

Throughout the term of the franchise, you are strictly prohibited from conducting targeted marketing to promote your Papa Ray’s Pizza Restaurant within the Protected Area of another Papa Ray’s Pizza franchisee. “Targeted Marketing” shall include all forms of advertising and promotion for customers which can reasonably be restricted to an address, including, but not limited to, direct mailings, door leaflets, telephone solicitation, and localized signs. The purpose of this restriction includes, but is not limited to, preventing confusion in the market place among Papa Ray’s Pizza franchisees soliciting the same customers.

2.6 **Wholesale Activities Prohibited.** You agree to engage only in the retail sale of the products and services which comprise the System, and you agree not to engage in the wholesale sale and/or distribution of any product offered for sale through the Papa Ray’s Pizza Restaurant. “Wholesale sale and/or distribution” shall mean any sale and/or distribution of product by you to a third party for resale, retail sale or further distribution by such third party. You shall not sell any products offered for sale through the Papa Ray’s Pizza Restaurant through any Alternative Distribution Channels.

2.7 **Minimum Annual Gross Revenue.** Beginning with the second year of operation of the Papa Ray’s Pizza Restaurant, you must have annual Gross Revenue for each year of operation of a minimum of Three Hundred Thousand Dollars (\$300,000.00) (“Minimum Annual Gross Revenue”). If you do not achieve the Minimum Annual Gross Revenue for any year of operation,

you will be given the next twelve (12) months to increase revenues so that you meet the Minimum Annual Gross Revenue. If you do not meet the Minimum Annual Gross Revenue after having been given a twelve (12) month period to increase sales and achieve the Minimum Annual Gross Revenue, we may either (i) increase the amount that you must expend on local advertising pursuant to Paragraph 12.2 herein to an amount we in our discretion deem necessary in order to increase revenues, (ii) reduce or eliminate your Protected Area upon delivery of written notice to you, and thereafter, we may establish another Papa Ray's Pizza Restaurant in the former Protected Area or (iii) terminate this Agreement upon delivery of written notice to you.

3. RENEWAL OF FRANCHISE

3.1 **Franchisee's Right to Renew.** Subject to the provisions of Paragraph 3.2 below, and if you have substantially complied with all provisions of this Agreement and any other agreement between us, then on expiration of the initial term of the Franchise, you will have the right to renew the Franchise for one (1) additional successive term of ten (10) years if: (1) you maintain possession of the Premises, or (2) you are unable to maintain possession of the Premises or in our judgment the Papa Ray's Pizza Restaurant should be relocated, and you secure an approved substitute premises and agree to expeditiously develop the substitute premises in compliance with specifications and standards then applicable under new or renewal franchises for Papa Ray's Pizza Restaurants. You and your Owners must also comply with our then-current training requirements and attend such training classes as we deem necessary. We will charge you a renewal fee of Two Thousand Five Hundred Dollars (\$2,500.00) for services we render to you and expenses we incur in conjunction with the renewal.

3.2 **Notice of Renewal and Nonrenewal.** You must give us written notice of your election to exercise your option to renew at least nine (9) months before the end of the term of this Agreement. Within sixty (60) days of our receipt of your notice, we agree to give you written notice of any deficiencies in your operation or historical performance of the Papa Ray's Pizza Restaurant which could cause us not to renew the Franchise. Our notice will state what actions, if any, you must take to correct the deficiencies in your operation of the Papa Ray's Pizza Restaurant or of the Premises and will specify the time period in which those deficiencies must be corrected. Renewal of the Franchise will be conditioned on your continued compliance with all the terms and conditions of this Agreement up to the date of expiration. If we send a notice of nonrenewal it will state the reasons for our refusal to renew. If we do not give you a deficiency notice within sixty (60) days after receipt of your renewal notice, or if we do not give you notice of our decision not to renew the Franchise six (6) months before the expiration of the term of this Agreement, we may extend the term of this Agreement for any period of time necessary in order to provide you reasonable time to cure the deficiencies or to provide the six (6) month non-renewal notice required under this Agreement.

3.3 **Renewal Agreement; Releases.** To renew the franchise, the Company, you and your Owners must sign the then-current form of standard franchise agreement, which agreement will replace this Agreement in all respects, and which may contain royalty fees, advertising fees and other fees and provisions that differ from those contained in this Agreement; any ancillary agreements we are then customarily using in the grant or renewal of franchises for the operation

of Papa Ray's Pizza Restaurants (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise); and a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, and our respective officers, directors, shareholders, employees, and agents. If either you or any of your Owners refuse to sign those agreements and releases within thirty (30) days after their delivery, you will be deemed to have elected not to renew the Franchise.

3.4 **Remodeling.** As a condition for renewal, you must make reasonable capital expenditures to remodel, upgrade and redecorate the Premises so that your Papa Ray's Pizza Restaurant reflects the then-current image intended to be portrayed by a Papa Ray's Pizza Restaurant, including trade dress, color schemes, lay-out, fixtures, furniture and equipment and presentation of the Marks. All remodeling and all replacements, upgrades or redecoration of the Premises must be done in accordance with standards and specifications as prescribed by us from time to time and with our prior written approval. This obligation is in addition to your ongoing obligations to maintain the condition and appearance of the Premises during the term of this Agreement pursuant to Paragraph 11.2.

4. DEVELOPMENT AND OPENING OF THE RESTAURANT

4.1 **Franchisee's Responsibilities and Company's Approval.** You are responsible for leasing a suitable site for your Papa Ray's Pizza Restaurant. We may in our discretion provide site selection assistance to you. Prior to entering into a lease to acquire a site, you must submit to us a site evaluation form for the proposed, together with a letter of intent, proposed lease or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed site. We will provide you written notice of approval or disapproval of the proposed site within thirty (30) days after receiving your written proposal and required documents. While we will use our experience in providing any assistance to you regarding site selection and in granting approval of a site, nothing contained herein shall be interpreted as a guarantee of success for said location. You must have leased a site for the Premises which has been approved by us within one hundred eighty (180) days of the date of this Agreement. We have the unilateral right (but not the obligation) to terminate this Agreement upon notice to you if you have not signed a lease for a site approved by us for your Papa Ray's Pizza Restaurant within one hundred eighty (180) from the date of this Agreement.

4.2 **Lease of Premises.** Any lease or sublease of the Premises must be approved by us before it is executed by you and we can require that certain terms and provisions be included in the lease or sublease. At our option, we may require that the lease: (i) have a term, with initial and renewal terms, at least equal to the initial term of this Agreement; (ii) be collaterally assigned to us (with the consent of the lessor, if required), by execution of the Collateral Assignment of Lease attached hereto as Exhibit 3 (the assignment may be exercised only upon your default under the lease or this Agreement or the expiration or termination of this Agreement); (iii) provides that the lessor shall give written notice to us (concurrently with you) of any default by you under the lease, and will give us an additional fifteen (15) days to cure any default not cured by you during the cure period and assign the lease to us if defaults are cured by us; (iv) permits the use on the Premises of all signs required by the us for Papa Ray's Pizza Restaurants, subject to applicable local laws, codes and ordinances; (v) provides that on expiration or termination of your Franchise Agreement, we may enter the leased

premises and remove all signs, sign-faces and other items identifying Marks; (vi) provides that the Premises will only be used for the operation of a Papa Ray's Pizza Restaurant; and (vii) provides that the lessor will not lease other premises in the same shopping center to a competing business.

4.3 **Construction Specifications.** We will furnish specifications reflecting our requirements for interior and exterior design, decoration, fixtures, furniture, layout, equipment, and signs for Papa Ray's Pizza Restaurants. It will then be your responsibility to comply with all ordinances, building codes, permit requirements, and lease requirements and restrictions applicable to the Premises. You must advise us of any variation from the specifications that are necessary to meet local requirements. You must submit final construction plans and specifications to us for our approval before you begin construction at the Premises, and must construct the Papa Ray's Pizza Restaurant in accordance with those approved plans.

4.4 **Development of the Papa Ray's Pizza Restaurant.** You agree at your own expense to do the following: (1) secure all financing required to fully develop the Papa Ray's Pizza Restaurant; (2) obtain all required building, utility, sign, and business permits and licenses and any other required permits and licenses; (3) construct the Papa Ray's Pizza Restaurant according to the construction plans and specifications we have approved; (4) decorate the Papa Ray's Pizza Restaurant in compliance with plans and specifications we have approved; (5) purchase and install all required fixtures, furniture, equipment, and signs; and (6) purchase an opening inventory of required products, and supplies.

4.5 **Fixtures, Furniture, Equipment and Signs.** You agree to purchase and install, at your expense, all fixtures, furniture, equipment (including required point of sale and/or computer systems) and signs we may direct from time to time and to purchase and use in the development and operation of the Papa Ray's Pizza Restaurant only fixtures, furniture and equipment from approved suppliers and/or that meet our standards and specifications.

4.6 **Papa Ray's Pizza Restaurant Opening.** You agree not to open the Papa Ray's Pizza Restaurant for business until: (1) all of your obligations under Paragraphs 4.1 through 4.5 of this Section 4 have been fulfilled; (2) we determine that the Papa Ray's Pizza Restaurant has been constructed, decorated, furnished, equipped, and stocked, with furniture, fixtures, equipment, inventory, materials and supplies in accordance with plans and specifications we have approved; (3) you and your Owners and any Operating Manager complete all initial training required by this Agreement and have provided pre-opening training to all of your employees to our satisfaction; (4) the initial franchise fee has been paid in full; and (5) you have furnished us with copies of all insurance policies required by Paragraph 11.12 of this Agreement. You must have met the foregoing requirements and opened your Papa Ray's Pizza Restaurant within twelve (12) months of the Agreement Date.

4.7 **Grand Opening Advertising, Marketing and Promotional Program.** You agree to conduct a grand opening advertising, marketing and promotional program for the Papa Ray's Pizza Restaurant during the first ninety (90) days after the opening of the Papa Ray's Pizza Restaurant and to spend no less than Fifteen Thousand Dollars (\$15,000.00). We agree to furnish you advice and guidance with respect to the grand opening program. We may, if we choose,

designate particular suppliers for your use in conducting the grand opening program or we may provide you with samples of advertising and promotional materials to be used. All materials to be used in this grand opening program must be approved by us. You must provide us evidence of your grand opening advertising expenditures within one hundred twenty (120) days after the opening of the Papa Ray's Pizza Restaurant.

4.8 **Relocation.** You may operate your Papa Ray's Pizza Restaurant only at the Premises and you may not relocate your Papa Ray's Pizza Restaurant without our prior written approval. We will grant permission for relocation of your Papa Ray's Pizza Restaurant to a location approved by us if: (1) your lease for the Premises terminates through no fault of yours, (2) the Premises are damaged, condemned or otherwise rendered unusable, (3) in the judgment of both the Company and you, there is either a change in the character of the location of your Papa Ray's Pizza Restaurant sufficiently detrimental to its business potential to warrant its relocation, or the Premises is no longer suitable to meet the full business potential of your Papa Ray's Pizza Restaurant. Any such relocation will be at your sole expense and you must pay us a Relocation Fee in the amount of Five Hundred Dollars (\$500.00) plus any travel expenses incurred by us in visiting the proposed site.

5. **TRAINING**

5.1 **Initial Training.** Prior to the opening of your Papa Ray's Pizza Restaurant, we will furnish, and you must attend and complete to our satisfaction, an initial training program of approximately four (4) weeks covering the operation of a Papa Ray's Pizza Restaurant. We, in our discretion, will determine when the initial training will take place and how long it will last. The total days of initial training provided to you may vary dependent upon your prior experience and other factors. Two (2) Owners and managers may attend the initial training program at no additional fee. Beyond the first two (2) people, additional Owners or managers may attend initial training program as space is available and for the current tuition fee. The initial training program will be furnished at times we designate at our offices, existing Papa Ray's Pizza Restaurants and/or other locations we designate.

If, during the initial training program, we determine, in our sole discretion, that you (or your approved Owner) are not qualified to manage a Papa Ray's Pizza Restaurant, we have the right to require you to attend and successfully complete additional training and/or to terminate this Agreement, effective upon delivery of written notice thereof to you. If during any training program, we determine, in our sole discretion, that any proposed Operating Manager is not qualified to manage your Papa Ray's Pizza Restaurant, we will notify you of that determination and you must then select and enroll a substitute manager in such training program. If you desire to have other managers trained by us, we will make this opportunity available to you provided training space is available in a regularly scheduled class. We will charge you the then-current fee for this additional training.

You will be solely responsible for all expenses, including, without limitation, travel, room, board, transportation expenses, and wages, incurred by you (or any of your Owners) and any proposed manager or employees in connection with attending any initial training program.

5.2 **On-Site Start-Up Assistance and Training.** One of our representatives will spend three (3) days at your Premises on or around the date of the opening of your Papa Ray's Pizza Restaurant to provide on-site assistance and training to you, your Owners, your manager and employees and to assist you in opening your Papa Ray's Pizza Restaurant.

5.3 **Supplemental Education.** We may from time to time provide, and may require, that you, your Owners and/or managers attend and successfully complete supplemental training, seminars, regional franchise meetings or webinars to be conducted at times and locations designated by us. We may charge a tuition fee for any such training, seminars, meetings or webinars and you will be responsible for all expenses incurred by you, your Owners and/or your managers in attending these programs.

5.4 **Annual Conference.** Each year during the term of this Agreement, you, a Principal Owner and/or your Operating Manager must attend our Annual Conference for franchisees if we hold such a conference. We may charge you a fee to attend the conference ("Annual Conference Registration Fee"). In addition, you are responsible for all travel expenses incurred by you, your Owners and/or Operating Manager in attending the conference. This provision does not obligate us to hold an Annual Conference of franchisees each year. If an Annual Conference is not held, you are not obligated to pay the Annual Conference Registration Fee. If you fail to attend any Annual Conference during the term of this Agreement, you remain obligated to pay the Annual Conference Registration Fee. We may require you to attend separate training, in addition to any other rights and remedies available to us, for your breach of this provision.

6. **OPERATING ASSISTANCE; OPERATIONS MANUAL**

6.1 **Operating Assistance.** During the term of this Agreement, we will from time to time furnish you ongoing assistance in connection with the operation of your Papa Ray's Pizza Restaurant. Operating assistance may include advice and guidance with respect to: (1) the provision of the services and the sale of the products authorized for sale by Papa Ray's Pizza Restaurants, (2) specifications, standards, and operating procedures for Papa Ray's Pizza Restaurants; (3) food preparation and presentation methods; (4) purchasing approved equipment, furniture, furnishings, signs, products, operating materials and supplies; (5) development and implementation of local advertising and promotional programs; (6) administrative, bookkeeping, accounting, inventory control and general operating and management procedures; (7) establishing and conducting employee training programs at the Papa Ray's Pizza Restaurant; and (8) changes in any of the above that occur from time to time. This assistance, advice and guidance will, in our discretion, be furnished in the form of the Papa Ray's Pizza Restaurants Operations Manual (the "Operations Manual"), list of approved suppliers, other written materials, electronic communication, telephone consultations, and/or personal consultations at our offices or at the Papa Ray's Pizza Restaurant.

If you request additional operating assistance at your Premises and we determine that such additional on-site assistance is necessary, we will provide a representative at your Premises for such assistance for the then-current daily fee. In addition, you will responsible for all expenses incurred by our representative, including, without limitation, travel, room, and board.

6.2 **Operations Manual.** We will lend you, during the term of the Franchise, one (1) copy of the Operations Manual for Papa Ray's Pizza Restaurants, which may consist of one or more manuals, in written form or electronically. The Operations Manual will contain mandatory and suggested specifications, standards, and operating procedures which we prescribe from time to time for Papa Ray's Pizza Restaurants, as well as information relative to other obligations you have in the operation of a Papa Ray's Pizza Restaurant and under this Agreement. The Operations Manual may be modified from time to time to reflect changes in the specifications, standards, operating procedures and other obligations in operating Papa Ray's Pizza Restaurants. You must keep your copy of the Operations Manual current by immediately inserting all modified pages we furnish to you. Revisions to the Operations Manual will be deemed effective immediately, unless we specify a later effective date for a particular revision. If a dispute develops with respect to the contents of the Operations Manual, the master hard copies we maintain at our principal office or the online Operations Manual will be controlling. You agree that you will not at any time copy any part of the Operations Manual, permit any part of it to be copied, disclose it to anyone not having a need to know its contents for purposes of operating your Papa Ray's Pizza Restaurant, or remove it from the Papa Ray's Pizza Restaurant without our permission.

You acknowledge that the operating assistance and Operations Manual that we provide to you pursuant to this Section 6 of the Agreement are intended to protect the Marks and System, and are not intended to control the day-to-day operations of the Papa Ray's Pizza Restaurant, since you are solely responsible for the day-to-day operations and the Papa Ray's Pizza Restaurant will be under your control at all times.

7. **MARKS**

7.1 **Ownership and Goodwill of Marks.** You acknowledge that we own the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to your operation of your Papa Ray's Pizza Restaurant pursuant to and in compliance with this Agreement and all applicable specifications, standards and operating procedures we prescribe from time to time during the term of the franchise. Any unauthorized use of the Marks by you will constitute an infringement of our rights in and to the Marks. You acknowledge and agree that all usage of the Marks by you and any goodwill established by your use of the Marks will inure to our exclusive benefit of and that this Agreement does not confer any goodwill or other interests in the Marks on you (other than the right to operate a Papa Ray's Pizza Restaurant in compliance with this Agreement).

You must not, at any time during the term of this Agreement or after its termination or expiration do any of the following: (1) make any oral or written representation or admission that any of the Marks is in any way invalid or infringes the rights of any person or is open to any other form of attack, (2) contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of the Marks, or (3) take any action that derogates, tarnishes or dilutes our claimed rights in and to the Marks.

All provisions of this 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 this Agreement.

7.2 **Limitations On Your Use of Marks.** You agree to use the Marks as the sole identification of your Papa Ray's Pizza Restaurant, except that you must display at your Papa Ray's Pizza Restaurant, in a form we prescribe, notices identifying yourself as the independent owner of your Papa Ray's Pizza Restaurant pursuant to a Franchise Agreement with us. You may not use or register 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 trademarks and service marks licensed to you under this Agreement), or in any modified form. You may not apply to register or register any Mark in any forum. You may not use any Mark in connection with the sale of any unauthorized product or service or in any other manner we have not expressly authorized in writing. You agree to display the Marks prominently and in the manner we prescribe in operating your Papa Ray's Pizza Restaurant, including signs and forms, and in connection with advertising and promotional materials. You also agree to use only notices of trademark or service mark registrations and copyrights as we specify and to obtain any fictitious or assumed name or "doing business as" registrations that are required under applicable law.

7.3 **Use of Marks on the Internet.** We and our affiliate have developed a web site (the "Papa Ray's Pizza Website"). We and our affiliate may market and sell from the Papa Ray's Pizza Website various products and services worldwide that may compete with you and other franchisees within and outside the Protected Area. Papa Ray's Pizza Website as it may be developed and changed from time to time is the sole property of the Company or its affiliate. We will provide to you a page on or page linked to the Papa Ray's Pizza Website. The specifications, standards and procedures you must follow for developing and maintaining a page on Papa Ray's Pizza Website shall be set forth in the Operations Manual or otherwise in writing. All content on your page on the Papa Ray's Pizza Website is subject to our prior written approval.

You shall not obtain any domain names/URL addresses for the Internet incorporating the Marks or create, develop, maintain and/or use your own web site on the Internet using any of the Marks. You shall not use any of the Marks on the Internet in any directory listing or advertising without our prior written consent. You shall not make any reference to or any association with the Marks on any social media site, social or professional network, blog, or other on-line venue or in any other manner on the Internet without our prior written consent. If any of the foregoing uses is specifically permitted by us, your use must conform completely to all of our applicable standards and procedures as set forth in the Operations Manual or otherwise in writing.

7.4 **Notification of Infringements and Claims.** You agree to notify us in writing within one (1) week of any apparent or suspected unauthorized use of the Marks, any challenge to the validity of the Marks, any challenge to our ownership of, our right to use or license others to use, or your right to use, the Marks or similar trade names, domain names, trademarks, service marks or trade dress, or any claim by any person of any rights in any Mark or any similar trade name, domain name, trademark, service mark or trade dress of which you may become aware. You agree not to communicate with any person except us or our attorneys and your attorneys in connection with any

such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the sole right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding, ICANN Uniform Domain Name Dispute Resolution Policy proceeding or other administrative proceeding, arising out of any infringement, challenge or claim or otherwise relating to any Mark. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. You agree to sign any and all instruments and documents, provide such assistance and take any action that our attorneys say are necessary or advisable to protect and maintain our interests in any such litigation, U.S. Patent and Trademark Office proceeding, ICANN Uniform Domain Name Dispute Resolution Policy proceeding or other administrative proceeding related to the Marks or to otherwise protect and maintain our interests in the Marks. WE MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS.

7.5 **Discontinuance of Use of Marks.** If it becomes advisable at any time, in our sole discretion, for you to modify or discontinue use of any Mark or for your Papa Ray's Pizza Restaurant to use one or more additional or substitute trademarks, service marks, trade dress or domain names, you agree to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trademarks, service marks, trade dress or domain names, within a reasonable time after our notice to you at your expense. If we require you to modify or discontinue use of any Mark, we have no obligations or liability to you for your actual expenditures or other costs you incur in order to comply with this obligation.

7.6 **Indemnification of Franchisee.** We agree to indemnify you against, and to reimburse you for, all damages (but specifically excluding any consequential damages, including, but not limited to, loss of revenue and/or profits) for which you are held liable in any proceeding brought against you by any third party arising out of your use of any Mark, so long as said use is pursuant to and in compliance with this Agreement, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with this Agreement. We have the sole right to defend any such claim.

8. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

8.1 **Independent Contractor; No Fiduciary Relationship.** Both you and we 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, employees, and others as the owner of the Papa Ray's Pizza Restaurant pursuant to a Franchise Agreement with us, and agree to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials as we may require from time to time.

8.2 **No Employment Relationship.** You shall prominently display, by posting of a sign within public view, on or in the Premises, a statement that clearly indicates that the Papa Ray's Pizza Restaurant is independently owned and operated by you as our franchisee. You expressly

acknowledge that we are not your employer or an employer of any of your employees. In addition, we are not a joint employer with you. You acknowledge that our training, guidance, advice and assistance, your obligations under this Agreement and the standards, specifications, policies and procedures required by us hereunder and in the Operations Manual are imposed not for the purpose of exercising control over you but rather for the limited purpose of protecting the Marks and Confidential Information, goodwill and brand consistency. You are solely responsible for the management of the Papa Ray's Pizza Restaurant as an independent franchise owner/operator.

8.2 **No Liability, No Warranties.** We have not authorized or empowered you to use the Marks except as provided by this Agreement and 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 or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other or represent that our relationship is other than that of franchisor and franchisee.

8.3 **Indemnification; Tax Liability.** 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 your operation of your Papa Ray's Pizza Restaurant business, whether or not caused by your negligent or willful action or failure to act. We will have no liability for any sales, use, excise, income, gross receipts, property, or other 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 (except for our own income taxes). You agree to indemnify, defend and hold us, our shareholders, directors, officers, employees, agents and 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, arising out of your operation of the Papa Ray's Pizza Restaurant, and/or arising out of your breach of this Agreement, including without limitation actual and consequential damages, reasonable attorneys', accountants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. We have the right to defend any such claim against us. You further agree to hold us harmless and indemnify and defend us for all cost, expense or loss we incur in enforcing the provisions of this Agreement, in defending our actions taken relating to this Agreement, or resulting from your breach of this Agreement, including, without limitation, reasonable arbitrators' and attorneys' fees (including those for appeal), unless, after legal proceedings are completed, you are found to have fulfilled and complied with all the terms of this Agreement. Your indemnification obligations described above will continue in full force and effect after, and notwithstanding, the expiration or termination of this Agreement.

9. CONFIDENTIAL INFORMATION; NON-COMPETITION

9.1 **Types of Confidential Information.** We possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information,

methods, techniques, products, and knowledge developed by us and our franchisees: (4) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of Papa Ray's Pizza Restaurants; (2) source of supply, ordering and inventory control and methods of providing the products and services sold at Papa Ray's Pizza Restaurants; (3) recipes and methods for preparation of food products; (4) knowledge of sales and profit performance of any one or more Papa Ray's Pizza Restaurants; (5) knowledge of test programs, concepts or results relating to new services and products; sources of products; (6) advertising, marketing and promotional programs; (7) construction, lay-out, equipping and decoration of Papa Ray's Pizza Restaurants; (8) selection and training of Papa Ray's Pizza Restaurant managers and other personnel; (9) methods of training managers and other employees; and (10) contents of the Operations Manual or other written material provided to you in whatever media. All such information will be referred to in this Agreement as "Confidential Information." We will disclose much of the Confidential Information to you, and will do so in furnishing you prototype plans for build-out of a Papa Ray's Pizza Restaurant, in advising about site selection, in providing training programs, in the list of approved suppliers, in the Operations Manual and in providing guidance and assistance to you under this Agreement.

In addition, in the course of the operation of the Papa Ray's Pizza Restaurant, and for six (6) months after the termination or expiration of this Agreement, you or your employees may develop ideas, inventions, formulas, concepts, methods, techniques or improvements relating to the Papa Ray's Pizza Restaurant, which you agree to disclose to us and which we may then authorize you to use in the operation of the Papa Ray's Pizza Restaurant. You agree that any corresponding intellectual property rights (including without limitation any rights in utility or design patents, know-how, trade secrets, trademarks, services marks and copyrights) in such ideas, inventions, formulas, concepts, methods, techniques or improvements will be our property and the title and rights to which shall be legally assigned to us immediately in writing by you, your Owners, your managers and/or employees. All of such information developed by you or your employees will be included in the term "Confidential Information," as defined above.

9.2 **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 Papa Ray's Pizza Restaurants under this Agreement, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition, a breach of this Agreement and copyright infringement. You acknowledge and agree that the Confidential Information belongs to us, is proprietary information, and may contain trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree herein, that you: (1) will not use the Confidential Information during and after the term of this Agreement in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to your employees and the use of non-disclosure and/or non-competition agreements we may prescribe for employees,

managers, or owners who receive training from us and/or who have access to the Confidential Information. Upon our request, you must provide us with copies of signed non-disclosure and/or non-competition agreements signed by any employees, managers or owners. Our right to require that such agreements be signed by your employees, to prescribe the form of agreement you use, and to receive copies of signed agreements are solely to ensure that you adequately protect the Confidential Information. The restrictions on your disclosure and use of the Confidential Information will not apply to the following: (a) information, processes, or techniques which are generally known and used in the food and restaurant industry (as long as the availability is not because of a disclosure by you) and (b) disclosure of the Confidential Information in legal proceedings when you are legally required to disclose it and you have first given us the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

9.3 **In-Term 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 Papa Ray's Pizza franchisees if franchisees and owners of franchisee were permitted to hold interests in any competitive businesses, as described below. You also acknowledge that we have granted this Franchise Agreement to you in part in consideration of, and in reliance on, your agreement to deal exclusively with us. Therefore, during the term of this Agreement, neither you, nor any Owner, may, either directly or indirectly, for yourself or through, on behalf of, or in conjunction with, any person or legal entity, own, maintain, operate, engage in, consult with or have any interest in (as disclosed or beneficial owner) any business which offers products or services which are the same as, or similar to, those offered by a Papa Ray's Pizza Restaurant, or any entity which is granting franchises or licenses for any business which offers products or services which are the same as, or similar to, those offered by a Papa Ray's Pizza Restaurant. (The ownership of five percent (5%) or less of a publicly traded company will not be deemed to be prohibited by this paragraph). Further, during the term of this Agreement, you will not (1) divert customers or business from your Papa Ray's Pizza Restaurant to any other business or (2) hire any employees of ours, our affiliates or any other franchisees.

10. FEES AND ROYALTIES

10.1 **Initial Franchise Fee.** You must pay us an initial franchise fee (the "Initial Franchise Fee") of Thirty Thousand Dollars (\$30,000.00). Upon signing this Agreement, you must pay us Fifteen Thousand Dollars (\$15,000.00) of the Initial Franchise Fee in cash. The balance of Fifteen Thousand Dollars (\$15,000.00) is due within five (5) days of our issuance of written approval of the site for your Papa Ray's Pizza Restaurant.

If you are (i) an existing franchisee in good standing under your existing franchise agreements with us purchasing an additional franchise; (ii) a honorably discharged Veteran; or (iii) a current or past employee of ours, our affiliate or one of our franchisees who was so employed

for a minimum of one year, you must pay us an Initial Franchise Fee of Fifteen Thousand Dollars (\$15,000.00) in cash in full upon the signing of this Agreement.

In recognition of the expenses we incur in furnishing assistance and services to you and of our lost opportunity to negotiate with others for this franchise, you agree that we will have fully earned the Initial Franchise Fee and that it becomes non-refundable upon signing this Agreement.

10.2 **Royalty Fee.** You agree to pay us a weekly royalty fee. You agree to pay five percent (5%) of the Gross Revenue (as defined below) of the Papa Ray's Pizza Restaurant. The royalty fee will be payable on Wednesday of each week for the period covering the previous Monday through Sunday via electronic transfer as described in Paragraph 10.7 below. The royalty fee is not refundable, in whole or in part, under any circumstances.

10.3 **National Marketing Fund Contribution.** Recognizing the value of advertising and marketing to the goodwill and public image of Papa Ray's Pizza Restaurants, we intend to establish, maintain and administer an advertising, marketing and promotional fund (the "Marketing Fund") for such advertising, marketing and promotions as we may deem necessary or appropriate in our sole discretion. You agree to contribute to the Marketing Fund two percent (2%) of the Gross Revenue (as defined below) of the Papa Ray's Pizza Restaurant. We have the right to discontinue or reestablish the Marketing Fund upon sixty (60) days advance notice to you. In the event we discontinue the Marketing Fund, we will distribute all unspent amounts existing in the Marketing Fund on the date of discontinuance to franchisees in proportion to their respective contributions for the most recent six (6) months. This Marketing Fund contribution is due weekly along with the royalty fee on Wednesday of each week for the gross revenue of the preceding Monday through Sunday via electronic transfer. A further description of the Marketing Fund and your obligations with respect to advertising, marketing and promoting the Papa Ray's Pizza Restaurant will be found in Paragraph 12.1 of this Agreement.

10.4 **Definition of "Gross Revenue".** As used in this Agreement, the term "Gross Revenue" means the amount of all receipts from the sale of any and all food, beverages, merchandise or other products or services made and rendered in, on or from the Premises, or through any other means, including sales outside of the Premises, that is in any way related to your Papa Ray's Pizza Restaurant, whether for cash, exchange or credit (and regardless of collection in the case of credit), except that Gross Revenue will not include any receipts from sales, use, or service taxes collected from customers and paid to the appropriate taxing authority, promotional customer discounts and coupons, authorized employee discounts and complimentary products for promotional or charitable purposes.

10.5 **Electronic Funds Transfer.** You must make the weekly payments for the royalty fee, Marketing Fund contributions and any and all other fees that may become due and payable to us hereunder by either electronic transfer or electronic debiting of your business account, or in any other manner that we may hereinafter designate. You must execute such authorization forms as are necessary for electronic transfer or debiting as soon as you have established a bank account for your Papa Ray's Pizza Restaurant and shall execute any other documents as may be required from time to time by us to permit us to electronically transfer funds or debit your account for the purpose

of making the required payments. You may not make any change in your banking relationships, including any change in the account number of your business account, or any change in banks, without our prior written approval and your execution of new authorization forms.

On Tuesday of each week, you must submit to us in the form and manner we specify a statement of Gross Revenue for the previous Monday through Sunday. Payments of the royalty fee and Marketing Fund contributions will be transferred by Noon on Wednesday of each week for the previous Monday through Sunday. The amount of the royalty and Marketing Fund contribution transferred will be based on the Gross Revenue reported by you. You agree to make the funds available for withdrawal by electronic transfer or debiting before each Wednesday at Noon. If you fail to submit a report of the Gross Revenue of your Papa Ray's Pizza Restaurant, we may transfer or debit from your account an amount which is one hundred twenty percent (120%) of the last amount we transferred for payment of the royalty and Marketing Fund contribution. If the amount of the royalty and Marketing Fund contribution we transferred is less than the amount that you actually owe to us (once we have determined the true and correct amount of Gross Revenue), we will transfer from your account the balance of the royalty and Marketing Fund contribution due or we will credit the excess against the next transfer for royalty and Marketing Fund contribution due, as applicable.

10.6 Interest on Late Payments. To encourage prompt payment of all amounts due to us and to cover the costs and expenses involved in handling and processing late payments, you will pay a late payment charge equal to the greater of (i) One Hundred Fifty Dollars (\$150.00) or (ii) one and one-half percent (1 ½%) per month on all payments due to us during the period of time said payments are due and unpaid, but no more than the highest interest rate permitted by law. (You acknowledge that the inclusion of this Paragraph 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 Papa Ray's Pizza Restaurant.) We shall have the right to transfer from your bank account designated for making payments to us in the amount of any interest due and owing under this Paragraph. In addition, you will pay us any and all service charges we incur for each rejected electronic transfer or if you submit to us a check that is not honored and/or returned for insufficient funds.

10.7 Application of Payments. When we receive a payment from you, we have the right in our sole discretion to apply it as we see fit to any past due indebtedness of yours due to us or our affiliates, whether for royalties, Marketing Fund contributions, purchases, interest, or for any other reason, regardless of how you may designate a particular payment to be applied.

11. OPERATING STANDARDS

11.1 Importance of Uniformity. By signing this Agreement, you hereby acknowledge and agree that every detail of the Papa Ray's Pizza Restaurant is important -- not only to you, but to us and to other Papa Ray's Pizza 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 high quality restaurants,

and to protect the goodwill of the Marks and all Papa Ray's Pizza Restaurants. You also acknowledge that a fundamental requirement of this Franchise Agreement is your adherence to the System and all of our uniform standards, specifications and procedures and policies.

11.2 Use, Condition and Appearance of the Premises. You agree that:

(a) neither the Papa Ray's Pizza Restaurant nor the Premises will be used for any purpose other than the operation of a Papa Ray's Pizza Restaurant in compliance with this Agreement;

(b) you will maintain the condition and appearance of the Papa Ray's Pizza Restaurant, its fixtures, furniture, equipment, and signs and the Premises in accordance with our standards and consistent with the image of a Papa Ray's Pizza Restaurant as an efficiently operated business offering high quality products and services and observing the highest standards of efficient and courteous service; In that connection, you agree to take, without limitation, the following actions during the term of this Agreement: (1) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at reasonable intervals; (2) interior and exterior repair of the Premises; and (3) repair or replacement of damaged, worn out or obsolete fixtures, furniture, equipment, and signs;

(c) you will not make any material alterations to the Premises or to the appearance of the Papa Ray's Pizza Restaurant, as originally developed, without our prior written 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 and fixtures when we reasonably specify in order to meet changing standards or accommodate new services, new products and new methods of providing and displaying the new products and services;

(e) on notice from us at reasonable intervals, but not more often than once every five (5) years, you will upgrade, refurbish and redecorate the Premises, at your expense, to conform to the building design, trade dress, color schemes, and presentation of the Marks in a manner consistent with the then-current image for new Papa Ray's Pizza Restaurants or of new or refurbished company-owned or affiliate-owned operations. Such upgrades, refurbishing and redecoration may include, without limitation, structural changes, remodeling, refurbishing, redecoration, installation of new equipment, and modifications to existing improvements. (All actual changes will be subject to our prior written approval); and

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

If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Premises (including parking areas) or its fixtures, equipment, furniture or signs does not meet our standards, we may notify you, specifying the action you need to take to correct

the deficiency. If you do not initiate within ten (10) days after receipt of our notice, and then continue in good faith and with due diligence, a bona fide program to complete any required maintenance or refurbishing, we have the right, but not the obligation, to do the required maintenance and refurbishing on your behalf, and you agree to reimburse us on demand. The foregoing is in addition to any other remedies we may have.

11.3 **Authorized Products and Services.** You agree that: (1) you will offer for sale from your Papa Ray's Pizza Restaurant all products and services that we from time to time authorize; (2) you will offer and sell authorized products and services from your Papa Ray's Pizza Restaurant only in the manner we have prescribed; (3) you will not offer for sale or sell at or from the Premises or any other location any products or services we have not authorized; (4) you will discontinue offering and selling any products and services that we at any time decide (in our sole discretion) are no longer part of the System. We may, from time to time, conduct market research and testing to determine consumer trends and the salability of new products and services. You agree to cooperate by participating in our market research programs and provide us with timely reports and other relevant information regarding that market research.

11.4 **Approved Products, Distributors and Suppliers; Imprinted Products.** The reputation and goodwill of Papa Ray's Pizza Restaurants is based on, and can be maintained only by, the provision and sale of high quality products and services and the provision, presentation and packaging of those products and services in an efficient and appealing manner. We have developed standards and specifications for various services, products, furniture, fixtures, signs, equipment, materials and supplies incorporated in or used in connection with the products and services authorized for sale at Papa Ray's Pizza Restaurants. We have also developed standards and specifications for suppliers of certain of the above products, including standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and customer relations. We will provide you with a list of approved suppliers. You agree that the Papa Ray's Pizza Restaurant will purchase all fixtures, furniture, signs, materials, products and supplies from distributors and suppliers that we have approved (which may include us or our affiliates) and/or that conform to our specifications and standards.

We may approve a single distributor or other supplier (collectively "supplier") for any product and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Papa Ray's Pizza Restaurants franchised or operated by us. We may, if we choose, take advantage of discounts offered by a supplier in connection with the acquisition of large quantities of products and resell these products at a profit to you. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier from time to time.

We may from time to time modify the list of approved products, furniture, fixtures, signs, equipment, materials and supplies and approved suppliers, and you may not, after receiving written notice of modification of the list, reorder any such items that are no longer approved or reorder from a supplier that is no longer approved. If you would like to purchase any of the foregoing

items of any brand, type or supplier which is not them approved, you must submit to us a written request for approval of the proposed product or supplier and such other information as we require. 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 entity which we designate for testing. Either you or the proposed supplier must pay us a fee in the amount of Two Hundred Fifty Dollars (\$250.00) 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. We will, within a reasonable time, notify you of whether or not the proposed product and/or supplier is approved.

You must use only cups, boxes, bags, napkins, wrappers and other packaging imprinted with the marks and colors as we prescribe from time to time. You must purchase the imprinted items only from us or suppliers licensed by us to duplicate the Marks on such items.

You will at all times maintain an inventory of approved products, packaging, materials and supplies in sufficient quantity and variety to realize the full potential of the Papa Ray's Pizza Restaurant.

11.5 Proprietary Products. We may develop proprietary products for use and/or sale in Papa Ray's Pizza Restaurants. In order to protect our trade secrets and to monitor the manufacture, packaging, processing and sale of proprietary products, we or an affiliate shall (i) manufacture, supply, and sell proprietary products to our franchisees, and/or (ii) disclose the formulae for and methods and preparation of the proprietary products to a limited number of suppliers who shall be authorized by us to manufacture proprietary products to our precise specifications and sell proprietary products to our franchisees. You acknowledge that you may be required to purchase and use proprietary products from us or a limited number of suppliers so authorized by us in the operation of your Papa Ray's Pizza Restaurant and that you shall be required to maintain a sufficient inventory of the proprietary products as specified by us for Papa Ray's Pizza Restaurants.

11.6 Preparation of Menu Items. In order to ensure that all menu items produced by your Papa Ray's Pizza Restaurant meet our high standards of taste, texture, appearance and freshness, and in order to protect our goodwill and Marks, all Proprietary Products, menu items and other food and beverage products sold from the Papa Ray's Pizza Restaurant shall be prepared only by properly trained personnel strictly in accordance with our recipes, cooking techniques and processes as designated by us in the Operations Manual. You shall not alter, dilute, substitute, or otherwise change the quality or composition of any ingredients and materials. You acknowledge that such recipes, cooking techniques and processes are integral to the System and failure to adhere to such recipes, cooking techniques and processes (including the handling and storage of both ingredients and fully prepared menu items) shall be detrimental to the System and Marks.

11.7 Hours of Operation. You agree to keep the Papa Ray's Pizza Restaurant open for business seven (7) days a week, three hundred sixty-five days each calendar year during such minimum hours as we may prescribe from time to time.

11.8 **Specifications, Standards and Procedures.** You agree to comply with all mandatory specifications, standards, and operating procedures relating to the appearance, function, cleanliness, sanitation and operation of a Papa Ray's Pizza Restaurant. Mandatory specifications, standards, and operating procedures we prescribe from time to time in the Operations Manual, or otherwise communicated to you in writing, will constitute provisions of this Agreement as if fully set forth in this Agreement. All references to "this Agreement" includes all such mandatory specifications, standards, and operating procedures. The mandatory specifications will include without limitation:

(a) type, quality, size, and taste of all food and beverage products and services sold at the Papa Ray's Pizza Restaurant and of all other products used in the packaging and sale of the products and services;

(b) recommended pricing of products and services and maximum and minimum pricing as permitted by law;

(c) manner of, and limitations on, delivery of products and services outside the Premises;

(d) the safety, maintenance, cleanliness, sanitation, function and appearance of the Papa Ray's Pizza Restaurant and the Premises and its fixtures, equipment, furniture, decor, signs, displays, and menu boards;

(e) qualifications, training, dress, general appearance and demeanor of Papa Ray's Pizza Restaurant employees;

(f) use of the Marks and use of products imprinted with the Marks;

(g) use and retention of standard accounting and recordkeeping systems and forms;

(h) identification of you as the owner of the Papa Ray's Pizza Restaurant;

(i) advertising and promotion;

(j) customer service and satisfaction, including the handling of customer complaints;
and

(k) online ordering.

11.9 **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 operation of the Papa Ray's Pizza Restaurant. You agree to operate the Papa Ray's Pizza Restaurant in full compliance with all applicable laws, ordinances, and regulations, including, without limitation, all government regulations relating to the preparation and sale of food, customer data security and privacy, worker's compensation insurance, unemployment insurance,

and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You agree that in all dealings with us, your customers, your suppliers, and with public officials, you will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You further agree to refrain from any business or advertising practice which may be harmful to us, the goodwill associated with the Marks, and/or other Papa Ray's Pizza Restaurants. You must 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 adversely affect your operation or financial condition or that of the Papa Ray's Pizza Restaurant, or of any notice of violation of any law, ordinance, or regulation relating to health or safety.

11.10 Management. The Papa Ray's Pizza Restaurant at all times must be under the direct, on-premises supervision of you, a Principal Owner, or an operating manager who has successfully completed our training program and who will manage the day-to-day operations of the Papa Ray's Pizza Restaurant ("Operating Manager"). If any Operating Manager ceases to act as the manager of the Papa Ray's Pizza Restaurant, you must manage the Papa Ray's Pizza Restaurant until such time as a replacement manager has satisfactorily completed the training program. You must notify us in writing of the name of each Operating Manager you designate before they begin managing the Papa Ray's Pizza Restaurant, and you agree that we may direct communications to the Operating Manager.

11.11 Staffing. You agree to staff the Papa Ray's Pizza Restaurant with the number of managers, assistant managers and employees sufficient to operate the Papa Ray's Pizza Restaurant in compliance with this Agreement and the standards and specifications in the Operations Manual and to provide proper customer service during all hours of operation. You shall hire all employees of the Papa Ray's Pizza Restaurant, be exclusively responsible for complying with all employment laws and for all employment decisions and functions related to the operation of the Papa Ray's Pizza Restaurant, including hiring, firing, compensation, benefits, work hours, work rules, recordkeeping, supervision and discipline of employees and other terms of their employment. You must implement a training program for said employees that meets our standards. You agree to require all employees to maintain a neat and clean appearance, and to wear uniforms meeting our standards and specifications as we may require, for the protection of the Marks and brand. You agree not to recruit or hire, either directly or indirectly, any employee (or former employee for six (6) months after his or her employment has ended) of a Papa Ray's Pizza Restaurant operated by us, our affiliate or another Papa Ray's Pizza franchisee without our prior written consent.

11.12 Insurance. You must obtain prior to opening your Papa Ray's Pizza Restaurant and maintain at all times during the term of this Agreement the following insurance coverage under policies of insurance issued by carriers whom we approve: (1) comprehensive public liability, product liability and motor vehicle liability (including hired and non-owned auto liability) insurance against claims for bodily and personal injury, death, property damage, and injuries caused by or occurring in conjunction with the operation of the Papa Ray's Pizza Restaurant or your conducting business pursuant to this Franchise Agreement containing minimum coverage we prescribe from time to time but in no event less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate; (2) general casualty insurance

including fire and extended coverage, vandalism, and malicious mischief insurance for 100% of the replacement value of the Papa Ray's Pizza Restaurant and its contents; (3) workers' compensation insurance and employer's liability insurance as required by applicable law; and (4) business interruption insurance for a minimum of twelve (12) months. 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, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us (and, if we request it, our officers, members, managers and employees) as an additional insured and must provide us with thirty (30) days advance written notice of any material modification, cancellation, or expiration of the policy.

Before you open the Papa Ray's Pizza Restaurant and before the expiration of the term of each insurance policy, you must furnish us with a copy of each policy you are to maintain for the upcoming term, along with evidence of the payment of the premium for each. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of your insurance coverage and the payment of the premiums for them, we may, but have no obligation to, and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. In such case, 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 Papa Ray's Pizza Restaurant which are required to obtain or maintain the insurance and pay to us, on demand, any costs and premiums we incur.

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 that insurance relieve you of any obligations under this Agreement.

11.13 Computer System; Internet Access. You must purchase and/or lease and use in your operation of the Papa Ray's Pizza Restaurant the point of sale system and/or computer system specified by us in the Operations Manual or otherwise in writing, including, but not limited to, any software system that was designed exclusively for or modified for the System. You are responsible for becoming proficient in the use of any required point of sale and computer systems. If we introduce proprietary software into the System, you must install and use the proprietary software in the operation of your Papa Ray's Pizza Restaurant and comply with all specification and standards prescribed by us from time to time in the Operations Manual, including but not limited to signing a software license agreement and paying applicable fees. We shall have the right to access, for any purpose or use related to our operation, management and/or monitoring of the System, any information or reports generated or stored by the required point of sale system or computer system. We shall have the right to require you to replace any of the components of your point of sale and/or computer system if we deem the component to be (a) undersized or otherwise insufficient for the efficient operation and management of the Papa Ray's Pizza Restaurant, or (b) incompatible with our computer system or the computer system that we designate for franchise network use.

We may require you to establish and maintain an active e-mail account and have high speed access to the Internet for communicating with and receiving information from us, and for on-line ordering for customers.

12. ADVERTISING

12.1 **Marketing Fund.** We administer a system-wide marketing fund ("Marketing Fund"). Your required contributions to the Marketing Fund are set forth in Paragraph 10.3 of this Agreement.

We will be entitled to direct all advertising, marketing and promotional programs financed by the Marketing Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. You agree that the Marketing Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering national, regional or local advertising programs including, without limitation, direct mail and other media advertising, and employing advertising agencies to assist in those activities; establishing and maintaining the Company Website; supporting public relations, market research and marketing activities; and providing advertising, marketing and promotional materials to Papa Ray's Pizza Restaurants. The Marketing Fund will furnish you with approved advertising, marketing and promotional materials at its direct cost of producing those materials.

The Marketing Fund will be a separate and distinct account and will be accounted for separately from the other funds of the Company and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs and overhead we may incur in activities reasonably related to the administration of the Marketing Fund and its advertising, marketing and promotional programs (including, without limitation, conducting market research, preparing advertising, marketing and promotional materials, and collecting and accounting for contributions to the Marketing Fund). We may spend in any fiscal year an amount greater or less than the total contribution of Papa Ray's Pizza Restaurants to the Marketing Fund in that year. We may cause the Marketing Fund to borrow from us or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising, marketing and promotional costs of the Marketing Fund before other assets of the Marketing Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the Marketing Fund and will furnish it to you on written request.

You understand and acknowledge that the Marketing Fund is intended to maximize recognition of the Marks and patronage of Papa Ray's Pizza Restaurants. Although we will endeavor to use the Marketing Fund to develop advertising, marketing and promotional materials, and to place advertising in a manner that will benefit all Papa Ray's Pizza Restaurants, we undertake no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Marketing Fund by Papa Ray's Pizza Restaurants operating in that geographic area or that any Papa Ray's Pizza Restaurant will benefit directly or in proportion to its contribution to the Marketing Fund from the

development of advertising, marketing and promotional materials or the placement of advertising. Except as expressly provided in this Paragraph 12.1, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Marketing Fund.

12.2 **Local Advertising.** Once you have completed the grand opening advertising campaign during the first three (3) months of operation of your Papa Ray's Pizza Restaurant, in addition to the requirement for you to contribute to the Marketing Fund, you must spend on local advertising, marketing and promotion a minimum of Three Thousand Eight Hundred Dollars (\$3,800.00) per month throughout the term of this Agreement. Such expenditures will be made directly by you, subject to our approval and direction. We may require that you use suppliers designated by us for certain types of local advertising, marketing and promotion. Within thirty (30) days of the end of each calendar quarter, you must furnish to us in a manner approved by us an accurate accounting of your monthly local advertising and marketing expenditures for the previous calendar quarter.

12.3 **Advertising Approval.** Prior to your use of them, samples of all local advertising, marketing and promotional materials not prepared or previously approved by us, and all proposed content for any Internet or social media advertising or promotion, must be submitted to us for approval. If you do not receive our written approval within thirty (30) days from the date we receive the materials, the materials will be deemed to have been disapproved. You may not use any advertising or promotional materials that we have disapproved. All advertising you use must be completely factual, in good taste (as determined in our sole discretion), and must conform to the highest standards of ethical advertising. You agree to refrain from any advertising, marketing or promotion which may be harmful to your Papa Ray's Pizza Restaurant, our business, the goodwill associated with the Marks, and other Papa Ray's Pizza Restaurant franchisees.

12.4 **Cooperative Advertising.** In addition to your individual local advertising, marketing and promotional expenditures and contributions to the Marketing Fund, if a local or regional advertising cooperative is formed either by us or by Papa Ray's Pizza franchisees and approved by us in your area or region, you agree to participate in such cooperative and contribute to the cooperative in the amount and manner agreed upon by a majority of the members of the cooperative. Each of the Papa Ray's Pizza Restaurants in the cooperative, whether franchised or company-owned or affiliate-owned, shall have one vote in the cooperative. Contributions made by you to the cooperative will be credited to your local advertising expenditure requirements in Section 12.2 above. We assume no direct or indirect liability or obligation to you or to any advertising cooperative with respect to the maintenance, direction or administration of the cooperative, including without limitation, any failure by franchisees to make required contributions to the cooperative.

13. ACCOUNTING, REPORTING, INSPECTION AND AUDITS

13.1 **Accounting and Recordkeeping.** You agree to establish and maintain a bookkeeping, accounting, and recordkeeping system conforming to generally accepted accounting principles and to the standards, specifications and requirements we prescribe from time to time.

You agree to maintain at the Premises for a minimum of five (5) years from the date of preparation, full, complete and accurate books, records and accounts, copies of sales tax returns and copies of such portions of your and your Owners' state and federal income tax return as reflect the operation of your Papa Ray's Pizza Restaurant.

13.2 Reporting. You agree to furnish us in the form and in the manner we prescribe from time to time: (1) by Tuesday of each week a report of the Gross Sale of the Papa Ray's Pizza Restaurant for the preceding Monday through Sunday; (2) within ten (10) days of the end of each month, a profit and loss statement for the preceding calendar month and a year to date profit and loss statement and balance sheet; (3) within seventy-five (75) days after the end of your fiscal year, a fiscal year-end balance sheet and an annual profit and loss statement for that fiscal year, reflecting all year-end adjustments; (4) within ten (10) days of the end of each calendar quarter, exact copies of all sales tax returns; and (5) on or before April 25 of each year, exact copies of such portions of your and your Owners' state and federal income tax return as reflect the operation of your Papa Ray's Pizza Restaurant. We reserve the right to require you to have your financial statements prepared by an independent certified public accountant on an annual basis and signed by you. You agree to furnish to us copies of any other reports, information or supporting records as we from time to time prescribe in the manner we prescribe. Such reporting shall not include any records for information relating to your employees, as you exclusively control your labor relations and employment practices.

13.3 Our Right to Audit. We have the right at any time during business hours, and without advance notice to you, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Papa Ray's Pizza Restaurant and the books and records of any entity which is the franchisee hereunder. For purposes of this inspection and audit, records and reports exclude your employment records for your employees. You agree to fully cooperate with our representatives and independent accountants we may hire to conduct any inspection or audit. If any inspection or audit discloses an understatement of the gross revenue of the Papa Ray's Pizza Restaurant, you agree to pay us, within ten (10) days after receipt of the inspection or audit report, the marketing contributions due, plus interest on the amount of the understatement (at the rate and on the terms provided in Paragraph 10.6) from the date originally due until the date of payment. Further, if the inspection or audit is made necessary by your failure to furnish the reports, supporting records, other information or financial statements required by this Agreement, or to furnish those reports, records, information or financial statements on a timely basis, or discloses an understatement of the Gross Revenue of the Papa Ray's Pizza Restaurant of greater than two percent (2%) for any period, you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and any independent accountants, and the travel expenses, room and board and applicable per diem charges for our employees. The above remedies are in addition to all our other remedies and rights under this Agreement or under applicable law.

13.4 Our Right to Inspect the Papa Ray's Pizza Restaurant. To determine whether you and the Papa Ray's Pizza Restaurant are complying with this Agreement, and with the specifications, standards, and operating procedures we prescribe for the operation of Papa Ray's

Pizza Restaurants, and in order to preserve the validity and integrity of the Marks and to ensure that you are properly using the Marks in the operation of your Papa Ray's Pizza Restaurant, we or our agents have the right, at any reasonable time and without advance notice to you, to: (1) enter and inspect the Premises; (2) observe the operations of the Papa Ray's Pizza Restaurant for such consecutive or intermittent periods as we deem necessary; (3) interview employees of the Papa Ray's Pizza Restaurant; (4) interview customers of the Papa Ray's Pizza Restaurant; (5) to select inventory items, products, materials and supplies for testing and evaluation; and (6) inspect and copy any books, records and documents relating to the operation of the Papa Ray's Pizza Restaurant. 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.

In the event the Premises and/or your operation of your Papa Ray's Pizza Restaurant are rated unacceptable by us or a qualified third party agent designated by us according to published standards for Papa Ray's Pizza Restaurants based on such inspection, you must reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, reasonable compensation for the third party designated agent). Thereafter, we may conduct additional inspections every thirty (30) days ourselves or through a designated third party agent and you must reimburse us for any and all costs and expenses connected with any and all inspections that result in an unacceptable rating for your Premises or business operations. The foregoing remedies shall be in addition to any other remedies we may have for your failure to comply with the terms of this Agreement.

In addition, we reserve the right to implement a mystery shopper program for the purpose of monitoring product and service quality, assessing compliance with the System, and/or measuring customer satisfaction in Papa Ray's Pizza Restaurants.

14. OWNERSHIP; ASSIGNMENT

14.1 **Assignment by the Company.** This Agreement and the Franchise are fully assignable by us and will inure to the benefit of any assignee or other legal successor to the interest of the Company herein.

14.2 **By Franchisee With Approval.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you and we have granted the franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you (and your Owners). Therefore, except as otherwise provided in Paragraph 14.5 below, neither the franchise, your Papa Ray's Pizza Restaurant or a substantial portion of the assets of your Papa Ray's Pizza Restaurant (or any interest therein) nor any part or all of the ownership of an entity that is the Franchisee may be voluntarily, involuntarily, directly or indirectly, assigned, sold, subdivided, subfranchised or otherwise transferred by you or your Owners (including, without limitation, by merger or consolidation, by issuance of additional securities representing an ownership interest in the Franchisee, or in the event of the death of the Franchisee or an Owner of the Franchisee, by will, declaration of or transfer in trust or the laws of intestate succession) without our prior written

approval. Further, neither your Papa Ray's Pizza Restaurant nor a substantial portion of its assets may be transferred without a concurrent transfer of this Agreement and the franchise rights granted hereunder to the same transferee. Any such assignment or transfer without our prior written approval will constitute a breach of this Agreement and will convey no rights to or interests in the franchise, the franchisee entity, your Papa Ray's Pizza Restaurant or its assets.

14.3 **Conditions for Approval of Assignment.** If you (and your Owners) are in compliance with this Agreement, we will not unreasonably withhold our approval of an assignment, provided that the proposed assignee is, in our opinion, of good moral character and has sufficient business experience, aptitude and financial resources to own and operate a Pap Ray's Restaurant, does not have any conflicting interests unacceptable to us, and otherwise meets our then applicable standards for franchisees. In addition the following conditions must be met prior to, or concurrently with, the effective date of the assignment:

(a) all obligations of you and your Owners incurred in connection with this Agreement have been assumed by the assignee and, as applicable, its owners;

(b) you have paid such royalty fees, marketing fund contributions, amounts for purchases and any other amounts owed to us or our affiliates which are then due and unpaid;

(c) the assignee completes the initial training program required of new franchisees to our satisfaction;

(d) if required, the lessor of the Premises has consented to your assignment or sublease of the Premises to the proposed assignee;

(e) the assignee (and, if an entity, its direct or indirect owners) have, at our option, executed and agreed to be bound by either: (a) the form of franchise agreement, owner guarantees and such other ancillary agreements as are then customarily used by us in the grant of franchises for a Papa Ray's Pizza Restaurant, which may provide for royalty fees, marketing fund contributions and other fees and terms and conditions that differ from those contained in this Agreement; or (b) an assignment and assumption agreement satisfactory to us whereby the assignee assumes your obligations under this Agreement;

(f) You or the assignee must have paid us a transfer fee of Nine Thousand Dollars (\$9,000.00). In the event the assignee is an existing franchisee that we have approved for an additional franchise, the transfer fee shall be Five Thousand Dollars (\$5,000.00);

(g) except to the extent limited or prohibited by applicable law, you (and each of your Owners) must have executed a general release, in form satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents;

(h) we must have approved the material terms and conditions of the assignment from you to the proposed assignee and must have determined that the price and terms of payment are not so

burdensome as to adversely affect the future operations of your Papa Ray's Pizza Restaurant by the assignee;

(i) you must have entered into an agreement with us agreeing that any obligations of the assignee to make installment payments of the purchase price to you will be subordinate to the assignee's ongoing obligations to us, including, without limitation, royalty fees, marketing fund contributions, obligations for purchases from us or our affiliates and any other amounts owed to us or our affiliates.

(j) you and or the assignee must agree to make within a time period we specify reasonable capital expenditures to upgrade, remodel, and/or redecorate the Premises so that Papa Ray's Pizza Restaurant reflects the then-current image intended to be portrayed by a Papa Ray's Pizza Restaurant, including trade dress, color schemes, lay-out and presentation of the Marks. All remodeling and all replacements, upgrades or redecoration of the Premises must be done in accordance with standards and specifications as prescribed by us.

Our consent to an assignment of any interest subject to the restrictions of Paragraph 14.2 or 14.3 will not constitute a waiver of any claims we may have against the assignor, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the assignee.

14.4 Death or Disability of Franchisee. Upon the death or permanent disability of you (or any of your Owners), the executor or other personal representative of such person must transfer such person's interest within a reasonable time, not to exceed six (6) months from the date of death or permanent disability, to a person approved by us. Such transfers, including, without limitation, transfers by devise or inheritance, will be subject to all the terms and conditions for assignments and transfers contained in Paragraphs 14.2 and 14.3. Failure to transfer such interest within the required period of time will constitute grounds for termination under Section 15. Prior to such transfer, the executor or other personal representative of such person, or the remaining Owners, must appoint a competent manager within a reasonable time, not to exceed thirty (30) days from the date of death or permanent disability. The appointment of this manager is subject to our prior written approval, and this manager must, if requested by us, attend and satisfactorily complete our training program. If Papa Ray's Pizza Restaurant is not being managed by a manager approved by us within thirty (30) days after the death or permanent disability, we are authorized, but we are not required, to immediately appoint a manager to maintain the operations of Papa Ray's Pizza Restaurant. Our appointment of a manager for your Papa Ray's Pizza Restaurant will not relieve you of your obligations under this Agreement, and we will not be liable for any debts, losses, costs or expenses incurred in the operation of your Papa Ray's Pizza Restaurant or to any of your creditors for any products, materials, supplies or services purchased by your Papa Ray's Pizza Restaurant during any period in which it is managed by the manager appointed by us. We have the right to charge a reasonable non-refundable fee for such management services and to cease providing such management services at any time.

14.5 Entity as Franchisee; Assignment to an Entity. If you are a corporation, limited liability company or partnership, you represent and warrant to us that you are duly organized and validly existing in good standing under the laws of the state of your incorporation or organization,

that you are qualified to do business in all states in which you are required to qualify, that you have the authority to execute, deliver and carry out all of the terms of this Agreement, and that during the term of this Agreement the only business you will conduct will be the development, ownership and operation of the Papa Ray's Pizza Restaurant. The articles of incorporation or organization, by-laws and other organizational documents of the entity must recite that the issuance and assignment of any interest in such entity is restricted by the terms of Section 14 of this Agreement and all issued and outstanding certificates of ownership interest in the entity must bear a legend reflecting or referring to the restrictions of Section 14 of this Agreement. Upon the execution of this Agreement, all Owners of the franchisee entity shall execute the Guaranty and Assumption of Obligations attached as Exhibit 2.

If upon the execution of this Agreement you are not an entity, upon thirty (30) days prior written notice to us, this Agreement and the franchise rights granted hereunder and the assets and liabilities of your Papa Ray's Pizza Restaurant may be assigned, by an agreement in form and substance approved by us, to a newly created entity that conducts no business other than the operation of a Papa Ray's Pizza Restaurant, which is actively managed by you, and in which you own and control all of the equity and voting power. The articles of incorporation or organization, by-laws and other organizational documents of such entity must recite that the issuance and assignment of any interest in such entity is restricted by the terms of Section 14 of this Agreement and all issued and outstanding certificates of ownership interest in the entity must bear a legend reflecting or referring to the restrictions of Section 14 of this Agreement. Such an assignment will not relieve you of your obligations under this Agreement, and all Owners of the new entity must execute the Guaranty and Assumption of Obligations attached as Exhibit 2. No transfer fee shall be payable on an assignment under this Paragraph 14.5. At any time during the term of this Agreement, you must submit to us any and all documents reasonably requested by us to show compliance with this Paragraph 14.5.

14.6. **The Company's Right of First Refusal.** If you or your Owners at any time wish to sell, assign or transfer for consideration either this Agreement and the franchise rights granted hereunder, your Papa Ray's Pizza Restaurant (or an interest therein) or an ownership interest in the Franchisee, except for assignment to an entity pursuant to Paragraph 14.5 above, you or your Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must submit an exact copy of such offer to us. We will have the right, exercisable by written notice delivered to you or your Owners within thirty (30) days from the date of delivery of an exact copy of such offer to us, to purchase the franchise, your Papa Ray's Pizza Restaurant (or such interest therein) or such ownership interest in the Franchisee for the price and on the terms and conditions contained in such offer, provided that we may substitute cash for any form of payment proposed in such offer, we will have no less than sixty (60) days to prepare for closing and we will be entitled to all representations and warranties customarily given to the direct or indirect purchaser of a business. If we do not exercise our right of first refusal, you or your Owners may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to our approval of the purchaser as provided in Paragraphs 14.2 and 14.3, provided that if the sale to such purchaser is not completed within one-hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the offer, we will again have the right of first refusal herein provided.

15. TERMINATION OF THE FRANCHISE.

15.1 **By the Company Without Opportunity to Cure.** You will be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted by this Agreement, without affording you an opportunity to cure the default, effective immediately upon delivery of notice of termination to you, if you (or any of your Owners):

(a) fail to locate and secure a suitable site, or to open your Papa Ray's Pizza Restaurant for business as provided in Paragraphs 4.1 and 4.6 or fail to satisfactorily complete the training program as provided in Paragraph 5.1;

(b) abandon, surrender, transfer control of, lose the right to occupy the Premises, or fail to actively operate your Papa Ray's Pizza Restaurant for two (2) or more consecutive days without our prior written consent;

(c) have made any material misrepresentation or omission in your application for the franchise rights conferred by this Agreement;

(d) are convicted of or plead no contest to a felony or engage in any dishonest or unethical conduct which may adversely affect the reputation of the Company, your Papa Ray's Pizza Restaurant, the System or the goodwill associated with the Marks;

(e) make an unauthorized assignment or transfer of this Agreement or your Papa Ray's Pizza Restaurant in violation of Section 14 herein;

(f) make any unauthorized use or disclosure of any Confidential Information, make any unauthorized use of the Marks or any other identifying characteristics of the System or otherwise impair the goodwill associated with these characteristics, or use, duplicate, or disclose any portion of the Operations Manual or other proprietary written materials;

(g) you (or any of your Owners) fail to comply with the covenants contained in Paragraph 9.2 and 9.3 of this Agreement,

(h) cause a threat or danger to public health or safety resulting from the construction, maintenance or operation of your Papa Ray's Pizza Restaurant and upon receipt of written or oral notice from us or governmental authority of the existence of such threat or danger, you fail to immediately cease any activity or conduct causing the threat or danger and fail to complete the cure of such breach within twenty-four (24) hours;

(i) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to submit when due financial statements, reports or other data, information or supporting records, to pay when due the royalty fees, marketing fund contributions, other payments due to us or to pay amounts due to other persons, or otherwise fail to comply with this Agreement, or with any mandatory specification, standard or operating procedures we prescribe from time to time, whether or not such failures to comply are corrected after notice of those failures to comply is delivered to you; and

(j) fail on two (2) or more occasions during any calendar year to attend and complete any mandatory supplemental education or conference required by Paragraph 5.3 or Paragraph 5.4 of this Agreement.

This Agreement will expire automatically without notice upon the presentation for filing by you (or any of your Owners) of a petition or application seeking any type of relief under the Federal Bankruptcy Act or any state insolvency or similar law. (Upon presentation for filing of such a petition or application, the term of this Agreement will be deemed to be amended so that the expiration of this Agreement occurs at the moment said petition or application is presented to a court official for stamping and filing.) This Agreement will also terminate automatically without notice if someone files a petition or application seeking to have you (or any of your Owners) adjudicated a bankrupt or insolvent, or seeking other relief against you (or any of your Owners) under the Bankruptcy Act or any state insolvency or similar law and the petition or application is not dismissed within sixty (60) days after it is filed. In that event, the term of this Agreement will be deemed to be amended so that it expires on the 60th day after filing. You (and your Owners) expressly and knowingly waive any rights you may have under the provisions of the Federal Bankruptcy Rules, and consent to the termination or expiration of this Agreement, or any other relief which we may seek in a complaint to lift the provisions of any automatic stay under any bankruptcy rules. In addition, you (and your Owners) agree not to seek any injunctive relief from any court in any jurisdiction which would have the effect of staying or enjoining this provision.

15.2 By the Company With Opportunity to Cure. We have the right to terminate this Agreement upon written notice to you if you (or any of your Owners):

(a) fail to accurately report the Gross Revenue of your Papa Ray's Pizza Restaurant or to timely pay royalty fees, marketing fund contributions, or other payments due to us or our affiliates, and do not correct such failure within ten (10) days after written notice of such failure is delivered to you;

(b) commit any act or omission of default under the lease for the Premises and do not cure the default within the applicable cure period set forth in the lease;

(c) fails to meet the minimum Gross Revenue requirement described in Section 2.7 above following notice and a twelve (12) month period in which to increase the Gross Revenue in order to meet the required minimum Gross Revenue requirement; or

(d) fail to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure we prescribe from time to time, and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you. If such breach cannot be reasonably be cured within such thirty (30) day period and if you commence a bona fide program to cure such breach within thirty (30) days and continue to take such actions as are necessary to complete such cure until completed, you will be given the reasonable amount of time required to complete the cure. If you fail to continue to take the necessary action to cure or you do not complete the cure within the reasonable period, then we may terminate this Agreement effective

upon delivery to you of written notice that such breach has not been cured in a reasonable time and we are electing to terminate.

15.3 **Right to Operate Upon Default.** In addition to our right to terminate this Agreement and not in lieu of such right or any other rights, in the event that you have not cured a default under this Agreement within fourteen (14) days after receipt of a written notice of default, we may, at our option, enter upon the Premises and exercise complete authority with respect to the operation of your Papa Ray's Pizza Restaurant until such time as we determine that the default has been cured and that there is compliance with the requirements of this Agreement. You acknowledge and agree that our agent or other representative designated by us may take over, control and operate your Papa Ray's Pizza Restaurant, that you shall pay us the then-current published fee for such management service, plus all travel expenses, room and board and other expenses reasonably incurred by such agent or representative so long as it shall be required to enforce compliance with this Agreement. You further acknowledge that if we temporarily operate your Papa Ray's Pizza Restaurant for you under this Paragraph 15.4, you will indemnify and hold harmless us and our agent or representative respecting any and all claims arising out of our operation of your Papa Ray's Pizza Restaurant under this Paragraph 15.4. Nothing herein shall require us to operate your Papa Ray's Pizza Restaurant when you are in default.

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

16.1 **Payment of Amounts Owed to the Company.** You agree to pay to us within ten (10) days after the effective date of termination or expiration (without renewal) of this Agreement such royalty fees, marketing fund contributions, service charges due us on any of the foregoing and all other amounts owed to us and our affiliates which are then unpaid. You must furnish a complete accounting of all such amounts owed to us and our affiliates with the payment.

16.2 **The Marks.** You (and your Owners) agree that after the termination or expiration (without renewal) of this Agreement you will:

(a) not directly or indirectly at any time or in any manner identify yourself or any business as a current or former Papa Ray's Pizza Restaurant, or as a franchisee or licensee of or as otherwise associated with us, or use the Marks, any colorable imitation thereof or other indicia of a Papa Ray's Pizza Restaurant in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark, trade dress, domain name, or other commercial symbol that suggests or indicates a connection or association with us;

(b) promptly return to us or destroy (whichever we specify) all signs, sign-faces, promotional and advertising materials and other materials containing the Marks or otherwise identifying or relating to a Papa Ray's Pizza Restaurant;

(c) promptly take such action as may be required to cancel all fictitious or assumed name, "doing business as" or equivalent registrations relating to your use of the Marks;

(d) promptly notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number and any telephone directory listings associated with the Marks and to authorize transfer of same to or at our direction. You acknowledge that as between the Company and you, we have the sole right to and interest in all telephone numbers and directory listings associated with the Marks, and you authorize us, and by execution of the Exhibit 4 Collateral Assignment of Telephone Number have appointed us and any of our officers as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer same to us or at its direction, should you fail or refuse to do so, and the telephone company and all listing agencies may accept such direction or this Agreement as conclusive of our exclusive rights in such telephone numbers and directory listings and its authority to direct their transfer;

(e) assign to us or our designee all of your right, title and interest in and to any domain name registrations, any web sites, and any listings or presence on any social media platforms or social media networks, or other presence on the internet using the Marks, including passwords and account manager access, and shall promptly notify the necessary parties of the termination of your license to use the Marks, and therefore, your right to use any domain name, website, or other presence on the internet using the Marks, and to authorize a transfer of same to us or our designee;

(f) furnish to us within thirty (30) days after the effective date of termination or expiration evidence satisfactory to us of your compliance with the foregoing obligations.

16.3 **Confidential Information.** You agree that upon termination or expiration (without renewal) of this Agreement, you will immediately cease to use in any business or otherwise the Confidential Information disclosed to you pursuant to this Agreement and will return to us all copies of the Operations Manual, any proprietary software and other materials containing our proprietary information which have been loaned to you by us.

16.4 **Cease Operations.** Upon termination or expiration of this Agreement, you shall immediately cease to operate your Papa Ray's Pizza Restaurant under this Agreement, either as a franchised or as a non-franchised facility.

16.5 **Assignment of Lease.** Upon termination or expiration of this Agreement, at our option you shall immediately assign to us your interest in any lease then in effect for the premises of your Papa Ray's Pizza Restaurant, as you agreed to in the Exhibit 3 Collateral Assignment of Lease.

16.6 **De-Identification of Premises.** Upon termination or expiration of this Agreement, you agree, in the event you continue to operate or subsequently begin to operate any other business (subject to any restrictions against doing so provided in this Agreement), not to use any reproduction, counterfeit, copy or colorable imitation of the Marks either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Marks and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition. If we do not opt to take assignment of the lease for the Premises upon the expiration or termination of this Agreement, you shall immediately make such

modifications or alterations to the Premises as may be necessary to prevent any association between us or the System and any business thereon subsequently operated by you or others, and shall make such specific additional changes thereto as we may reasonably request for that purpose, including, without limitation, removal of all distinctive physical and structural features identifying the System. In the event you fail or refuse to comply with the requirements of this Paragraph, we shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at your expense, which expense you agree to pay upon demand.

16.7 **Purchase of Assets.** Upon termination or expiration of this Agreement, we shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase for cash any or all fixtures, furniture, equipment, inventory, products, supplies, signs, and all items bearing the Marks, at your cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser acceptable to you shall be designated by us, and the designated appraiser's determination shall be binding. If we elect to exercise any option to purchase herein provided we shall have the right to set off all amounts due from you under this Agreement, and the cost of the appraisal, if any, against any payment therefore.

16.8 **Covenants.** Upon termination or expiration of this Agreement, you shall comply with the covenants contained in Section 17 of this Agreement.

16.9 **Costs of Enforcement.** You agree to pay to us all costs and expenses, including reasonable attorneys' fees and costs, incurred by us subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 16.

16.10 **Continuing Obligations.** All obligations of the Company and you which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

17. POST-TERM COVENANT NOT TO COMPETE.

17.1 **Covenant Not To Compete.** Upon assignment, termination or expiration (without renewal) of this Agreement, you (and your Owners) agree that for a period of two (2) years, commencing on the effective date of assignment, termination or expiration, or the date on which you begin complying with the covenants herein, whichever is later, you (and your Owners) will not:

(a) have any direct or indirect interest as an owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in (a) any restaurant business selling products or services substantially similar to a Papa Ray's Pizza Restaurant concept then being offered by us (except other Papa Ray's Pizza Restaurants you are operating pursuant to franchise agreements with us), which is located (i) within ten (10) miles of the Premises of your Papa Ray's Pizza Restaurant or (i) within ten (10) miles of the premises of any other Papa Ray's Pizza Restaurant,

or (b) any entity which is granting franchises or licenses or entering into joint venture relationships for any restaurant business which offers products or services similar to those offered by a Papa Ray's Pizza Restaurant, other than the ownership of securities traded on a stock exchange or on the over-the-counter market that represent 5% or less of that class of securities.

(b) directly or indirectly divert or attempt to divert any former business or customer of your Papa Ray's Pizza Restaurant to any competitive business;

(c) employ or seek to employ any person employed by us or our affiliate, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment; and

(d) directly or indirectly, solicit or sell products or services to any former customer of your Papa Ray's Pizza Restaurant.

17.2 **Court Modification of Agreement.** You agree that this form of Agreement is prepared for use in many jurisdictions with differing public policies and that such public policies change. Accordingly, you agree that the prevailing non-competition restrictions set forth above may be modified by a Court to the extent necessary to make the non-competition agreements valid and enforceable against you.

17.3 **Enforcement of Covenants Not to Compete.** You acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you hereby acknowledge that we may seek to obtain the entry of an injunction prohibiting any conduct by you or your Owners in violation of the terms of the covenants not to compete set forth in this Agreement. You expressly agree that it may conclusively be presumed that any violation of the terms of said covenants not to compete was accomplished by and through your unlawful use of our Confidential Information. Further, you expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants not to compete set forth in this Agreement. You further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by the us in connection with the enforcement of those covenants not to compete set forth in this Agreement.

18. DISPUTE RESOLUTION

18.1 **Mandatory Mediation.** Except for actions pursuant to Paragraph 18.3 below, prior to the initiation of arbitration or litigation by either party pursuant to this Agreement, the parties must make a good faith effort to resolve any controversies between them by non-binding mediation either through a mutually acceptable mediator or through an established mediation service selected by us (in either case, "Mediator"). Prior to mediation, each party involved in mediation shall sign the standard confidentiality agreement reasonably required by Mediator or a confidentiality agreement reasonably required by us if the Mediator does not have a standard confidentiality agreement. No arbitration or litigation proceeding may be commenced until the earlier of thirty (30) days from the selection of the Mediator, or the mutual agreement by both parties that mediation has been unsuccessful, or if the notified party fails to respond to the

requesting party within thirty (30) days of the delivery of notice requesting mediation. The parties will share equally all fees and expenses of the mediator.

18.2 **Arbitration.** Except to the extent we elect to proceed by judicial process as provided in Paragraph 18.3 below, any controversy, dispute, claim or question arising out of, in connection with, or in relation to this Agreement or its interpretation, performance, or any breach thereof, which cannot be settled amicably between the parties shall be determined solely and exclusively by arbitration with venue in Chicago, Illinois and shall be heard by one arbitrator that has specific franchise experience in accordance with the then existing commercial Rules of the American Arbitration Association (“Rules”). The parties hereby agree that arbitration shall be conducted on an individual, not a class-wide basis, and that an arbitration proceeding between us shall not be consolidated with any other arbitration proceeding involving us and any non-party to this Agreement, including other franchisees. Judgment upon any award, which may include an award of damages, may be entered in the courts of Cook County, Illinois, in the court of any jurisdiction in which you are located, or in any other court having jurisdiction thereof.

The arbitration rules provided for herein shall apply, and the arbitration may proceed, and the arbitrator has jurisdiction, regardless of whether any party fails to actively participate or appear. In the event that any party fails without good cause (i) to appear at any properly noticed arbitration proceeding; or (ii) to make payment in full of its share of the required arbitration fees and costs within ten (10) days after notice and demand, absent a previously issued court order to the contrary, then the arbitrator or the organization/entity administering the arbitration shall be authorized to enter a final award against such party, notwithstanding the failure to appear or to make the required payment.

18.3 **Exceptions to Arbitration.** Notwithstanding Section 18.2 above,

(a) We are entitled, without being required to post a bond, to seek the entry of temporary and permanent injunctions and orders of specific performance in a court of competent jurisdiction to: (1) enforce the provisions of this Agreement relating to your use of the Marks and your non-disclosure and non-competition obligations under this Agreement; (2) prohibit any act or omission by you or your employees that constitutes a violation of any applicable law, ordinance or regulation, constitutes a danger to the public, or may impair the goodwill associated with the Marks or cause irreparable harm to us or the Papa Ray’s Pizza franchises. You agree to waive any claims for damages in the event there is a later determination that an injunction or specific performance order was issued improperly.

(b) We shall have the right to proceed by judicial process in lieu of arbitration to enforce your obligations to pay us under Section 10 of this Agreement and to seek collection of such fees due and owing to us.

18.4 **Governing Law/Consent to Jurisdiction.** All matters relating to arbitration shall be governed by the Federal Arbitration Act (9 U.S.C. Section 1 et. seq.). Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.) or other federal law, this Agreement and franchise shall be governed by the laws of the State

of Illinois except to the extent that the law of the state in which your Papa Ray's Pizza Restaurant is located requires that it be governed by the laws of such state. To the extent any claim shall not be arbitrated as provided in Section 18.3, you irrevocably submit to the exclusive jurisdiction of any state or federal court of jurisdiction located in the State of Illinois and you (and your Owners) irrevocably submit to the exclusive jurisdiction of such court and waive any objection you may have to either the jurisdiction or venue of such court. You agree to the exclusive jurisdiction of such courts and agree not to sue us regarding any matter relating in any way to this Agreement except in such courts.

18.5 **Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or our affiliates is asserted in any legal proceeding before an arbitrator, or if we are required to enforce this Agreement in a judicial or arbitration proceeding, we will be entitled to reimbursement of our costs and expenses, including reasonable accounting and legal fees, arbitration administrative charges, arbitrator's compensation, and any other related costs, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce the obligations of this Agreement. If we incur expenses due to your failure to pay when due amounts owing to us; to submit when due any reports, information or supporting records; or any other failure to comply with this Agreement, you shall reimburse us for any such costs and expenses which we incur including but not limited to attorneys' and accounting fees and collection agency fees.

18.6 **WAIVER OF JURY TRIAL. EACH PARTY IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.**

18.7 **Limitation of Damages.** Except as explicitly provided in this Agreement, for any claim concerning performance or non-performance by either party pursuant to, or in any way related to the subject matter of this Agreement, any party's sole liability, if any, shall be limited by actual damages. For any claim that arises out of or in connection with this Agreement, whether such claim is in contract, tort or otherwise, except as otherwise explicitly provided herein, under no circumstances shall either party be liable for indirect, exemplary, incidental, consequential, aggravated or punitive damages, including, but not limited to, loss of anticipated income, profits or savings, or loss resulting from business interruption.

18.8 **Limitation of Claims.** Except for claims by us against you concerning the underreporting of Gross Revenue, for non-payment of any fee due under this Agreement, intellectual property infringement/violations, claims for violation of post-termination obligations, including, but not limited to, a breach of the covenant not to compete, and for claims against you by us relating to third party claims or suits brought against us as a result of your operation of the Papa Ray's Pizza Restaurant business, any and all claims arising out of or relating to this Agreement or the relationship between or among the parties hereto shall be barred unless an arbitration or legal proceeding is commenced within one (1) year from the date the claiming party knew or should have known of the facts giving rise to such claims.

18.9 **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.

19. **MISCELLANEOUS.**

19.1 **Invalid Provisions; Substitution of Valid Provisions.** To the extent that any provision of this Agreement is deemed unenforceable, you agree that the invalid provision will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision under the laws applied in the forum in which we are seeking to enforce it.

If any lawful requirement or court order of any jurisdiction: (1) 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 (2) makes any provision of this Agreement or any specification, standard or operating procedure we prescribed invalid or unenforceable, the advance notice and/or other action required or revision of the specification, standard or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provision enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted. No modification will impact the operation of, or have any other effect upon, any other terms, provisions, and/or covenants of this Agreement.

19.2 **Severability; Construction.** The provisions of this Agreement are deemed to be severable. The parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement. 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.

19.3 **Waiver of Obligations.** Either you or the Company may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver granted by us will be without prejudice to any other rights we may have, will be subject to our continuing review, and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days prior written notice.

Neither you nor the Company will be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to terminate the Franchise prior to the expiration of its terms), by virtue of: (1) any custom or practice of the parties at variance with the terms hereof; (2) any failure, refusal or neglect of either of us to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, including, without limitation, any mandatory specification, standard or operating procedure; (3) any waiver, forbearance, delay, failure or omission by us to exercise any

right, power or option, whether of the same, similar or different nature, with respect to other Papa Ray's Pizza Restaurants; or (4) the acceptance by us of any payments due from you after any breach of this Agreement.

19.4 **Approvals and Consent.** Whenever this Agreement requires our prior approval or consent, you must make a timely written request for it. Our approval or consent will not be valid unless it is in writing.Except where this Agreement expressly obligates us to reasonably approve or not unreasonably withhold our approval of any of your actions or requests, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. We make no warranties or guaranties upon which you may rely, and we assume no liability or obligation to you, by virtue of granting any waiver, approval or consent, or by reason of any neglect, delay or denial of any request for a waiver, approval or consent.

Neither you nor the Company will be liable for loss or damage or deemed to be in breach of this Agreement if the failure to perform our respective obligations results from: (1) transportation shortages or inadequate supply of labor, material or energy beyond the control of the parties, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (3) acts of God; (4) acts or omissions of the other party; (5) fires, strikes, embargoes, war, riot or acts of terrorism; or (6) any other similar event or cause. Any delay resulting from any of the causes set forth above will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

19.5 **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.

19.6 **Entire Agreement; Modification.** This Agreement, together with the introduction and exhibits and attachments to it and the Operations Manual and all other written standards, specifications or policies issued by us, 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. However, this Paragraph does not disclaim the representations we have made in our Franchise Disclosure Document that was furnished to you. Except for modifications permitted to be made unilaterally by us, this Agreement may be modified only by written agreement signed by both you and us.

19.7 **Force Majeure.** Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, war, pandemic, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay. This clause shall not apply or not result in an extension of the term of this Agreement.

19.8 **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 will have, or is intended to have, any rights because of this Agreement. We do not warrant that the obligations of this Agreement have been agreed to by or will be enforced against any of our other franchisees.

19.9 **Anti-Terrorism Laws.** You and your Owners agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee, you and your Owners certify, represent, and warrant that none of your property or interest is subject to being “blocked” under any of the Anti-Terrorism Laws and that your and/or your Owners are not otherwise in violation of any of the Anti-Terrorism Laws. “Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing in or in any way relating to terrorist acts and acts of war. You and your Owners acknowledge and agree that any violation of the Anti-Terrorism Laws by any of you or your employees or any “blocking” of any of your assets under the Anti-Terrorism laws shall constitute grounds for immediate termination of this Agreement and any other agreement you shall have entered with us or its affiliates, in accordance with the termination provisions of this Agreement.

19.10 **Notices.** All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Operations Manual will be deemed to be delivered at the time delivered by hand, one (1) business day after deposit within commercial overnight courier or three (3) business days after placement in the U.S. Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified or to any other place designated by either party, or on the date of receipt of transmission of an e-mail from us on the condition that we also send a hard copy of the notice by U.S. Mail on the same date the e-mail is send to you.All payments and reports required by this Agreement must be directed to us at the address of which you are notified from time to time, or to such other persons and places as we may direct from time to time.

20. ACKNOWLEDGEMENTS

20.1 You represent and acknowledge that you have received a copy of this Agreement at least seven (7) calendar days prior to the date on which this Agreement is executed.

20.2 You acknowledge that you have received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

20.3 You affirm that all information you have given to us in any and all applications, financial statements and other submissions is true, complete and accurate in all respects, with you

expressly acknowledging that we are relying upon the truthfulness, completeness and accuracy of such information.

20.4. You have conducted an independent investigation of the business contemplated by this Agreement.

20.5 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.

IN WITNESS WHEREOF the parties hereto have executed, sealed and delivered this Agreement in counterparts on the day and year first above written.

FRANCHISOR:
RAYYAN PIZZA FRANCHISE LLC
An Illinois limited liability company

By: _____
Title: _____

Franchisee

Franchisee

or if Franchisee is an entity:

A _____

By: _____
Its: _____

Franchisee Address:

**EXHIBIT 1 TO THE
FRANCHISE AGREEMENT**

LOCATION OF PREMISES AND PROTECTED AREA

The parties hereto agree that the Papa Ray's Pizza Restaurant to be operated by you pursuant to the Franchise Agreement shall be located at the following premises:

(the "Premises").

You acknowledge and agree that our approval of the premises for your Papa Ray's Pizza Restaurant and any information communicated to you regarding the Premises for your Papa Ray's Pizza Restaurant do not constitute a representation or warranty of any kind, expressed or implied, as to the suitability of the Premises for a Papa Ray's Pizza Restaurant, of the economic terms of the lease, or for any other purpose. Our approval of the Premises indicates only that we believe that the Premises falls within the then-current acceptable criteria established by us as of the time period encompassing the evaluation. You and we acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and premises and that, subsequent to our approval of a site and premises, demographic and/or economic factors, including competition from other businesses, included in or excluded from our criteria could change, thereby altering the potential of a site and premises. The uncertainty and instability of such criteria are beyond our control and you must agree that we will not be responsible for the failure of a site and premises approved by us to meet expectations as to potential revenue or operational criteria. You further acknowledge and agree that your acceptance of a franchise for the operation of a Papa Ray's Pizza Restaurant at the Premises is based on your own independent investigation of the suitability of the Premises.

The boundaries of the Protected Area are described as follows: *[INSERT DESCRIPTION]*

If a map is attached hereto, the boundaries of the Protected Area as shown on the map shall control.

RAYYAN PIZZA FRANCHISE LLC

An Illinois limited liability

Franchisee

By _____
Title: _____

Franchisee

or if Franchisee is an entity:

A _____

By: _____

Its: _____

**EXHIBIT 2 TO THE
FRANCHISE AGREEMENT**

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____ day of _____, 20____, by _____

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by Rayyan Pizza Franchise LLC (the "Company"), each of the undersigned hereby personally and unconditionally, jointly and severally: (a) guarantees to the Company, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by the Company of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (1) his direct and immediate liability under this Guaranty will be joint and several with all other current and future guarantors of Franchisee's obligations; (2) he will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability will not be contingent or conditioned upon pursuit by the Company of any remedies against Franchisee or any Other person; (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Company may from time to time grant to Franchisee or to any Other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) this Guarantee shall apply to any amounts recovered from Company as a preference, fraudulent transfer or otherwise in a bankruptcy or similar proceeding.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

% OF INTEREST IN FRANCHISEE

Print Name: _____
Address: _____

Print Name: _____
Address: _____

Print Name: _____
Address: _____

Print Name: _____
Address: _____

(Percentage must equal 100)

**EXHIBIT 3 TO THE
FRANCHISE AGREEMENT**

COLLATERAL ASSIGNMENT OF LEASE

KNOW ALL MEN BY THESE PRESENTS, that _____, a _____ ("Assignor"), does hereby assign, transfer and set over unto Rayyan Pizza Franchise LLC, an Illinois limited liability company (the "Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease or sublease (collectively, the "Lease") dated _____, 20____ between Assignor, as tenant, and _____ as landlord or sublessor, for the premises known as _____.

This Assignment is for collateral purposes only, and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the lease unless Assignee shall elect to assume the rights and obligations of Assignor under the Lease. Assignee shall make such election by mailing written notice of such election to Lessor and Assignor by United States Certified Mail, duly addressed and posted or by reputable overnight commercial delivery service.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and its interests therein and that Assignor has not previously and is not obligated to, assign or transfer any of its interests in the Lease or the premises demised thereby.

This Assignment is given to Assignee to secure the faithful performance by Assignor of the terms and conditions of the Franchise Agreement dated the _____ day of _____, 20____, between Assignor and Assignee (the "Franchise Agreement"). Upon a default by Assignor under the Lease, a default by Assignor under the Franchise Agreement, or the expiration or termination of the Franchise Agreement, Assignee shall have the right and is hereby empowered, upon ten (10) days' notice to the Assignor, to assume the above-referenced Lease and take possession of the premises.

Further, Assignor agrees to indemnify Assignee against and to reimburse Assignee for all valid claims, obligations, losses, damages and taxes occurring or accruing on or prior to the date upon which Assignee assumes the Lease and for all costs reasonably incurred by Assignee in defense of any such valid claim brought against it or in any action concerning such a claim in which Assignee is made a party, including without limitation, reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs and other litigation expenses to include travel and living expenses.

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease described above hereby:

(a) Consents to the foregoing Collateral Assignment of Lease executed by _____ (“Assignor”) in favor of Rayyan Pizza Franchise LLC (“Assignee), and agrees that if Assignee takes possession of the leased premises and confirms to Lessor the assumption of the Lease by Assignee as lessee under it in writing, Lessor shall recognize Assignee as lessee under the Lease, provided that Assignee cures the defaults of Assignor under the Lease within thirty (30) days of notice to Assignee that Assignor has not cured its defaults; and

(b) Agrees that Assignee may further assign the Lease to a person, firm or corporation who has been granted a franchise by Assignee and who agrees to assume the lessee's obligations under the Lease and who is reasonably acceptable to Lessor, and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, lessee or otherwise.

LESSOR:

Dated: _____

CORPORATE SIGNATURE:

ATTEST:

a _____ corporation

By: _____

By: _____

Its: _____

Its: _____

**EXHIBIT 4 TO THE
FRANCHISE AGREEMENT**

**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS
AND SOCIAL MEDIA ACCOUNTS**

Franchisee (Assignor): _____, whose business address is _____, in consideration of the granting of a franchise to Assignor contemporaneously herewith, and other valuable consideration paid by Rayyan Pizza Franchise, LLC, an Illinois limited liability company (Franchisor/Assignee), hereby assigns unto the Assignee (i) all telephone numbers and listings utilized by Assignor in the operation of Assignor's PAPA RAY'S PIZZA restaurant at Assignor's address above-referenced and (ii) all accounts with social media platforms or networks, including passwords and log-in information. Assignor acknowledges that "PAPA RAY'S PIZZA & WINGS" and the associated marks are solely the property of Franchisor/Assignee. As such, Assignor's right to use any telephone numbers and directory listings and social media accounts associated with "PAPA RAY'S PIZZA & WINGS" trademarks and service marks was solely due to a limited license granted by Assignee/Franchisor in connection with the Assignee/Franchisor's trademark(s)/service mark(s) pursuant to a Franchise Agreement. Once said license has expired and/or terminated pursuant to the expiration or termination of the Franchise Agreement, Assignor has no right to the telephone number or directory listing or social media accounts associated with the Assignee/Franchisor's trademark, including, but not limited to PAPA RAY'S PIZZA & WINGS.

This Assignment shall constitute authorization to the appropriate telephone company to change and transfer to Franchisor/Assignee all of Assignor's rights in and to the use of said business telephone lines to the appropriate social media companies to change and transfer to Franchisor/Assignee all of Assignor's rights in and to the use of said social media account, and Assignor hereby irrevocably appoints and authorizes Franchisor/Assignee to act as Assignor's attorney-in-fact and hereby empowers Franchisor/Assignee to execute such instruments in the Assignee's name in order to give full effect to this Assignment and to effectuate any transfer.

Upon the Assignment, the Assignee hereby assumes the performance of all of the terms, covenants and conditions of the telephone company with respect to such telephones, telephone numbers and telephone listings with the full force and effect as if the Assignee had been originally issued such telephones, telephone numbers, telephone listings and the usage thereof and all of the terms, covenants and conditions of the social media companies with respect to the social media accounts with full force and effect as if Assignee had originally been issued such social media accounts.

ASSIGNOR (Franchisee):

ASSIGNEE (Franchisor):

RAYYAN PIZZA FRANCHISE LLC

By: _____

By: _____

Exhibit C

FINANCIAL STATEMENTS

**RAYYAN PIZZA FRANCHISE LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

RAYYAN PIZZA FRANCHISE LLC
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MUHAMMAD ZUBAIRY, CPA PC

Certified Public Accountant

646.327.7013

INDEPENDENT AUDITOR'S REPORT

To the Members of
Rayyan Pizza Franchise LLC

Opinion

We have audited the financial statements of Rayyan Pizza Franchise LLC which comprises the balance sheets as of December 31, 2024 and 2023, the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Rayyan Pizza Franchise LLC as of December 31, 2024 and 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 Rayyan Pizza Franchise LLC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rayyan Pizza Franchise LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

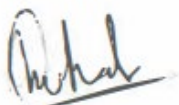
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rayyan Pizza Franchise LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rayyan Pizza Franchise LLC'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.

A handwritten signature in blue ink, appearing to read 'Muhammad', with a horizontal line underneath.

Muhammad Zubairy, CPA PC
Westbury, NY
April 10, 2025

RAYYAN PIZZA FRANCHISE LLC
BALANCE SHEETS

	<u>ASSETS</u>	
	YEARS ENDED DECEMBER 31	
	2024	2023
Assets		
Cash	\$ 8,494	\$ 4,705
Due from franchisee	—	7,837
Due from related parties	51,502	51,502
	<u>51,502</u>	<u>51,502</u>
Total Assets	<u><u>\$ 59,996</u></u>	<u><u>\$ 64,044</u></u>
 <u>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</u>		
Current Liabilities		
Loan payable SBA	\$ 532	\$ 513
Loan payable WinTrust	10,073	10,073
Contract Liability	6,875	8,000
Total Current Liabilities	<u>17,480</u>	<u>18,586</u>
Long Term Liabilities		
Loan payable SBA, net of current	28,382	27,341
Contract Liability, net of current	10,625	17,500
Members' Equity (Deficit)	<u>3,509</u>	<u>617</u>
Total Liabilities and Members' Equity (Deficit)	<u><u>\$ 59,996</u></u>	<u><u>\$ 64,044</u></u>

See notes to financial statements

RAYYAN PIZZA FRANCHISE LLC
STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT)

	YEARS ENDING DECEMBER 31	
	2024	2023
Revenues		
Franchise fee revenue	\$ 8,000	\$ 8,250
Royalties	190,526	203,473
Total Revenue	198,526	211,723
Operating Expenses	39,530	75,326
Net Income	158,996	136,397
Members' Equity (Deficit) - Beginning	617	11,732
Members' (Distributions)	(156,104)	(147,512)
Members' Equity (Deficit) - Ending	\$ 3,509	\$ 617

See notes to financial statements

RAYYAN PIZZA FRANCHISE LLC
STATEMENTS OF CASH FLOWS

	YEARS ENDING DECEMBER 31	
	2024	2023
Cash Flows from Operating Activities		
Net Income	\$ 158,996	\$ 136,397
Adjustments to reconcile net income to net cash		
provided by operating activities:		
Changes in assets and liabilities		
Due from franchisee	7,837	(6,611)
Accounts payable and accrued expenses	—	(4,834)
Contract Liability	(8,000)	(8,250)
	<u>158,833</u>	<u>116,702</u>
Cash Flow from Financing Activities		
Loan from SBA	<u>1,060</u>	<u>1,954</u>
Cash Flow from Investing Activities		
Members' (distributions)	<u>(156,104)</u>	<u>(147,512)</u>
Net Increase in Cash	3,789	(28,856)
Cash - Beginning of Year	4,705	33,561
Cash - End of Year	<u><u>\$ 8,494</u></u>	<u><u>\$ 4,705</u></u>

See notes to financial statements

RAYYAN PIZZA FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS

1. THE COMPANY

Rayyan Pizza Franchise LLC ("the Company"), is an Illinois Limited Liability Company, formed in December 2012 ("Inception") for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Papa Ray's Restaurant as a franchise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of cash.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Papa Ray's Restaurant for a specified number of years.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Taxes on Income-The Company has elected to be taxed as a limited liability corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the members' and is reported on their individual income tax returns.

3. REVENUE RECOGNITION

The Company records revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation are amortized over the life of the related franchise agreements. The company adopted ASC-606 and ASU 2021-02 using the modified retrospective method starting with January 1, 2020. Upon adoption, the Company recorded deferred revenue, and a cumulative effect to decrease accumulated retained earnings by \$58,500 on our Balance Sheet for the unamortized portion of fees received on behalf of the then operating franchise agreements.

RAYYAN PIZZA FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS

4. CONTRACT LIABILITIES

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2024 and 2023, were \$17,500 and \$25,500 respectively.

5. RELATED PARTY TRANSACTIONS

The Company from time to time provides advances to a related entity. As of December 31, 2024 and 2023 the balance due to related parties was \$51,502 and \$51,502 respectively. These non-interest-bearing loans are unsecured and due on demand.

6. LOAN PAYABLE SBA

During 2020 the Company obtained a note payable of \$25,900 from the US Small Business Administration (SBA). This note is collateralized by assets of the Company, bearing interest at 3.75% with a term of 30 years. Monthly payments of \$120 are scheduled to begin in 2023.

Minimum annual principal payments are as follows:

Due in 2025	\$	532
Due in 2026		553
Due in 2027		574
Due in 2028		596
Due in 2029		619
Due after 2029		<u>26,040</u>
Total Loan Payable SBA	\$	<u><u>28,914</u></u>

7. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events were evaluated through April 10, 2025, the time at which the financial statements were available to be issued.

**RAYYAN PIZZA FRANCHISE LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2023**

RAYYAN PIZZA FRANCHISE LLC
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MUHAMMAD ZUBAIRY, CPA PC

Certified Public Accountant

646.327.7013

INDEPENDENT AUDITOR'S REPORT

To the Members of
Rayyan Pizza Franchise LLC

Opinion

We have audited the financial statements of Rayyan Pizza Franchise LLC which comprises the balance sheets as of December 31, 2023, and 2022, the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Rayyan Pizza Franchise LLC as of December 31, 2023, and 2022, and the results of its operations and its cash flows for the 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 Rayyan Pizza Franchise LLC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rayyan Pizza Franchise LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

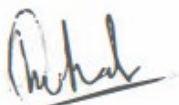
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rayyan Pizza Franchise LLC's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rayyan Pizza Franchise LLC'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.

A handwritten signature in blue ink, appearing to read 'Muhammad', with a horizontal line underneath.

Muhammad Zubairy, CPA PC
Westbury, NY
June 6, 2024

RAYYAN PIZZA FRANCHISE LLC
BALANCE SHEETS

	<u>ASSETS</u>	
	YEARS ENDED DECEMBER 31	
	2023	2022
Assets		
Cash	\$ 4,705	\$ 33,561
Due from franchisee	7,837	1,226
Due from related parties	51,502	51,502
Total Assets	\$ 64,044	\$ 86,289
<u>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ —	\$ 4,834
Loan payable SBA	513	476
Loan payable WinTrust	10,073	10,073
Contract Liability	8,000	8,250
Total Current Liabilities	18,586	23,633
Long Term Liabilities		
Loan payable SBA, net of current	27,341	25,424
Contract Liability, net of current	17,500	25,500
Members' Equity (Deficit)	617	11,732
Total Liabilities and Members' Equity (Deficit)	\$ 64,044	\$ 86,289

See notes to financial statements

RAYYAN PIZZA FRANCHISE LLC
STATEMENTS OF OPERATIONS AND MEMBERS' EQUITY (DEFICIT)

	YEARS ENDING DECEMBER 31	
	2023	2022
Revenues		
Franchise fee revenue	\$ 8,250	\$ 8,250
Royalties	203,473	240,600
Total Revenue	211,723	248,850
 Operating Expenses	 75,326	 80,169
 Net Income	 136,397	 168,681
 Members' Equity (Deficit) - Beginning	 11,732	 (10,313)
 Members' (Distributions)	 (147,512)	 (146,636)
 Members' Equity (Deficit) - Ending	 \$ 617	 \$ 11,732

See notes to financial statements

RAYYAN PIZZA FRANCHISE LLC
STATEMENTS OF CASH FLOWS

	YEARS ENDING DECEMBER 31	
	2023	2022
Cash Flows from Operating Activities		
Net Income	\$ 136,397	\$ 168,681
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities		
Due from franchisee	(6,611)	1,294
Due from related parties	—	—
Accounts payable and accrued expenses	(4,834)	(634)
Contract Liability	(8,250)	(8,250)
	116,702	161,091
Cash Flow from Financing Activities		
Loan from SBA	1,954	—
Loan from WinTrust	—	25,624
Payments to WinTrust	—	(15,551)
Cash Flow from Investing Activities		
Members' (distributions)	(147,512)	(146,636)
Net Increase in Cash	(28,856)	24,528
Cash - Beginning of Year	33,561	9,033
Cash - End of Year	\$ 4,705	\$ 33,561

See notes to financial statements

RAYYAN PIZZA FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS

1. THE COMPANY

Rayyan Pizza Franchise LLC ("the Company"), is an Illinois Limited Liability Company, formed in December 2012 ("Inception") for the purpose of offering franchise opportunities to entrepreneurs who want to own and operate their own Papa Ray's Restaurant as a franchise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or disbursement of cash.

Franchise Arrangements-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Papa Ray's Restaurant for a specified number of years.

Concentration of Credit Risk-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

Use of Estimates-The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

Taxes on Income-The Company has elected to be taxed as a limited liability corporation for federal and state income tax purposes. Income and expenses for the Company pass through directly to the members' and is reported on their individual income tax returns.

3. REVENUE RECOGNITION

The Company records revenue in accordance Accounting Standards Board ("FASB") and Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation are amortized over the life of the related franchise agreements. The company adopted ASC-606 and ASU 2021-02 using the modified retrospective method starting with January 1, 2020. Upon adoption, the Company recorded deferred revenue, and a cumulative effect to decrease accumulated retained earnings by \$58,500 on our Balance Sheet for the unamortized portion of fees received on behalf of the then operating franchise agreements.

RAYYAN PIZZA FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS

4. CONTRACT LIABILITIES

In compliance with the Financial Accounting Standards Board ("FASB") new accounting standards for revenue recognition ("Topic 606"), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2023, and 2022, were \$25,500 and \$33,750 respectively.

5. RELATED PARTY TRANSACTIONS

The Company from time to time provides advances to a related entity. As of December 31, 2023, and 2022 the balance due to related parties was \$51,502 and \$51,502. These non-interest-bearing loans are unsecured and due on demand.

6. LOAN PAYABLE SBA

During 2020 the Company obtained a note payable of \$25,900 from the US Small Business Administration (SBA). This note is collateralized by assets of the Company, bearing interest at 3.75% with a term of 30 years. Monthly payments of \$120 are scheduled to begin in 2023.

Minimum annual principal payments are as follows:

Due in 2024	\$	513
Due in 2025		532
Due in 2026		553
Due in 2027		574
Due in 2028		596
Due after 2028		23,132
Total Loan Payable SBA	\$	<u>25,387</u>

7. SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events were evaluated through June 6, 2024, the time at which the financial statements were available to be issued.

Exhibit D

LIST OF FRANCHISEES AS OF DECEMBER 31, 2024

Illinois

Miguel Guardado
Jarley & Miguel LLC
267 W. Elk Trail Road
Carol Stream, IL 60188
630/752-9680

Chintan Patel and Hitesh Patel
JAI MAA KRUPA LLC
1037 W. Odgen
Naperville, IL 60563
331/529-0500

George Rayyan
Papa Rays 2, Inc.
3208 N. Pulaski
Chicago, IL 60641
773/545-3505

Indiana

Farha Qazi
STSQ Services, LLC
1267 Shelby Street
Indianapolis, IN
317/820-3173

LIST OF FORMER FRANCHISEES

For the period January 1, 2024 – December 31, 2024

Chintan Patel and Hitesh Patel
JAI MAA KRUPA LLC
Aurora, IL
630-463-8518

Adnan Qazi
QAA Foods LLC
Palatine, IL
979-637-8372

Transferred:
Sandy Patel
Shiv Food Group LLC
Bartlett, IL
979-637-8372

**LIST OF AFFILIATE –OWNED LOCATIONS
AS OF DECEMBER 31, 2024**

Papa Ray's Pizza & Wings
967 1/2 Elmhurst Rd.
Des Plaines, IL 60016

Exhibit E

TABLE OF CONTENTS OF OPERATIONS MANUAL

Rayyan's Pizza and Wings

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Exhibit F

STATE ADDENDUM

Some administrators of franchise registration states may require us to enter into an addendum to the Disclosure Document and/or the Franchise Agreement describing certain state laws or regulations which may supersede the Disclosure Document or Franchise Agreement. If you are in a registration state which requires an addendum, it will be found in this exhibit.

**RAYYAN PIZZA FRANCHISE LLC
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

The Rayyan Pizza Franchise LLC Franchise Disclosure Document for use in the State of Illinois is modified in accordance with the following:

Illinois law shall apply to and govern 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.

Franchisee's rights upon Termination and Non-renewal 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.

Payment of the Initial Franchise Fee will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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.

**RAYYAN PIZZA FRANCHISE LLC
ADDENDUM TO FRANCHISE AGREEMENT
FOR USE IN STATE OF ILLINOIS**

THIS ADDENDUM to the Franchise Agreement is agreed to this _____ day of _____, 20____, between Rayyan Pizza Franchise LLC, (Company) and _____ (Franchisee) to amend said Franchise Agreement to include the following language:

1. Section 18.4. of the Franchise Agreement on "Governing Law/Consent to Jurisdiction" is amended by adding the following:

This provision is void with respect to any cause of action which otherwise is enforceable in Illinois pursuant to Section 4 of the Illinois Franchise Disclosure Act.

Notwithstanding the foregoing, claims arising under the Illinois Franchise Disclosure Act of 1987 shall be brought in any court in the state of Illinois with subject matter and personal jurisdiction in the particular matter.

2. Section 18.6. of the Franchise Agreement on "Waiver of Jury Trial" is amended by adding the following:

This provision is void with respect to any cause of action arising under the Illinois Franchise Disclosure Act.

3. Section 18.7. of the Franchise Agreement on "Limitations of Claims" is amended to read in its entirety as follows:

This provision shall not apply to any claims under the Illinois Franchise Disclosure Act of 1987.

4. Any condition, stipulation or provision in this Agreement or in the Franchisee Disclosure Questionnaire purporting to bind Franchisee to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

5. The provisions of the Section 3 of the Franchise Agreement on Renewal and Section 15 on Termination of the Franchise are modified by the following:

Franchisee's rights upon Termination and Non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

6. Section 10.1 of the Franchise Fee on "Initial Franchise Fee" is amended by the addition of the following:

The Office of the Illinois Attorney General requires Company to defer all initial franchise fees until such time as the Company has completed all initial obligations owed to the Franchisee under the Franchise Agreement and the Franchisee has commenced doing business. This deferral of the initial franchise fee is required based on the Company's

financial condition.

7. 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.

Except as expressly modified hereby, the Franchise Agreement shall remain in full force and effect in accordance with its terms.

IN WITNESS WHEREOF the parties hereto have executed, sealed and delivered this Agreement in counterparts on the day and year first above written.

FRANCHISOR:
RAYYAN PIZZA FRANCHISE LLC
An Illinois limited liability company

By: _____
Title: _____

Franchisee

Franchisee

or if Franchisee is an entity:

A _____

By: _____
Its: _____

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	Not registered
Hawaii	Not registered
Illinois	
Indiana	Not registered
Maryland	Not registered
Michigan	Not registered
Minnesota	Not registered
New York	Not registered
North Dakota	Not registered
Rhode Island	Not registered
South Dakota	Not registered
Virginia	Not registered
Washington	Not registered
Wisconsin	Not registered

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.

COPY FOR YOU

RECEIPT

THIS DISCLOSURE DOCUMENT SUMMARIZED PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

If we 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.

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 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 in Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise:
John Rayyan, 8 McGlashen Drive, South Barrington, IL 60010, (847)322-5666.

Issuance date: April 23, 2025

See Exhibit A for our registered agents authorized to receive service of process.

I have received the Papa Ray's Pizza Franchise Disclosure Document issued on April 23, 2025. This disclosure document included the following exhibits:

- A. List of State Agencies/Agents for Service of Process
- B. Franchise Agreement (with exhibits)
- C. Financial Statements
- D. List of Franchisees and Affiliate-Owned Locations
- E. Table of Contents of Operations Manual
- F. State Addendum (if applicable)

Date: _____

Individually or as an officer, partner or member of

a (_____) corporation

or (_____) partnership

or (_____) limited liability company

COPY FOR RAYYAN PIZZA FRANCHISE LLC

RECEIPT

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- E. Table of Contents of Operations Manual
- F. State Addendum (if applicable)
- G. State Effective Dates

Date: _____

Individually or as an officer, partner or member of

a (_____) corporation

or (_____) partnership

or (_____) limited liability company