FRANCHISE DISCLOSURE DOCUMENT

Pizza Inn, Inc.
a Missouri corporation
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The Colony, Texas 75056
469.384.5000
franchising@pizzainn.com
www.pizzainn.com

Pizza Inn, Inc. is offering franchises for the development and operation of a Pizza Inn® branded restaurant featuring pizzas, salads, and other approved food items (a "Pizza Inn Restaurant"). We offer four Pizza Inn Restaurant operating options: (1) Buffet; (2) Delivery only (Delco); and (3) Ghost Kitchen and (4) Express. We may also offer a Multi-Store Development Agreement under which you may develop at least 2 and up to 5 Pizza Inn Buffet Restaurants.

The total investment necessary to begin operation of a Pizza Inn Buffet Restaurant ranges from $412,000 to $1,445,000. This includes approximately $50,000 to $70,000 that must be paid to us or our affiliates. The total investment necessary to begin operation of a Delco Restaurant ranges from $200,000 to $510,000. This includes approximately $20,000 to $30,000 that must be paid to us or our affiliates. The total investment necessary to begin operation of an Express Restaurant ranges from $200,000 to $510,000. This includes approximately $15,000 to $25,000 that must be paid to us or our affiliates. The total investment necessary to begin operation as a Ghost Kitchen Restaurant is $11,000 to 40,000. This includes approximately $10,000 to $20,000 that must be paid to us or our affiliates. When you sign the Area Development Agreement, you will pay us a development fee equal to the amount for each Pizza Inn Restaurant you commit to developing (not including the 1st one). For a standard 2-unit development commitment, your total investment under an Multi-Store Development Agreement will range from $412,000 to $1,445,000. This includes approximately $52,000 to $65,000 that must be paid to us or our affiliates.

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 the availability of disclosures in different formats, contact Franchise Sales, Pizza Inn, Inc. at 3551 Plano Parkway, The Colony, Texas 75056, (469) 384-5000.

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 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 ("FTC"). 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 also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: October 28, 2024

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 I.
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 F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only PIZZA INN 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 in involved in material litigation or bankruptcy proceedings.
What's it like to be a PIZZA INN franchisee?	Item 20 or Exhibits I and J list 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.

The 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 J.

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 Texas. 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 Texas than in your own state.

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

Table of Contents

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

To simplify the language, this disclosure document uses "we" or "us" to mean Pizza Inn, Inc., the franchisor. "You" means the person or legal entity that is buys a Pizza Inn franchise. Our franchise agreement will also apply to your owners, members, officers, managers and directors of the corporation or limited liability company. If you are married, certain provisions of our franchise agreement will also apply to your spouse.

Franchisor, Parent, and Affiliate

We are a corporation formed in Missouri on February 22, 1983. Our principal business address is 3551 Plano Parkway, The Colony, Texas 75056. We do business under the name "Pizza Inn," as well as our corporate name.

Effective September 25, 2011, we were reorganized in a series of transactions in which all of our outstanding shares of common stock were automatically converted into identical shares of common stock of Pizza Inn Holdings, Inc., a Missouri corporation incorporated on August 26, 2011 (which later changed its name to Rave Restaurant Group, Inc.). Consequently, following the reorganization, Rave Restaurant Group, Inc. ("Rave") became the same entity we had been prior to the reorganization, including having the same charter, bylaws, directors and general officers, and we became a wholly owned subsidiary of Rave. Rave's principal business address is the same as ours. Rave does not offer franchises in any business and does not engage in any business other than owning us and our affiliates.

We have one affiliate that offers franchises under a different brand and concept. Pie Five Pizza Company, Inc. ("Pie Five") is a Texas corporation incorporated on June 16, 2011 and shares our principal business address. Pie Five began offering franchises for Pie Five Restaurants in September 2011. As of June 30, 2024, there were 20 franchised Pie Five Restaurants in operation. Pie Five has not offered franchises in any line of business other than Pie Five Restaurants and has not engaged in any business other than franchising Pie Five Restaurants.

Prior Experience

We and our predecessors have operated Pizza Inn restaurants since 1958, when the first Pizza Inn Restaurant in Dallas, Texas opened and have granted franchises for Pizza Inn dine-in restaurants since 1961. We have operated and franchised Pizza Inn restaurants since our formation. We began franchising captive market Pizza Inn Restaurants ("Express Restaurants") in 1995, and we continue to offer franchises for Express Restaurants and Delivery Only (Delco) Restaurants. In 2017, we discontinued ownership and operation of franchisor owned Pizza Inn Restaurants and have operated exclusively through franchise owned restaurants since that time.

Agent for Service of Process

Our agents for service of process in various states are listed in Exhibit J.

We have not offered franchises in any other line of business, and we do not engage in any business not described in this Item 1.

The Franchises We Offer

We offer franchises for Pizza Inn Buffet Restaurants, Pizza Inn Express Restaurants, Pizza Inn Ghost Kitchen Restaurants, and Pizza Inn Delco Restaurants. Our Buffet Restaurants offer in-restaurant dining, a salad bar and a full pizza buffet with dine-in, carry-out and delivery service options as well as drive-thru, where available. Our Express Restaurants operate in a setting within a larger food court or non-restaurant facility, such as a convenience store, airport terminal, hospital, or educational facility. Our Delco Restaurants operate as stand-alone (non-food court) grab-n-go and delivery operations with no buffet and limited or no seating. Our Ghost Kitchen Restaurants are integrated into other restaurant or non-restaurant facilities as a delivery-only option.

Our restaurants are designed to present an appealing variety of high-quality pizza, pasta, salads and desserts to our customers. Our menu offers up to three crusts (Original Thin Crust, New York Pan and Italian), with standard toppings and special combinations of toppings. Our restaurants also offer a variety of appetizers and beverages, including beer and wine in some locations, in an informal, family-oriented atmosphere. We occasionally offer other items on a limited promotional basis. We believe that our focus on three crust types creates a better brand identity among customers, improves operating efficiency and maintains food quality and consistency.

Our pizza crusts are hand-made from dough made fresh in the restaurant each day. We do not use a centralized commissary for mass production of dough, and our dough is never frozen (with the exception of certain dough products used for pizza crusts in some Express Restaurants as well as cauliflower crusts). Pizza Inn pizzas are made from a proprietary all-in-one flour mixture, all-in-one pizza sauce, real mozzarella cheese, specially designed toppings, and a proprietary mix of classic pizza spices. All ingredients and toppings, including Proprietary Products (as defined in Item 8), can be purchased from us.

We have implemented an updated image for our domestic Buffet Restaurants, including significant exterior and interior changes in signage, color schemes and dining area configuration, including the addition of a back-fed buffet bar offering an attractive and efficient presentation. The interior features a return to colors that define our heritage, graphic accents, and updated signage and logos. The interior decor is designed to promote a casual, lively, contemporary, family-style atmosphere. Some Buffet Restaurants feature game rooms that offer a range of electronic game entertainment for the entire family. This new image is included in the Buffet Restaurants being offered in this disclosure documents.

All Pizza Inn Restaurants are established and operated under a unique and comprehensive system ("System") which includes: (i) technical information and expertise relating to the preparation and service of food products, (ii) use of our proprietary products, all of which constitute trade secrets and are identified by the public with our products, (iii) special recipes and menu items, (iv) distinctive exterior and interior design, décor, fixtures, and furnishings, (v) standards and specifications for products and services, (vi) procedures for food service management and quality control, (vii) training and assistance, and (viii) advertising and promotional programs. We may change, improve, or further develop the System from time to time. Each food service concept utilizes the System as adapted for that concept. The System is identified by means of certain trade names, service marks, trademarks, logos, and designs.

Single Unit Franchise

We offer our franchises to individuals and entities meeting our qualification requirements. A franchise authorizes you to operate one Pizza Inn Restaurant at a designated location ("Franchised Restaurant" or "Restaurant") in accordance with the terms of the standard franchise agreement ("Standard Franchise Agreement"). Our current form of Franchise Agreement is attached to this disclosure document as Exhibit A.

Area Development Rights

We may also offer area development rights to qualified individuals, corporations, or limited liability companies (based, in our discretion, on factors such as your financial and operational wherewithal and the area in which you are interested in developing). The Area Development Agreement is attached to this disclosure document as Exhibit B. If you sign an Area Development Agreement, we will grant you the right, and you will accept the responsibility, to establish an agreed-upon number of Pizza Inn Restaurants within an agreed-upon designated area (the "Development Area"), under an agreed-upon timetable (the "Development Schedule"). Each Pizza Inn Restaurant will be constructed and operated under separate franchise agreements. The form of the Franchise Agreement that you will sign will be our then-current standard form in general use at the time of site acceptance, the terms and conditions of which may be materially different than those reflected in Exhibit A, except that the amount of the Initial Franchise Fee will be determined in accordance with the Development Agreement. We require a minimum of two (2) restaurants to be developed under an Area Development Agreement.

Market, Competition, and Regulations

The market for pizza restaurants is generally very well developed and highly competitive. Moreover, the restaurant and food service industry is highly competitive in general. All our concepts compete with other franchised and chain pizza systems, individually owned pizza restaurants, so-called "quick service" and "fast casual" restaurants offering a variety of types of food, and an increasing number of concepts that serve other types of moderately priced foods for dine-in, carryout, and delivery.

Each of our concepts must comply with local, state, and federal laws and regulations that apply to food service operations, including those relating to safety, health, sanitation, food handling and labeling, and alcoholic beverages. You should be aware of federal, state, and local employment laws and regulations, including minimum age and minimum wage requirements. The

Americans with Disabilities Act of 1990 requires readily accessible accommodations for disabled people. If you intend to sell beer or wine at your Restaurant, you will need to obtain a special permit authorizing you to do so, and you may have liability imposed on you under Dram Shop laws. Details of local law requirements vary from location to location, and you should consult with your attorney or other advisors concerning laws and regulations that may affect your operations.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer and Director: Brandon Solano

Mr. Solano has served as our Chief Executive Officer and Director since October 2019 in our offices in The Colony, Texas. From May 2017 to May 2019, he served as Chief Marketing Officer and Digital Officer with Pei Wei Asian Diner and its affiliated companies ("Pei Wei") in Irving, Texas. Mr. Solano was not working from June 2019 to Sept 2019.

Chief Financial Officer: Jay Rooney

Mr. Rooney has served as our Chief Financial Officer since March 2024 in our offices in The Colony, Texas. From March 2018 to March 2024, he served as Chief Financial Officer with Dickey's Capital Group and its affiliated companies ("Dickey's Barbecue").

Senior Director of Franchise Sales and Development: Christopher P. Cochran

Christopher Cochran has served as our Sr. Director of Franchise Sales and Development since August 30, 2021 in our offices in The Colony, Texas. From September 2017 to August 2021, he served as our Sr. Director of Operations in The Colony, Texas.

Vice President of Operations: Zack Viljoen

Mr. Viljoen has served as our Vice President of Operations in our offices in The Colony, Texas since March 11, 2024. Mr. Viljoen previously held the roles of Senior Director of Marketing and Strategy from August 2023 to March 2024, Director of Strategy and Analysis from February 2023 to August 2023 and Financial Planning & Analysis Manager from August 2022 to February 2023. From April 2018 through August 2022, he served as group finance director at Intellifi in Centurion, South Africa. From May 2017 through April 2018, he served as the financial Manager for the Inland Region at Food Lover's Market Holdings in Johannesburg, South Africa.

Director of Franchise Development: Liam Finn

Mr. Finn has served as our Director of Franchise Development since January 1, 2024 in our offices in The Colony, Texas. Mr. Finn previously held the role of Franchise Development Manager with Authority Brands in Columbia, Maryland from May 2023 to November 2023. From March 2021 to April 2023, He served as the Franchise Development Manager for Driven Brands in Charlotte, NC. From April 2020 to February 2021, Mr. Finn held the role of Investment Banking

Analyst with Tobin & Company Investment Banking Group in Charlotte, NC. Mr. Finn was not working from October 2019 to March 2020.

Director of Operations and Training: Roger Mangum

Mr. Mangum has served as our Director of Operations and Training since March 2024 in our offices in The Colony, Texas. Previously he served as our Franchise Business Coach since December 2013. Prior to coming to work for Pizza Inn Inc., Mt. Mangum owned his own Pizza Inn franchised restaurant.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

At the time you sign a Franchise Agreement, you must pay us an initial franchise fee ("Initial Franchise Fee") of $30,000 for a Pizza Inn Buffet Restaurant or (ii) $10,000 for a Delco or (iii) $5,000 for an Express less any applicable credit from the Development Fee. There is no Initial Franchise Fee for Ghost Kitchen Restaurants. The Initial Franchise Fee is fully earned when paid and is not refundable under any circumstances.

Development Fee

We may offer you the right to open two or more Pizza Inn Buffet Restaurants. If you choose to open two or more Pizza Inn Buffet Restaurants, you will be required to sign a Development Agreement. At the time you sign a Development Agreement, you must pay us a development fee ("Development Fee") equal to $15,000 for each Pizza Inn Buffet Restaurant (after the 1st one) that you agree to develop. We will apply the Development Fee as a credit against the Initial Franchise Fee (defined above) due under each Franchise Agreement (after the 1st one) executed pursuant to the Development Agreement, subject to a maximum credit of $15,000. When you sign the Development Agreement, you will be required to sign the 1st Franchise Agreement and pay the associated Initial Franchise Fee. The Initial Franchise Fee for each additional Restaurant developed under the Development Agreement must be paid by the first to occur: (a) our acceptance of a site for the Restaurant or (b) 90 days before the expiration of the applicable Development

Period (as defined in the Development Agreement). The Development Fee is fully earned by us when paid, is not refundable.

Initial Inventory

You must purchase from one or more of our approved vendors your opening inventory of Proprietary Products and other ingredients and supplies required to operate your restaurant. Your costs for these products ranges between $15,000 to $25,000 for a Pizza Inn Buffet Restaurant; $10,000 to $20,000 for a Delco; and $5,000 to $10,000 for a Ghost Kitchen and an Express depending on inventory mix and anticipated sales volume. See Item 7. The cost of Proprietary Products and non-proprietary products and other supplies are not refundable.

ITEM 6
OTHER FEES

(Column 1) **Type of Fee**	(Column 2) **Amount**	(Column 3) **Due Date**	(Column 4) **Remarks**
Royalty [1]	5% of Gross Sales[2]	Each Friday of each week ending on the preceding Sunday	Royalty Fees are applicable to Buffet, Delco, Express and Ghost Restaurants.
Brand Fund Contribution/ Advertising Obligation	Currently, 5% of Gross Sales for Buffet, Delco, and Express. 1% of Gross Sales for Ghost Kitchen [3]	Each Friday of each week ending on the preceding Sunday	Subject to increase under certain circumstances. See Item 11.
Transfer Fee [4]	$7,500 for Buffet $5,500 for Delco $2,500 for Express $0 for Ghost Kitchen	Upon signing transfer agreement	
Renewal Fee	25% of then-current initial franchise fee	Upon signing renewal franchise agreement	If we are not currently offering franchises, then the renewal fee is calculated using the initial franchise fee from our most recent FDD.
Technology Support Fee	Not currently charged, but we reserve the right to do so in the future	Each Friday of each week ending on the preceding Sunday although we reserve the right to change frequency at our discretion	

Additional training [5]	Not currently charged, but we reserve the right to do so in the future.	Payable in advance of the training or assistance	
Audit/Inspection Fee	Cost of audit or inspection	On demand	Payable if (a) the audit reveals that you have not complied with our record-keeping requirements, (b) you have understated Gross Sales or (c) if audit is a result of your default of the Franchise Agreement.
Late Payment Fee	$100 per invoice	On demand	Assessed any amounts that are not paid when due.
Interest on late payments	The lower of 1.5% per month or highest applicable legal rate for open account business, royalty payments, advertising contributions	After due date and cure period, if any, has expired	
Indemnification	Varies with circumstances	On demand	You are solely responsible for and must indemnify and hold us harmless for all loss, damage, claims or demands arising from the operation of your franchise
Products and supplies	Varies	Upon purchase	You must purchase certain items from our approved vendors.
Food Sample Testing and Inspection Fees	Cost of testing, inspection	On demand	If you want to use a product or supplier that we have not approved, you must pay our costs of the inspection and cost of the testing.
Relocation of Restaurant	$500 plus our costs	Upon relocation and when services are rendered	If we elect, in our discretion, to consider your request to relocate your Restaurant
Insurance Premiums	Will vary depending on your location and insurer	As incurred	If you do not pay your premiums, although we do not have to, we can pay them for you and you must reimburse us
Opening Deadline Extension Fee	$500	At the time that we grant the extension	Payable only if you request, and we agree (in our discretion) to

			grant you an extension of your required opening deadline
Quality Assurance Audit ("QA Audit")	Costs and expenses of QA Audit	As incurred	Payable if you fail to obtain a passing score on any QA Audit. You must reimburse us for all costs and expenses incurred in connection with the next QA Audit.
Lost Revenue Damages [(6)]	Will vary under circumstances	As incurred	Payable only if we terminate the Franchise Agreement for your breach or you terminate the agreement without cause

NOTES: Except as otherwise indicated in the charts and notes, all fees and expenses described in this Item 6 are non-refundable and we uniformly impose all the fees and expenses listed to new franchisees, as applicable, and they are payable to us. We will debit all amounts that you owe us or our affiliates by ACH electronic transfer from your designated bank account. Except as specifically stated in this Item 6, the amounts given may be subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments over which we have control.

(1) *Royalty Fee:*

You must pay us a non-refundable monthly royalty fee equal to 5% of your Gross Sales weekly. This royalty must be paid by the Friday of each week for the Gross Sales accruing for the week ending on the preceding Sunday.

(2) *Gross Sales:*

Gross Sales is defined as the cumulative gross revenue received or accrued from cash and credit sales of all food and beverages, whether consumed on or off the premises. Gross Sales does not include sales tax. Gross Sales includes the proceeds of any business interruption insurance.

(3) *Brand Fund Contribution/Advertising Obligation*

You must spend and/or contribute for advertising 5% of the Gross Sales of the Franchised Restaurant ("Advertising Obligation"). A portion of your Advertising Obligation may be allocated to a Brand Fund and/or local marketing (see Item 11).

(4) *Transfer Fee*

Payable in connection with a sale of your Restaurant or the sale of certain ownership interests in you or the Restaurant. The addition of any party to the franchise and/or the deletion of an original party to the franchise will be treated as a constructive transfer, and the transfer fee will apply.

(5) *Additional Training Fee*

We will provide a mandatory initial training program for no additional fee, which may include classroom instruction, virtual instruction and hands-on demonstration relating to the Systems and other programs. We will also offer additional training classes and assistance to you by our staff and other industry experts. In most cases, the additional training is not mandatory; however, you must participate in additional training if you fail to maintain performance standards and we notify you of the required training. At the present time, we do not charge for any additional training. However, we reserve the right to charge this fee and to adjust the rates in the future. You are responsible for the costs of travel, meals, and accommodations for our employees and representatives and your employees if travel is required.

(6) *Lost Revenue Damages*

If this obligation is triggered, you must pay us an amount equal ~~to two times~~ the net present value of the revenue, including royalty fees, supplier incentives, and brand fund contributions (if any), that would have become due had the Franchise Agreement not been terminated, from the date of termination to the earlier of: (a) five years following termination, or (b) the scheduled expiration date of the Franchise Agreement ("Measurement Period"). Lost Revenue Damages will be calculated as follows: (1) the number of calendar months in the Measurement Period; multiplied by (2) the aggregate of the royalty fee, supplier incentives, brand fund (if any) percentages; multiplied by (3) the average monthly Gross Sales of the Restaurant during the 12 full calendar months immediately preceding the termination date (or, if as of the effective date of termination, the Restaurant has not been operating for at least 12 full calendar months, the average monthly Gross Sales of all Pizza Inn Restaurants (excluding Express Restaurants, Ghost Kitchen, and Delco Restaurants) operating during that 12-month period will be used). These damages compensate us only for our lost Royalty, supplier incentive, and brand fund revenue streams and not for other damages resulting from the termination.

You agree to pay us Lost Revenue Damages, as damages and not as a penalty, as calculated in accordance with this Section, within 15 days after the effective date of termination, or on any later date that we determine. You and we agree that the calculation described in this Section is a calculation only of the Lost Revenue Damages and that nothing will preclude or limit us from proving and recovering any other damages caused by your breach of this Agreement.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Single Restaurant

(Column 1) **Type of Expenditure**	(Column 2) **Amount (Buffet)**	(Column 2) **Amount (Delco/Express**	(Column 2) **Amount (Ghost Kitchen)**	(Column 3) **Method of Payment**	(Column 4) **When due**	(Column 5) **To Whom Payment is to be made**
Initial Franchise Fee	$30,000	$10,000	$0	Lump Sum	At signing of Franchise Agreement	Us
Architectural Design Services [(1)]	$10,000-$50,000	$5,000-$15,000	$0	As arranged	As incurred	Suppliers
Leasehold Improvements [(2)]	$60,000-400,000	$25,000-$75,000	$0	As arranged	As arranged	Suppliers
Fixtures, Equipment, Décor and Signage [(3)]	$200,000-750,000	$100,000-300,000	$0-$10,000	As arranged	As incurred	Suppliers
Smallwares [(4)]	$20,000 - $30,000	$8,000 - $15,000	$0-$1000	As arranged	As arranged	Suppliers
Opening Inventory [(5)]	$20,000-$40,000	$10,000-$20,000	$10,000-$20,000	As arranged	As arranged	Us, or affiliates and other suppliers
Other Pre-Opening Expenses [(6)]	$10,000-$20,000	$5,000-$10,000	$0 - $5000	As arranged	As arranged	Suppliers
Initial Training [(7)]	$20,000-$50,000	$10,000-$20,000	$1000-$5000	Lump Sum	As incurred	Suppliers
Register or Point of Sale System	$17,000 - $25,000	$17,000-$25,000	$0-$5000	As arranged	As arranged	Suppliers
Additional Funds - 3 months [(8)]	$25,000-$50,000	$10,000 - $20,000	$0-$5000	As arranged	As incurred	Suppliers
TOTAL	$412,000-$1,445,000	$200,000-$510,000	$11,000-$40,000			

All amounts you pay to us are non-refundable. The refundability of other amounts will depend on your ability to negotiate refund provisions with the third-party provider of the goods or services. Neither we nor our affiliates offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing depend on the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions. The estimate does not include any finance charge, interest, or debt service obligation. The estimated initial investment figures are based primarily on our affiliates and franchisees' experience developing Pizza Inn Restaurants.

Notes:

(1) We will provide you with an approved equipment floor plan. Typically, we require that you obtain architectural and design services locally for any modifications to our standard floor plan, although we must pre-approve those modifications.

(2) Most Pizza Inn Restaurants operate on leased (not owned) premises. The estimated initial investment assumes that you will lease your premises and, therefore, does not include any amounts you might spend to purchase property. Costs may vary substantially based upon local conditions, including the availability and price of labor and material. Improvements (including interior finish-out) to an in-line shell space will vary based on the condition of the shell, subject to offset from landlord contribution, if any. Construction costs for build-out and improvements for a restaurant in a typical in-line retail center space may range from $60 to $90 per square foot. Costs for a similarly sized ground-up, freestanding building of standard construction may range from about $150 to $175 per square foot.

(3) These amounts include the cost of furniture, fixtures, equipment, and signage. Major items of expense in this category include building sign, pylon sign (if allowed by your landlord and local code requirements), ovens, make table, mixer, and dining tables and chairs. The high figure includes a triple-stack oven and more audio-visual equipment and furniture. The low figure includes a double-stack oven.

(4) Smallwares include kitchen utensils, pizza pans, silverware, glasses, and dishes.

(5) Opening inventory includes food ingredients, paper and cleaning supplies, and other consumable items we anticipate that you may use during training and the first week of operation. You must purchase certain Proprietary Products and certain other required products and supplies from one or more of our approved suppliers.

(5) These amounts include estimates for: (i) utility deposits (electricity, gas, water, and telephone), (ii) security deposits for various other services (trash removal, security system, etc.), (iii) government permit fees (licenses and permits for the sale of beer and wine, if you choose to offer them and if permitted by law, could increase these amounts significantly depending upon local requirements), (iv) three-month premium for typical insurance coverage, (v) recruiting, hiring, and providing uniforms to initial restaurant personnel, and (vi) legal, accounting and other professional services. See Item 8 for a description of the minimum insurance you are required to procure and maintain.

(6) These amounts include travel, lodging, and wage expenses for you and each of your Restaurant employees attending training class. The training period is approximately four weeks. You, your manager, and at least one of your employees are required to attend training.

(7) This is our estimate of the amounts you should have in reserve to supplement your revenue to cover your expenses for the start-up phase of your Restaurant (3 months from the Restaurant's opening date), and they include things like replenishing your inventory, lease payments, initial advertising and promotional activities, payroll for managers and other employees, uniforms, utilities and other variable costs. They do not include any amounts for debt service. There are many variables that might affect the reserves that you should maintain, including things such as sales volume, number of employees, rates of pay, frequency of inventory turnover, your own management and business skills, local economic conditions and competition.

You should review these figures carefully with a business advisor before you decide to purchase the franchise. Your actual costs will depend on factors such as: geography, the availability of sites; your Restaurant size and location; construction costs; your discretionary expenditures; the availability of leasing or financing arrangements; your credit rating; and other factors. Because the figures listed in the chart above are only estimates, it is possible both to reduce and to exceed costs in any of the areas listed above.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

All food and non-food products, supplies, equipment and services that you purchase for use, sale or resale in connection with the operations of the Restaurant must meet our requirements. We have the right to require that all food and non-food products, supplies, equipment and services that you purchase for use, sale or resale in the Restaurant: (a) meet our specifications; (b) be purchased only from approved suppliers (which may include us or our affiliates); and/or (c) be purchased only from a single source or from a limited number of designated sources (which may include us or our affiliates). To the extent that we establish specifications, require our consent to suppliers or designate specific suppliers for particular items, we will publish our requirements in our manuals ("Manual") or otherwise in writing. We may create purchasing restrictions to control the quality and selection and ensure the consistency of menu items, ingredients and other merchandise; to consolidate System purchases to reduce costs or ensure availability of products; or for other valid business reasons. In particular, we have developed and may continue to develop certain proprietary food products that will be prepared by or for us according to our proprietary special recipes and formulas ("Proprietary Products"); and you must purchase those Proprietary Products only from us, our affiliates or a third party designated and licensed by us to prepare and sell such products.

Certain Proprietary Products are made using our trade secret formulations and procedures to produce the taste, texture, and other characteristics of Pizza Inn pizza and other menu items. The formulations are only disclosed to the suppliers who need to use them to produce the Proprietary Products. The list of Proprietary Products is provided to you in the Pizza Inn recipe manual, which we may change periodically to accommodate changes in the menu, preparation techniques, and other factors affecting the System. Currently, you must purchase the following Proprietary Products from us or our affiliates: dough mixes, pizza cheese, string cheese, mozzarella cheese, beef toppings, pepperoni, pork toppings, Italian sausage, pizza sauce, marinara sauce, meat sauce, Stromboli dessert filling, streusel topping, magic dust, pizzert mix and pizza boxes.

You must offer for sale and sell in the Restaurant, including take-out and delivery, only the products, services and brands that we have designated in the Manual or otherwise in writing. You must offer all items that we designate as mandatory. We may also designate some items as optional. We may change the mandatory and optional menu items, recipes, ingredients and other products and services at our sole discretion. We may require that you sell certain brands and prohibit you from selling other brands. You may sell products only in the varieties, weights, sizes, forms and packages that we designate. You must use only authorized ingredients and follow our recipes in the preparation of menu items. You may not use the Restaurant premises for the sale or display of items not authorized by us. Within 15 days after we provide written notice to you, you must begin selling any newly authorized menu items (or using any newly authorized ingredients) and cease selling any menu item that is no longer authorized (or using any ingredient that is no longer authorized); however, if the discontinued menu item or ingredient could pose a hazard to the public or prove detrimental to the System, you must cease selling or using that item or ingredient immediately. All food, beverages and merchandise authorized for sale at the Restaurant must be offered for sale under the name that we specify.

We will provide you suggested retail prices for the products and services offered at the Restaurant. If you have a suggestion for a new menu item or ingredient, or for a change to an authorized menu item or ingredient, or you wish to participate in a test market program, you must notify us before you implement any such change or commence any such program. You may not add or modify any menu item or participate in a test market program without obtaining our prior written approval.

In addition, you must purchase certain elements and components of the interior image and décor package ("Required Décor") from suppliers that we approve for certain Pizza Inn concepts. In order to maintain a consistent image throughout the System and to ensure the proper display of our name and trademarks, we require that all exterior signage be of uniform quality and appearance. To assist you in obtaining approved signage, we can recommend sign vendors with whom we regularly deal. You are free to select a sign vendor of your own choosing, if we approve it in advance. We reserve the right to disapprove any sign vendor if we reasonably believe that it cannot comply with our criteria. There is no Required Décor that you will be required to purchase for a Ghost Kitchen Restaurant.

We have entered into a distribution agreement with Performance Food Group ("PFG"). Pursuant to this agreement, PFG is authorized to act as a distributor of virtually all food and paper products, and other items related to the System. Product orders are placed with the distributor and products are distributed to the Restaurants at least once a week. Any products not available for purchase from us, our affiliates, PFG or not otherwise made available for distribution through these companies can be purchased through other third-party distributors and suppliers previously approved by us.

Purchases of Specification Items from Approved Suppliers

As stated above, in order to maintain consistently high standards in Pizza Inn products and services, we require that you use food products and ingredients, supplies, equipment, and other items in your Restaurant ("Specification Items") that conform to our specifications and are from suppliers we have approved. We formulate and modify the specifications through laboratory and field-testing. We evaluate suppliers based upon their ability to consistently meet such specifications and our standards regarding quality control, production capacity, service, and value. We inform you of the specifications and the approved items and suppliers in our recipe manual, order guide, operations manual, and other written communications. You must purchase approved food ingredients through us or distributors and suppliers that are approved by us. For all Pizza Inn Restaurants, to ensure product quality and consistency, we require that you purchase ovens, dough mixers, dough rollers, and make tables that are new, or used models certified as operating within specifications and tolerances by a manufacturer's representative. These equipment items may be purchased directly from approved suppliers. We may require that you provide us in advance with performance specifications and capabilities to ensure that any such equipment can achieve and maintain product quality and consistency.

Approval of Alternative Suppliers

If you desire to purchase products (other than Proprietary Products or products that must be purchased from a single source or a limited number of sources that we approve) from a supplier to which we have not consented, you must submit a written request for consent. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products. You must pay us a reasonable fee, not to exceed the actual cost of the inspection and testing the proposed product or evaluating the proposed supplier, including personnel and travel costs, whether or not the product or supplier is accepted. We have the right to grant, deny or revoke consent to products, services and suppliers in our sole discretion. We will notify you of our decision as soon as practicable following our evaluation, usually within 30 days of your and the supplier's submission of all information we require to perform the assessment. We reserve the right to re-inspect the facilities and products of any accepted supplier and revoke acceptance upon the supplier's failure to meet any of our then-current criteria.

Purchase Arrangements, Material Benefits and Revenue

We set specifications or designate certain vendors to ensure uniformity and compliance with our system standards. As a result, many of your initial and ongoing purchases are restricted in some manner. We estimate that 95% to 100% of your initial purchases and 95% to 100% of your ongoing purchases are restricted.

We and our affiliates may derive revenue and other consideration based on purchases you and other Pizza Inn Restaurant franchisees make from vendors with whom we have or will negotiate to pay us rebates or provide us other consideration based on those purchases. For the fiscal year ended June 30, 2024, supplier incentive rebates received from third-party suppliers were based on the volume of purchases, and we received $4,670,944 in rebates and other consideration from designated or approved vendors based on sales they made to Pizza Inn Restaurant franchisees which represents 4.2% of system sales.

During our last fiscal year (which ended June 30, 2024), we and our affiliates received no revenue from sales we and our affiliates made to Pizza Inn Restaurant franchisees.

None of our officers currently own an interest in any of our suppliers.

We will provide our standards to you through our Manuals for each concept. We will loan you a copy of, or provide you electronic access to, our Manual after you sign the Franchise Agreement and pay us the Initial Franchise Fee and any other amounts then due. We may update and revise these standards periodically and will notify you of these changes in writing. We develop standards internally, and sometimes we develop standards with the assistance of our franchisees, consultants, and suppliers.

Advertising and Marketing

All marketing and promotion of your Pizza Inn Restaurant must conform to our standards and specifications. All advertising and promotional materials, signs, menus, decorations, paper goods, and other items we designate must bear our trademarks in the form, color, location, and manner we prescribe. You must submit to us samples of all advertising and promotional materials that have not been prepared or previously approved by us. See Item 13. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to our standards and requirements. You must obtain our approval before you use any advertising and promotional materials if Pizza Inn has not prepared or approved them during the 12 months before their proposed use. Your Restaurant must participate in promotions we institute periodically for all Pizza Inn Restaurants within a particular area. We retain the right to develop and control all Internet advertising and messages of any kind, including social media, using our Marks. We reserve the right, upon 30 days prior written notice to you, to require that you participate in electronic advertising by creating, customizing or providing access to a linked web page or otherwise.

Site Selection

You will select the location of the Restaurant, subject to our acceptance. We must also approve the final plans and specifications for each Restaurant. You must obtain our consent to the proposed sublease, lease or purchase contract ("Lease") for the accepted location within 90 days and sign the Lease within 30 days following our consent. The lease must, in form and substance, be satisfactory to us and contain our required provisions. We reserve the right to require that you and your landlord enter into an addendum to modify the terms of the lease to comply with those provisions.

When determining whether to renew franchises or to grant additional franchises to a franchisee, we consider many factors, including compliance with the above requirements.

Insurance

During the term of the Franchise Agreement, you must maintain in full force and effect at your expense, an insurance policy or policies having, at a minimum, the following coverages:

(1) Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, personal injury, advertising injury, completed operations, and products liability in the amount of $1,500,000 combined single limit and fire legal liability in the amount of $100,000 combined single limit;

(2) If beer, wine or other alcoholic beverages are served at the Franchised Restaurant, liquor legal liability insurance, including personal injury and property damage coverage, in the amount of $1,000,000 combined single limit;

(3) Automobile liability coverage, including bodily injury and property damage coverage, for non-owned and hired vehicles, with coverage in amounts of not less than $1,000,000 combined single limit. If you use owned vehicles for delivery service, you must maintain owned automobile liability insurance coverage in a minimum amount of $1,000,000 combined single limit;

(4) Worker's compensation insurance in amounts provided by applicable law or, if permissible under applicable law, legally appropriate alternative coverage providing substantially similar compensation for injured workers satisfactory to us, provided that you (a) maintain an excess indemnity policy covering employer's liability and, at your election, a medical/disability policy covering medical expenses for on-the-job accidents, which policy or policies shall contain such coverage amounts reasonably acceptable to us and (b) conduct and maintain a management and safety program for your employees reasonably acceptable to us;

(5) Business interruption insurance in an amount sufficient to cover six months of operations; and

(6) Such other insurance as may be required by the state or locality in which the Franchised Restaurant is located and operated.

Each insurance policy must be written by an insurance company that maintains an "A+" or better rating by the latest edition of Best's Insurance Rating Service (or another rating service designated by us). The insurance policy or policies must be in effect when you take possession of the Restaurant location. The insurance policy or policies must provide coverage in the required policy limits, to you, us, other affiliates of ours and each their respective past, present and future officers, directors, members, owners, employees, servants, representatives, consultants, attorneys and agents.

We and our designated affiliates must be named as additional insureds in the policy or policies (statutory policies excepted). Each policy must include a waiver of subrogation in our favor.

We may require additional types of coverage or increase the required minimum amount of coverage upon reasonable notice. Upon our request, you must provide us with certificates of insurance evidencing the required coverage and proof of payment therefor. The evidence of insurance must include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least 30 days' prior written notice to us. If you fail to obtain and maintain insurance coverage as required by the Franchise Agreement, we have the right, but not the obligation, to obtain the required insurance on your behalf and to charge you for the cost of the insurance, plus a reasonable fee for our services in procuring the insurance. Your obligation to obtain and maintain the required insurance policies in the required amounts will not be limited in any way by reason of any insurance that may be maintained by us, nor will your performance of that obligation relieve you of liability under the indemnity provisions in the Franchise Agreement.

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 Disclosure Document.

Obligation	**Section in Franchise Agreement (FA)**	**Disclosure Document Item**
a. Site selection and acquisition/lease	FA: 4.2	Items 7, 8, and 11
b. Pre-opening purchases/leases	FA: 4.4	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	FA: 5	Items 5, 7, 8, and 11
d. Initial and ongoing training	FA: 6	Items 7, 11, and 15
e. Opening	FA: 5.7	Items 5, 7, 8, and 11
f. Fees	FA: 3	Items 5, 6, 7, and 11
g. Compliance with standards and policies/operating manual	FA: 1.1; 5	Items 8, 11, 14, and 17
h. Trademarks and proprietary information	FA: 1, 8	Items 13, 14, and 17
i. Restrictions on products/services offered	FA: 1.3; 7.6	Items 1, 5, 8, 12, 16, and 17

j. Warranty and customer service requirements	N/A	Item 16
k. Territorial development and sales quotas	N/A	Items 12 and 16
l. Ongoing product/service purchases	FA: 7.B	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	FA: 7, 10, 13	Items 7, 11, and 17
n. Insurance	FA: 7.D DA: 7.D	Items 6 and 7
o. Advertising	FA: 3, 7.B, 9.C DA: Not Applicable	Items 5, 6, 7, 8 and 11
p. Indemnification	FA: 7.D, 10.K DA: 7.D: 7.E	Items 5, 13, and 17
q. Owner's participation/management/ staffing	FA: 7.B, 9.E	Items 7, 15, and 17
r. Records and reports	FA: 7.B, 7.C, 11 DA: 12.D	Item 17
s. Inspections and audits	FA: 7.B, 7.C, 13	Items 5, 8, and 11
t. Transfer	FA: 10	Items 5 and 17
u. Renewal	FA: 8	Items 5, 6, and 17
v. Post-termination obligations	FA: 9, 12, 13, 14, 15	Item 17
w. Non-competition covenants	FA: 9.E., 13, 14	Item 17
x. Dispute resolution	FA: 21	Item 17
y. Confidentiality	FA: 9	Items 11 and 14

ITEM 10
FINANCING

Neither we nor any of our agents or affiliates offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

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

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

Pre-Opening Assistance

Before you open your Restaurant, we will:

1. Supply information regarding the evaluation and selection of a location for your Restaurant so far as may be practicable. (Franchise Agreement 4.1)

2. Review locations you propose and accept a location you select that meets our standards. (Franchise Agreement 4.1, 4.2)

3. Furnish an approved equipment floor plan for your adaptation (subject to our approval), at your expense, in obtaining necessary permits, licenses and approvals. (Franchise Agreement 5.1)

4. Furnish lists and descriptions of the furniture, fixtures, equipment, and signs required to outfit and furnish a restaurant, together with a list of our approved suppliers. (Franchise Agreement 5.5)

5. Loan one set of, or provide electronic access to, our Manual. (Franchise Agreement 9.1)

6. Furnish lists and specifications of approved paper goods, promotional materials, food and ingredients, supplies, and other inventory items required or recommended to stock and operate a Restaurant, together with the names of suppliers. (Franchise Agreement 7.6)

7. Provide a training program for you, your managers, and other associates we approve, as described below in this Item 11. (Franchise Agreement 6.1)

8. Offer advice in establishing a local program for advertising and promoting the opening of your Restaurant. (Franchise Agreement 5.7)

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

Post-Opening Assistance

During the operation of your Restaurant, we will:

1. Offer you the opportunity to purchase certain inventory items from us or an approved supplier. (Franchise Agreement 7.6)

2. Furnish additional training programs as we may deem appropriate. (Franchise Agreement 6.2)

3. Perform periodic on-site visits to inspect and make recommendations regarding your operating methods and use of proprietary marks and trade secrets. (Franchise Agreement 7.9)

4. Furnish continuing training and assistance through inspections, consultation, bulletins, and other materials and communications as we determine, in our discretion, to be appropriate. (Franchise Agreement 9.1)

5. Loan, or provide electronic access to, Manual updates and additional materials as we may deem appropriate to incorporate new developments regarding standards, specifications, procedures, and techniques. (Franchise Agreement 6.B.6)

6. Review all proposed advertising and promotional materials not prepared by or on behalf of us. (Franchise Agreement 10.1)

Area Developers

As noted in Item 2, in certain markets, we have appointed certain multi-unit Restaurant operators to provide certain services to franchisees in their markets. If you are in a market with one of these appointees, you will receive certain services from them. However, they are providing the services as our designee and on our behalf. We remain obligated to you under the Franchise Agreement for any services we are obligated to provide to you.

Advertising

Advertising Obligation and Marketing

You will pay that portion of the Advertising Obligation as we direct to us as described below. The remainder of the Advertising Obligation will be spent by you on local marketing and, if applicable, will be paid to a Regional Advertising Fund, if established. As of the date of this Disclosure Document, your total Advertising Obligation is 5% of Gross Sales for all restaurant types except Ghost Kitchen Restaurants. Ghost Kitchen Restaurants require your total Advertising Obligation of 1% of Gross Sales. Following written notice to you, we may modify the amount (but not to exceed 6% of Gross Sales) and the allocation of your Advertising Obligation. If applicable, once we establish a Regional Advertising Fund that covers the Franchised Location, we will not increase the Advertising Obligation by more than 0.5% of Gross Sales in any 24-month period and it will never exceed 6%. If we allocate any portion of your Advertising Obligation to the Brand Fund or, if applicable, to a Regional Advertising Fund, you must pay the required amounts at the same time and in the same manner as the Royalty.

Advertising Fee. As of the date of this Disclosure Document, as part of your Advertising Obligation, you must contribute 4% of the Gross Sales to us ("Advertising Fee") with the exception of Ghost Kitchen Restaurants, which must contribute 1% of Gross Sales. We may use the Advertising Fee and any earnings of the Advertising Fee for any costs associated with advertising, marketing, public relations, promotional programs and materials (which may be national, regional or local in scope), and/or any other activities that we believe would benefit the System, including the following: advertising campaigns in various media; point-of-purchase materials; review of locally-produced ads; free standing inserts; brochures; purchasing and/or developing promotional materials; market research, including secret shoppers; sponsorships; design and maintenance of a web site; celebrity endorsements; trade shows; association dues; search engine optimization costs; establishment of a third party facility for customizing local advertising; accounting costs; and holding an annual franchise convention. We will not use the Advertising Fee for any activity whose sole purpose is the marketing of franchises or the soliciting of franchisees; however, you acknowledge that the Pizza Inn web site, public relations activities, community involvement activities, and other activities that may be supported by the Advertising Fee may contain information about franchising opportunities. We have the right to direct all programs supported by the Advertising Fee, with final discretion over creative concepts, the materials and media used in the programs, and their placement. You must participate in all advertising, marketing, promotions, research, public relations, loyalty, and other programs instituted through the Advertising Fee. We may work with our in-house advertising department or a third- party national advertising agency to develop advertising for creative materials. In spending advertising monies, we are not obligated to make expenditures for any franchisee that are equivalent or proportionate to that franchisee's contribution or to ensure that any particular franchisee benefits directly or on a pro rata basis from expenditures of the funds. We are not obligated to spend any amount on advertising in the geographic area in which your Franchised Restaurant is located.

We will not use any contributions to the Advertising Fee to defray any of our general operating expenses, except for reasonable administrative costs and overhead that we incur in activities reasonably related to the administration of or the management of advertising and marketing related programs (including salaries of our personnel who devote time to such activities). We will separately account for the Advertising Fee, but we do not need to segregate Advertising Fee monies from our other monies.

Any point-of-sale materials produced with Advertising Fee monies will be made available to you at a reasonable cost. We are not required to have an independent audit of the Advertising Fee completed. We will make available an unaudited statement of contributions and expenditures for the Advertising Fee no sooner than 90 days after the close of our fiscal year to franchisees who make a written request for a copy.

Regional Advertising Fund (if applicable). We have the right, in our sole discretion, to establish one or more regional advertising funds for Pizza Inn Restaurants ("Regional Advertising Funds"). We will determine the geographic area covered by a Regional Advertising Fund based on the location of Pizza Inn Restaurants in the area and the reach of print, radio, and television media in the area. If a Regional Advertising Fund is established for a geographical area that includes the Franchised Location, you must contribute to that Regional Advertising Fund in the amount that we specify.

We or our designee will direct all advertising, marketing, and public relations programs and activities financed by the Regional Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used in those programs and activities, the geographic, market and media placement, and the allocation of advertising and marketing materials. The Regional Advertising Fund may be used to pay the costs of preparing and producing such associated materials and programs as we or our designee may determine, including video, audio, and written advertising materials; employing advertising agencies; sponsorship of sporting, charitable, or similar events; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising agencies to assist with these efforts; and supporting public relations, market research, and other advertising, promotional, and marketing activities. You must participate in all advertising, marketing, promotions, research, and public relations programs instituted by your Regional Advertising Fund.

We will separately account for each Regional Advertising Fund, but we do not need to segregate any Regional Advertising Fund monies from our other monies. We are not required to have an independent audit of the Regional Advertising Fund completed. We will make available an unaudited statement of contributions and expenditures for a Regional Advertising Fund no sooner than 90 days after the close of our fiscal year to franchisees who contribute to that Regional Advertising Fund and who make a written request for a copy.

We have not yet established any Regional Advertising Funds. Pizza Inn Restaurants operated by us or our affiliates in an area covered by a Regional Advertising Fund will contribute to the Regional Advertising Fund on the same basis as comparable franchisees.

With respect to the Brand Fund or a Regional Advertising Fund, while we may spend in any fiscal year an amount greater or less than the aggregate contribution of Pizza Inn Restaurants to the applicable Fund, generally, we believe that we will spend all advertising payments during the taxable year in which the contribution and earnings are received. If we do not spend the advertising payments in one year, we will likely spend them in the following year or distribute any surplus to then-current franchisees who contribute to the applicable Fund and restaurants operated by us or our affiliates. During our prior fiscal year ending June 30, 2024, the Brand Fund was disbursed as follows: 35% to production, 44% to media placement, 6% to market research activities, and 15% to administrative expenses.

Local Marketing. You must spend that portion of the Advertising Obligation not otherwise spent or contributed to the Brand Fund or a Regional Advertising Fund (currently, 1% of Gross Sales for all restaurants other than Ghost Kitchen Restaurants, which is currently 0%) for local marketing in authorized advertising media and for authorized advertising expenditures. We or our designee will periodically advise you of the authorized advertising media and authorized advertising expenditures.

You must conduct all marketing in a dignified manner and in accordance with the standards and requirements we specify periodically. We may provide you with a marketing manual, guidelines for creating a marketing plan, scripts, and branding tools. You may be required to pay a reasonable fee for accessing and customizing local advertising and promotional materials. All advertising and promotional materials must bear the Proprietary Marks in the form, color, location, and manner that we prescribe. We will have the final decision on all creative development of advertising and promotional messages. You also agree we own all advertising and promotional materials developed by you, and you will take all actions we specify to vest ownership in us.

You must submit to us in writing for our prior acceptance all sales promotion materials and advertising that have not been prepared, or previously accepted, by us and identify the proposed media in which you propose to place the advertising. If our written consent to the material and its proposed placement is not received within 10 days after the date that we received the material, the material may not be used. In no event will your advertising or marketing materials contain any statement or material that, in our sole discretion, may be considered: **(a)** in bad taste or offensive to the public or to any group of persons; **(b)** defamatory of any person or an attack on any competitor; **(c)** to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; **(d)** inconsistent with the public image of the System or the Proprietary Marks; or **(e)** not in accordance with any federal or state laws. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

Social Media. You may not promote, offer, or sell any products or services relating to the Franchised Restaurant through, or use any of the Proprietary Marks in, any form of electronic communications, including Internet web sites, social networking sites, applications or other future technological avenues that enable users to create and share content or to participate in social networking (collectively, "Social Media") without our prior written consent, which we may withhold for any or no reason. You must, at all times, comply with our Social Media policy, as modified periodically. Your use of any Social Media relating to the Franchised Restaurant is subject to our prior written approval. You may not establish an independent site or page on any social media. If we authorize you to have and/or design a site or a page on any Social Media for the Franchised Restaurant, your site and page may only be accessed from our site or page, and we may prohibit links between your site or page and any other site. Any use of Social Media by you with respect to the Franchised Restaurant constitutes advertising and promotion, and you must comply with any additional policies and standards we issue from time to time with respect to Social Media. Any copyright in your sites or pages on any Social Media will be deemed to be owned by us, and you agree to sign any documents that we reasonably deem necessary to affirm our ownership of the copyright. If necessary, you must ensure cooperation with us by any web site service provider or web site hosting company with which you do business. You must have or will have the lawful right to use any proprietary materials of others that appear on your sites or pages on Social Media. We may periodically provide you with content for your sites and pages on Social Media, including copy, news stories and photographs. We must consent to any changes to your sites and pages on Social Media.

Public and Media Relations. You may not issue any press or other media releases or other communications without our prior consent. As a franchisee of the System, you may only participate in internal and external communications activities that create goodwill, enhance our public image, and build the Pizza Inn brand.

Franchisee Advisory Committee. We currently have a franchisee advisory committee composed of franchisees. Members are selected by our executive management. The committee serves only in an advisory capacity without operational or decision-making authority. We may modify or dissolve the committee at any time in our discretion.

Advertising Cooperatives. You are not required under the Area Development Agreement or the Franchise Agreements to participate in a local or regional advertising cooperative.

Operations Manual

You must operate your Restaurant in accordance with the standards and procedures specified in our Manual. We will loan you one copy of, or provide you electronic access to, the Manual for the term of the Franchise Agreement.

You must treat as confidential the Manual and any other trade secret material that we provide for use in your operation. You must also use all reasonable efforts to maintain this information as secret and confidential and, other than as may be necessary for you to operate the Restaurant, you must not duplicate, copy, record, or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Manual remains our sole property and, if we loan you a copy of the Manual, must be kept in a secure place on the restaurant premises. The Manual, and any copies you have made thereof, must be returned to us upon expiration or termination of the Franchise Agreement.

We may revise the contents of the Manual, and you must comply with each new or changed standard. You must also ensure that the Manual is kept current at all times. If there is a dispute as to the contents of the Manual, the terms of our copy will be controlling.

We provide information about the development and operation of Pizza Inn Restaurants and other guidance through our Manual, which includes manuals and bulletins, and which may include one or more separate manuals as well as audiotapes, videotapes, compact discs, computer software, information available on an Internet site, other electronic media, or written materials. Currently the Manual is available online, but it is subject to change from time to time which could expand or reduce its size. The table of contents of the Manual as of the date of this Disclosure Document is attached as Exhibit H.

Training

We require that you attend and satisfactorily complete our Manager In Training program ("MIT") if you will actively participate in the operation of your Restaurant. We also require that at least one of your employees attend and complete MIT. The employees who attend training must be those who will have day-to-day supervisory and/or operational responsibilities. All required initial training must be completed within the time we specify and before we approve your Restaurant to open for business.

If you fail, or your manager fails, to complete the training program to our standards and reasonable satisfaction by passing written and practical exams, we may require additional training as we may deem appropriate. We may delay the opening of your Restaurant, if necessary, to ensure proper training. Upon your request and at your expense, we may allow additional employees of yours to attend our initial training. We may require additional training if the time between completion of the initial training and the Restaurant opening exceeds four months. We reserve the right to require that subsequent managers or other employees attend training programs at a location or locations of our choosing. We also may require that you and any of your employees attending the training program sign a nondisclosure and non-competition agreement before such training begins. You must have on your staff at all times at least two managers who have been certified according to our current standards and requirements.

We will provide the required initial training for you and your employees without charge. We may charge a fee if you or your employees are required to repeat any initial training program, or if we conduct follow up training. You and your employees may be required to attend additional training programs as are reasonably determined from time to time. We currently do not charge a fee for required or optional additional training programs, but we reserve the right to do so in the future. You are responsible for any other expenses incurred in connection with all training programs, including the cost of transportation, lodging, meals, wages and recipe charts.

Training programs are typically conducted at Regional Certified Training Restaurants. Instructional materials include videos, various manuals, on-the-job training guides, job aids and online training materials. The initial training program is conducted approximately once a month.

Our training is directed and conducted by staff members who are qualified and experienced in the subjects taught including Roger Mangum who has over 10 years of restaurant training experience and Daniel Morales who has over 4 years of restaurant training experience.

MIT is a hands-on technical class that covers the following topics: technical skills for all restaurant positions, administrative training, scheduling, and food preparation procedures. The MIT course is four weeks long. MIT is held at a Regional Certified Training Restaurant approximately 10 times per year, or at other intervals as necessary, and includes an online training component. You or your primary restaurant manager must complete the MIT course to our satisfaction and also be ServSafe® certified (nationally recognized food handlers certification) before we will approve the opening of your Restaurant.

The subjects covered, hours of classroom and on-the-job training in our initial training program and location are described below. The subjects and time periods required for any particular trainee may vary, depending on past experience and training. We may change the subjects and time periods from time to time without notice to you.

TRAINING PROGRAM FOR BUFFET/DELCO/EXPRESS

Subject	Hours of On-the- Job Training	Location
Restaurant Management	150	Regional Certified Training Restaurant
Fresh Dough Management	50	Regional Certified Training Restaurant
Delivery Service (applicable only if we approve you to offer delivery service)	22	Regional Certified Training Restaurant

Totals	200-222	

Each of your primary restaurant managers must have successfully completed the MIT training program and any subsequently required supplemental training. Any additional or replacement managers must be MIT and ServSafe® certified within six months of hiring.

Your principal operations employee (such as a general manager) may be required to complete an accelerated training program prior to the opening of your Restaurant.

Electronic Cash Register, Computer System and Sales Reporting

You must procure and install, at your sole expense, such data processing equipment, computer hardware and software, required dedicated telephone and power lines, high speed Internet connections, modems, printers and other computer-related accessory or peripheral equipment as necessary to permit us to receive from you, within the time periods or as otherwise required by us, that information and in that format/media as we reasonably specify ("POS System"). We have the right to require that you use specific brands and models of equipment and software. You are required to use the POS systems described in the Manual. These systems record customer transactions and collect and generate gross sales for the Franchised Restaurant and sales by categories. The current cost to obtain a hardware and software system for all restaurants other than Ghost Kitchen Restaurants is approximately $17,000 to $25,000 with a monthly service fee of approximately $500. Ghost Kitchen Restaurants typically utilize existing hardware and software, or equipment provided by a third-party.

We will have independent access to the information and data on the POS System, daily sales, menu mix, and similar data and information, and there are no contractual limitations on our right to access that information. Neither us, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades, or updates to your computer system. Currently, there are no optional or required maintenance/upgrade contracts for your POS System. We estimate that the annual cost of optional or required maintenance, upgrades, or updates for your POS System is approximately $1,000.

Site Selection and Opening

We do not own or lease the location to you. You will select a location and submit it to us for our acceptance. The factors that we consider in accepting your location can include, among others, (i) whether the proposed location is an in-line space or an out-parcel or pad site for a free-standing restaurant, (ii) the characteristics of other food concepts located within the general market or trade area, (iii) the customer demographic, and (iv) your business and financial background. We have 30 days to accept or reject your proposed location. If we cannot agree on a site, you cannot move ahead with development. We do not assure the success of any location or site.

Within 90 days after the effective date of the Franchise Agreement, unless you obtain from us a written extension of this time period, you must: (i) obtain rights to use the location, (ii) arrange construction financing, (iii) have us approve your completed plans and specifications, (iv) secure a contract for construction, and (v) begin renovation. Within 180 days after the effective date of the Franchise Agreement, you must strictly comply with each of your pre-opening obligations under the Franchise Agreement and open the Franchised Restaurant for business. The typical time from signing the Franchise Agreement to opening of the Restaurant is between 9 and 12 months. If you fail to perform any of those obligations and/or open the Franchised Restaurant by the required opening deadline, we may, at our sole option and without liability or obligation to you, terminate the Franchise Agreement by giving you written notice of such termination at any time after the opening deadline.

If we terminate the Franchise Agreement under these conditions, we will be entitled to retain the Initial Franchise Fee and all other fees paid by you to us through the date of termination. Upon your written request, however, we may, in our sole discretion, extend that opening deadline by six months if you pay us a $500 Extension Fee.

ITEM 12
TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Under the Franchise Agreement, you will be licensed to develop and operate a Pizza Inn Buffet, Delco or Express Restaurant at a designated location. If you comply with the Franchise Agreement, we will not operate or license others to operate a restaurant within an agreed-upon geographic area surrounding the Restaurant premises ("Protected Area") except for various forms of licensing and distribution of Pizza Inn services and products to be offered pursuant to our Express license format or from other express-type or kiosk points of distribution at special use or non-public locations, such as at public and private schools, colleges and other institutions, within department stores, shopping malls, convenience stores and at public auditoriums, sports arenas, concert halls, airports, and other similar venues.

The size and configuration of the Protected Area will be determined by us, in our sole discretion, once the Restaurant's site has been located and approved. The specifics of the location will be set forth in the Location Acceptance Form attached to your Franchise Agreement. We typically consider a variety of factors, including the sites and market demographics, the market penetration of similar businesses, the availability of appropriate sites, and the growth trends in the market. Although the size and configuration of each Protected Area may vary, a typical Protected Area will be a 3-mile radius around the location, but the characteristics of your site and market conditions may warrant a different description, to be determined by us in our sole and final judgment, and we may describe the Protected Area using roads or geographic or geo-political boundaries. There is no minimum area that will comprise your Protected Area. We will determine the Protected Area and insert a description of it in an exhibit to the Franchise Agreement once the location for the Restaurant has been accepted. If you disagree with our determination of the Protected Area, your sole recourse will be to forego the proposed site and look for a replacement.

Depending on the demographics and economic conditions of the geographic area in which your Restaurant is located, we may authorize you to offer delivery service within a pre-determined area ("Primary Area of Responsibility"). The Primary Area of Responsibility is determined on a case-by-case basis but is generally the geographic area comprising the 3-mile radius around the location of your Restaurant. We may change the size and configuration of any Primary Area of Responsibility at any time in our sole discretion. If applicable, you may offer delivery service outside the Primary Area of Responsibility only with our prior written approval and then, only to the extent that such delivery service does not encroach on the Primary Area of Responsibility of any other restaurant and complies with the Manual.

Subject to the restrictions above, we and any affiliated entity have and retain the right, at any time or place, to: (1) advertise and promote the System using the Proprietary Marks (as defined in Item 13) and fill customer orders by catering, delivery, or other services; (2) produce and/or offer for sale by any method of distribution any food, beverage, or other product or service, including prepackaged foods and memorabilia, using the Proprietary Marks or any other names and trademarks, whether owned by us or others; and (3) franchise or license others to perform any of the foregoing activities.

Except as otherwise provided in this Item 12, there are no restrictions on our or our affiliates' right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales of products or services within your territory: (a) using the Proprietary Marks; or (b) under trademarks different from the Proprietary Marks. We are not required to pay for soliciting or accepting orders from within your territory.

You do not have any options, rights of first refusal or similar rights to acquire additional franchises within the Protected Area.

The territorial rights granted to you under the Franchise Agreement are not dependent on your achieving certain sales volumes, market penetration or other contingency other than as provided in the Franchise Agreement.

Relocation

Under certain circumstances (such as loss of occupancy rights under a lease or a significant change in the character of a location or market), we will consider your written request to relocate your Restaurant. We retain an absolute right to approve or disapprove any request for relocation. We may charge a $500 relocation processing fee, and we reserve the right to charge you for other costs we may incur in connection with the relocation, including travel and lodging expenses for our employees. Relocation is at your expense, and your new premises will have to conform to any new System image, standards, and specifications for signage, décor, and equipment. You must make sure your old location is de-identified (that is, all of the distinctive or unique identifiers associated with the System will have to be removed) before we allow you to open your new location.

Development Agreement

Under the Development Agreement you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You must obtain our prior written acceptance of each site for a Franchised Restaurant, which will be based on our then-current site selection and approval guidelines and requirements.

Under certain circumstances, which are determined on a case-by-case basis, we may grant you a protected area, which will be identified in the Development Agreement. If we grant you a protected area, we retain the right to: (1) develop and operate, and license others to develop and operate, Restaurants and other points of sale under the Proprietary Marks or other trademarks, trade names, or service marks at any location outside of the protected area; (2) offer and sell, and license others to offer and sell, within and without the protected area, similar and dissimilar products and services, whether identified by the Proprietary Marks or by other trademarks, trade names, or service marks, through any channel or by any means or method of distribution other than a Pizza Inn Restaurant (including, without limitation, through the Internet or other electronic means), on such terms we determine in our discretion; and (3) offer and sell, and license others to offer and sell, within and without the protected area, similar or dissimilar products and services through non-traditional points of sale, including a food court, mall, cafeteria, office building, school (including universities and colleges), hotel, stadium or other athletic venue, military facility, or fairgrounds. If we grant you a protected area and you default on your obligations under the Development Agreement and fail to cure that default within the applicable cure period (if any), in lieu of terminating the Development Agreement, we may terminate or modify your territorial rights.

We generally do not grant options or rights of first refusal under the Development Agreement.

There are no restrictions on our or our affiliates' right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales of products or services within the generally defined area in which you are permitted to develop Restaurants: (a) using the Proprietary Marks; or (b) under trademarks different from the Proprietary Marks. We are not required to pay for soliciting or accepting orders from within that area.

Other Operations

Our affiliate, Pie Five, currently offers franchises for a system relating to the development, establishment and operation of Pie Five Restaurants, and our affiliate owns and operates Pie Five-branded restaurants. Pie Five Restaurants are fast casual restaurants that feature specialty pizzas and offer counter- service sales where customers can choose the toppings to be placed on a standard 9" pizza, which is then baked in front of the customer typically in less than 5 minutes. As of the date of this Disclosure Document, our affiliate had 20 franchised Pie Five Restaurants. Pie Five Restaurants are operated under the marks "Pie Five" and "Pie Five Pizza." Pie Five and Pizza Inn Restaurants could be operating in the same or nearby markets and competing for the same or nearby sites, and neither concept is restricted in its ability to solicit or accept orders from the other customers. Any potential conflict between the franchisees of each system will be resolved on a case-by-case basis. The principal business address of Pie Five is the same as ours. We have no plans to maintain physically separate offices. To the extent training occurs in our corporate offices, there may be an overlap regarding training facilities. Other training will take place in each system's respective training restaurants.

ITEM 13
TRADEMARKS

We grant you the right to operate a Restaurant under the name "Pizza Inn" and to use our other current or future Proprietary Marks in the operation of your Franchised Restaurant. By Proprietary Marks, we mean trade names, trademarks, service marks and logos used to identify your Franchised Restaurant.

We have registered the following principal Proprietary Marks and other related marks with the U.S. Patent and Trademark Office on the Principal Register, and all required affidavits of continued use have been filed and accepted:

Description	Registration Number	Registration Date
	4,195,405	August 21, 2012
PizzaInn	3,822,543	July 20, 2010
	3,803,762	June 15, 2010
	3,803,761	June 15, 2010

PIZZAINN.COM (Typed Drawing)	2,415,358 (Renewed)	December 26, 2000
PIZZA INN (Typed Drawing)	923,553 (Renewed)	November 9, 1971
PIZZA INN	97/668,817	November 8, 2022
	97/668,808	November 8, 2022
	97/668,796	November 8, 2022
	97/668,782	November 8, 2022

No agreements limit our right to use, or license the use of, our trademarks.

There are no currently effective determinations of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings, no pending material federal or state court litigation regarding our use or ownership rights in any Proprietary Mark, and no currently effective agreements that significantly limit our rights to use or license the use of any Proprietary Marks. We know of no superior prior rights or infringing uses of any Proprietary Mark that would materially affect your use of the Proprietary Marks.

You must promptly notify us of any apparent infringement of the Proprietary Marks or challenge to your use of any of the Proprietary Marks or claim by any person to any rights in any of the Proprietary Marks. We may take action and have the right to exclusively control any litigation or administrative proceeding related to any infringement, challenge or claim, or otherwise relating to any of the Proprietary Marks. You must provide reasonable assistance in any litigation or administrative proceeding. We will reimburse you for any reasonable, actual costs you incur to provide such assistance unless it is directly related to protection of your own rights.

You may not use the Proprietary Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing, maintaining, and terminating trade name or fictitious name registrations. You must not directly or indirectly contest our right to our Proprietary Marks that are part of our business. You must execute any documents we require to protect the Proprietary Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of the Proprietary Marks. We reserve the right to review and approve the use of the Proprietary Marks in any Web site, Internet home page, or link used in connection with your operation of the restaurant.

Except as provided above, we are not obligated to protect any rights granted to you to use the Proprietary Marks or to indemnify you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Proprietary Marks or your right to use them, as a matter of policy we intend to defend the Proprietary Marks vigorously.

We have the right to withdraw your permission to use a Proprietary Mark or grant you the right to use other Proprietary Marks and we may require you, at your expense, based on good faith determination and reasonable notice, to add to, discontinue, or modify your use of any of the Proprietary Marks.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any rights to, or have any applications pending for, any patents that are material to the operation of a Pizza Inn Restaurant. The written and videotaped training materials and the Manual, which is described in Item 11, are protected by common law copyright and are considered material to your franchise. We intend to protect materials that we develop by asserting common law copyrights to all such materials.

We claim proprietary rights in recipes that are included in the Manual and that are our trade secrets, and trade secret rights in our Proprietary Products. You are prohibited, during and after the term of the Franchise Agreement, from communicating, or using for the benefit of any other person or entity, any confidential information, trade secret, knowledge, or know-how concerning the Proprietary Products and methods of operation of your Restaurant that may be communicated to you or of which you may learn. You can divulge this confidential information only to your employees who must have access to it to operate your Restaurant. We may require those employees to sign a confidentiality agreement prior to your divulging such confidential information. Any and all information, knowledge, know-how, and techniques related to the System or your Restaurant that we communicate to you, including the Manual, plans and specifications, marketing information and strategies, and site evaluation, selection guidelines, and techniques, are considered confidential.

We own all data that you collect from customers or others in connection with the Restaurant and that data may not be sold or otherwise transferred to any third party. You may use the customer data while the Franchise Agreement or a renewal agreement is in effect but only in accordance with any privacy policy that we establish.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We recommend, but do not require, that you or your Controlling Principals, personally supervise operation of your Restaurant. We believe that this type of supervision, whether on or off premises, often results in a more successful operation. We require that you and your manager and/or other key employees successfully complete our training programs. See Item 11. If you are not directly involved in the day-to-day operation, we require that a manager who has satisfactorily completed our initial training program supervise the Restaurant during all hours of operation. Failure to have properly trained supervisory personnel in the restaurant is as violation of the franchise agreement, and we may enforce certain provisions of the franchise agreement as a result. You and certain of your employees are subject to various restrictions in the Franchise Agreement, including the covenants to maintain confidentiality and not to compete with us. If the franchisee is a corporation, limited liability company, or other legal entity, you and all officers, directors, shareholders, members and the spouses of each of them are required to sign a guaranty in the form attached to this Disclosure Document as Exhibit D. See Items 11, 14 and 17.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell in your Restaurant only those products that we have approved for sale. If we designate a brand name for an approved product, you must sell that approved product under the brand name designated. You may not sell or distribute any licensed product or Proprietary Product except as a complete, fully processed approved food product. Except for a restriction prohibiting you from delivering any product to customers outside of any delivery area for which you have been approved, we impose no restrictions on the customers to whom you may sell licensed products. We reserve the right to change the menu of authorized products from time to time or to allow a more limited or expanded menu under certain circumstances. We do not currently set minimum or maximum prices for any products, goods or services, although we do suggest such prices. We reserve the right to change that practice at any time and for any goods or services.

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	8	Buffet Restaurants: 20-year initial term; Delco Restaurants: 10-year initial term; Express Restaurants: 5-year initial term, and Ghost Kitchen Restaurants: 1-year initial term.
b. Renewal or extension of the term	8	If you are in good standing, upon expiration of your original franchise agreement, you will have the right to renew your franchise for one additional term, as described below, by signing the then current franchise agreement and a general release. This means that you may be asked to sign an agreement with terms and conditions that are materially different from those in your original agreement Buffet Restaurants: 10 years; Delco Restaurants: 5 years; Express Restaurants: 5 years; and Ghost Kitchen Restaurants: 1 year term (can be renewed more than once)
c. Requirements for franchisee to renew or extend	8	You must (a) be in compliance with the terms of your current agreement, (b) provide written notice of your intent to renew, (c) sign our then-current agreement, (d) pay a renewal fee, (e) remodel, (f) comply with training requirements and (g) sign general release.
d. Termination by franchisee	None	
e. Termination by franchisor without cause	None	
f. Termination by franchisor with cause	11, 12	We can terminate if you default and do not cure within any applicable cure period
g. "Cause" defined - curable defaults (1)	11	You have 3 days to cure your failure to (a) properly use the Proprietary Products, (b) follow our recipes, (c) comply with operating standards, or (d) prepare and consistently offer high quality food products. You have 10 days to cure: (a) your failure to provide operations and financial reports or (b) unauthorized use of Proprietary Marks, Confidential Information or Trade Secrets. You have 5 days to cure monetary defaults. You generally have 30 days to cure all other defaults except those discussed in paragraph h. below.

h. "Cause" defined – non-curable defaults	11	Non-curable defaults: failure to comply with pre-opening obligations and/or open the Restaurant for business by the opening deadline; failure to continue operating the Restaurant; pleading guilty or no contest to a felony or otherwise engaging in any activity determined to be detrimental to the goodwill and image of the System; insolvency; bankruptcy; breach of covenants; unauthorized transfer; material misrepresentation; failure to operate Restaurant in strict compliance with applicable health, safety and sanitation codes; unsatisfied final judgment for 30 days or longer; failure to attend and complete training; knowingly maintaining false books; default on 3 or more occasions within any 12-month period; and default beyond the applicable cure period (if any) under any other agreement with us or our affiliates, any real estate lease, equipment lease or financing instrument relating to the Restaurant or any agreement with any vendor or supplier to the Restaurant.
i. Franchisee's obligations on termination/non-renewal	9, 12, 13, 14, 15	Discontinue use of the Proprietary Marks and trade secrets, de- identify the Restaurant, return Manual and other proprietary information and confidential information to us, pay all amounts due, comply with non-competition obligations, deliver all customer data that you have compiled, uninstall any software that we have provided and pay us all costs incurred by us in successfully enforcing the agreement or obtaining any remedy available to us.
j. Assignment of contract by franchisor	10.A	There are no restrictions on our right to assign.
k. "Transfer" by franchisee – defined	10.B	Includes any transfer of the business or assets used in the business or other action by which ownership or control is shifted in whole or in part to from one entity or person to another.
l. Franchisor approval of transfer by franchisee	10.B	Our written consent is required before transfer.

m. Conditions for franchisor approval of transfer	10.C	(a) 45 days prior written notice of your intent to transfer; (b) financial qualification of transferee; (c) execution of transfer agreement; (d) execution by transferee of then-current form of franchise agreement, guaranty and other agreements we may require; (e) payment of transfer fee; (f) training of transferee and manager; (g) your payment of all obligations owed to us and our affiliates; (h) remodeling requirements as we determine; and (i) execution of general release by you, Controlling Principals and any guarantor.
n. Franchisor's right of first refusal to acquire franchisee's business	15	we or our nominee will have a right of first refusal to acquire any interests you wish to assign on the same proposed terms between you and the transferee as evidenced by a bona fide written offer.
o. Franchisor's option to purchase franchisee's business	15	Upon expiration or termination of the Franchise Agreement, we have the right, but not the obligation, to purchase some or all of the assets used in the Restaurant.
p. Death or disability of franchisee	10.H, 10.I	Upon the death of anyone holding a majority interest in the franchisee, the franchise must be transferred to a person/entity previously approved by us. If a majority interest holder or principal operator becomes permanently disabled and is unable to operate the Restaurant, we may require that an approved transfer be made within 6 months.
q. Non-competition covenants during the term of the franchise	14	You are prohibited from any involvement in a competing business except in the case of a Ghost Kitchen operating within an approved business location.
r. Non-competition covenants after the franchise is terminated, transferred or expires	14	You are prohibited from any involvement in a competing business located within 3 miles of the Restaurant, within the Protected Area, within 3 miles of the border of the Protected Area or within 3 miles of any other Pizza Inn Restaurant for two years following expiration, transfer or termination. For the two- year period following expiration, transfer or termination, you may not divert or attempt to divert any business or customer of the business to any competitor or act in such a way as to damage the Proprietary Marks or the System. If, after we disclose confidential information to you in connection with your franchise application, you do not enter into a Franchise Agreement with us, for six months thereafter, you may not be involved in a competing business.

s. Modification of the agreement	26.D	No modification generally without signed agreement, but we may modify the System and the Manual.
t. Integration/ merger clause	26.B	Only terms of the Franchise Agreement (and other related written agreements) are binding (subject to state law); Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not Applicable	
v. Choice of forum	21	You must file any suit against us only in the federal or state court having jurisdiction in Denton County, Texas. We may file any suit against you in (a) Denton County, Texas, (b) where our principal offices are located at the time that the suit is filed (currently, The Colony, Texas), (c) where the Restaurant is or was located, or (d) where the claim arose. Subject to state law.
w. Choice of law	21	Texas law applies (subject to state law).

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following is historic financial performance information.

Table 1
Total Net Annual Sales by Category

The following table displays the average and median Total Net Sales on a category and cumulative basis by ranked quartiles (top 25%, 50%, 75% and then for all measured stores). All the stores included in Table 1 are franchise stores operating the buffet model in the United States which were open for the entirety of the calendar year of the Table and report sales on Pizza Inn Inc.'s approved

Point of Sale system that is integrated into the company's sales database. Table 1 contains no data that has been self-reported by franchisees. All years presented reflect the 52 weeks beginning on the first Monday of the calendar year.

As presented in Table 1, Total Average Net Sales per Store increased from $1,275,751 in 2022 to $1,425,991 in 2023, an 11.8% increase.

2023

	Top 25% of Franchised Stores	Top 50% of Franchised Stores	Top 75% of Franchised Stores	TOTAL
Number of Stores	16	32	48	65
Range of Net Sales	$1,601,687 - $4,532,712	$1,274,208 - $4,532,712	$1,023,364 - $4,532,712	$574,881 - $4,532,712
Average Net Sales	$2,370,282	$1,875,303	$1,632,939	$1,425,911
Median Net Sales	$2,022,257	$1,579,818	$1,367,157	$1,230,168
Stores Exceeding the Category Average	6	10	13	22
% of Stores Exceeding the Category Average	38%	31%	27%	34%

2022

	Top 25% of Franchised Stores	Top 50% of Franchised Stores	Top 75% of Franchised Stores	TOTAL
Number of Stores	16	33	50	67
Range of Net Sales	$1,427,052 - $3,879,766	$1,168,404 - $3,879,766	$919,129 - $3,879,766	$374,736 - $3,879,766
Average Net Sales	$2,160,399	$1,699,182	$1,474,005	$1,275,751
Median Net Sales	$1,890,729	$1,424,742	$1,244,019	$1,146,589
Stores Exceeding the	6	9	15	23

Category Average				
% of Stores Exceeding the Category Average	38%	27%	30%	34%

Table 2
Earnings Before Interest, Tax, Depreciation, and Amortization (EBITDA) as a percentage of Net Sales

The following table displays the average and median EBITDA on a category and cumulative basis by ranked quartiles (top 25%, 50%, 75% and then for all measured stores). All the stores included in Table 2 are franchise stores in the United States operating the buffet model which were open for the entirety of the calendar year and have submitted profit and loss statements for the calendar years. All years presented reflect the 52 weeks beginning on the first Monday of the calendar year.

As presented in Table 2, Total Average EBITDA increased from 10.2% in 2022 to 11.2% in 2023, a 9.6% increase.

2023

	Top 25% of Franchised Stores	**Top 50% of Franchised Stores**	**Top 75% of Franchised Stores**	**TOTAL**
Number of Stores	13	26	39	53
Range of EBITDA	17.1% - 27.6%	11.4% - 26.8%	5.8% - 26.8%	-2.0% - 26.8%
Average EBITDA	20.4%	17.3%	14.5%	11.2%
Median EBITDA	19.4%	17.1%	14.0%	11.3%
Stores Exceeding the Category Average	5	9	18	28
% of Stores Exceeding the Category Average	38%	35%	46%	53%

2022

	Top 25% of Franchised Stores	Top 50% of Franchised Stores	Top 75% of Franchised Stores	TOTAL
Number of Stores	12	24	36	49
Range of EBITDA	16.7% - 29.2%	11.8% - 29.2%	6.0% - 29.2%	-16.7% - 29.2%
Average EBITDA	20.1%	16.9%	14.0%	10.2%
Median EBITDA	18.5%	16.4%	13.5%	9.8%
Stores Exceeding the Category Average	4	10	17	24
% of Stores Exceeding the Category Average	33%	42%	47%	49%

You should particularly note the following:

Some franchises have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

We have written substantiation in our possession to support the information appearing in this item 19 and such substantiation will be made available to you upon reasonable request.

Other factors that affect the amount of revenue you realize include the quality of management and service, the extent to which you finance the acquisition and/or operation of the franchise; your legal, accounting and other professional fees; federal state and local income, gross profits or other taxes; discretionary expenditures; and accounting methods used.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Buffet Restaurants Only
Systemwide Outlet Summary
For Fiscal Years 2022 To 2024*

(Column 1) **Outlet Type**	(Column 2) **Year**	(Column 3) **Outlets at the Start of the Year**	(Column 4) **Outlets at the End of the Year**	(Column 5) **Net Change**
Franchised	2022	70	72	+2
	2023	72	77	+5
	2024	77	78	+1
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	70	72	+2
	2023	72	77	+5
	2024	77	78	+1

* Fiscal years ending June 30, 2024; June 25, 2023; and June 26, 2022.

Table No.2
Buffet Restaurants Only
Transfers Of Outlets From Franchisees To New Owners
(Other Than Franchisor)
For Fiscal Years 2022 TO 2024

(Column 1) **State**	(Column 2) **Year**	(Column 3) **Number of Transfers**
Arkansas	2022	0
	2023	1
	2024	0
Missouri	2022	0
	2023	0
	2024	0
Mississippi	2022	1

(Column 1) **State**	(Column 2) **Year**	(Column 3) **Number of Transfers**
	2023	1
	2024	0
New Mexico	2022	0
	2023	0
	2024	3
North Carolina	2022	0
	2023	0
	2024	1
Texas	2022	0
	2023	0
	2024	0
Totals	2022	1
	2023	2
	2024	4

Table No. 3
Buffet Restaurants Only
Status Of Franchised Outlets
For Fiscal Years 2022 TO 2024

(Col. 1) **State**	(Col. 2) **Year**	(Col. 3) **Outlets At Start Of Year**	(Col. 4) **Outlets Opened**	(Col. 5) **Terminations**	(Col. 6) **Non-Renewals**	(Col. 7) **Reacquired by Franchisor**	(Col. 8) **Ceased Operations-Other Reasons**	(Col. 9) **Outlets At Year End**
Alabama	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

	2024	0	0	0	0	0	0	0
Arkansas	2022	5	1	0	0	0	0	6
	2023	6	1	0	0	0	0	7
	2024	7	1	0	0	0	1	7
Georgia	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Kentucky	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Louisiana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Mississippi	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
Missouri	2022	4	1[(a)]	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	1	0	0	0	0	6
New Mexico	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3

	2024	3	0	0	0	0	0	3
North Carolina	2022	16	1	0	2	0	0	15
	2023	15	1	0	0	0	0	16
	2024	16	1	0	0	0	1	16
Oklahoma	2022	2	0	0	0	0	0	2
	2023	2	2	0	0	0	0	4
	2024	4	0	0	0	0	1	3
South Carolina	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
Tennessee	2022	5	1	0	0	0	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	0	0	0	6
Texas	2022	11	0	0	1	0	0	10
	2023	10	1	0	0	0	0	11
	2024	11	1	0	0	0	0	12
Virginia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	70	5	0	3	0	0	72
	2023	72	5	0	0	0	0	77

	2024	77	4	0	0	0	3	78

[(a)] Location converted from Delco to Buffet

Table No. 4
Buffet Restaurants Only
Status Of Company-Owned Outlets
For Fiscal Years 2022 TO 2024

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Outlets Reacquired From Franchisee	(Col. 6) Outlets Closed	(Col. 7) Outlets Sold to Franchisee	(Col. 8) Outlets at End of Year
Texas	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5
Buffet Restaurants Only
Projected Openings
As Of June 30, 2024

(Col. 1) State	(Col. 2) Franchise Agreements Signed But Outlet Not Opened	(Col. 3) Projected New Franchised Outlets in the Next Fiscal Year	(Col. 4) Projected New Company Owned Outlets in the Next Fiscal Year
Arkansas	0	2	0
Georgia	0	1	0
Missouri	1	0	0
North Carolina	1	1	0
Oklahoma	0	2	0

Texas	0	2	0
Totals	2	8	0

Table No. 1 Delco
Systemwide Outlet Summary
FOR FISCAL YEARS 2022 TO 2024*

(Column 1) **Outlet Type**	(Column 2) **Year**	(Column 3) **Outlets at the Start of the Year**	(Column 4) **Outlets at the End of the Year**	(Column 5) **Net Change**
Franchised	2022	10	10	0
	2023	10	7 [(a)]	-3
	2024	7	6	-1
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	10	10	0
	2023	10	7	-3
	2024	7	6	-1

* Fiscal years ending June 30, 2024; June 25, 2023; and June 26, 2022.

[(a)] Three locations converted to Express locations

Table No.2
Delco Restaurants Only
Transfers Of Outlets From Franchisees To New Owners
(Other Than Franchisor)
For Fiscal Years 2022 TO 2024

(Column 1) **State**	(Column 2) **Year**	(Column 3) **Number of Transfers**
Arkansas	2022	0
	2023	0[(a)]
	2024	0
North Carolina	2022	0
	2023	0
	2024	0
Texas	2022	0
	2023	1
	2024	0
Virginia	2022	0
	2023	0
	2024	0

Totals	2022	0
	2023	1
	2024	0

[a] Three Delco Restaurants converted to Express Restaurants

Table No. 3
Delco Restaurants Only
Status Of Franchised Outlets
For Fiscal Years 2022 TO 2024

(Col. 1) **State**	(Col. 2) **Year**	(Col. 3) **Outlets At Start Of Year**	(Col. 4) **Outlets Opened**	(Col. 5) **Terminations**	(Col. 6) **Non-Renewals**	(Col. 7) **Reacquired by Franchisor**	(Col. 8) **Ceased Operations-Other Reasons**	(Col. 9) **Outlets At Year End**
Arkansas	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	3	0
	2024	0	0	0	0	0	0	0
Missouri	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
North Carolina	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	1	1
Texas	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Virginia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	10	0	0	0	0	0	10
	2023	10	0	0	0	0	3	7
	2024	7	0	0	0	0	1	6

* Fiscal years ending June 30, 2024; June 25, 2023; and June 26, 2022.

Table No. 4
Delco Restaurants Only
Status Of Company-Owned Outlets
For Fiscal Years 2022 TO 2024

(Col. 1) State	(Col. 2) Year	(Col. 3)	(Col. 4) Outlets Opened	(Col. 5) Outlets Reacquired	(Col. 6) Outlets Closed	(Col. 7) Outlets Sold to Franchisee	(Col. 8)

		Outlets at Start of Year		From Franchisee			Outlets at End of Year
Texas	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5
Delco Restaurants Only
Projected Openings
As Of June 30, 2024

(Col. 1) State	(Col. 2) Franchise Agreements Signed But Outlet Not Opened	(Col. 3) Projected New Franchised Outlets in the Next Fiscal Year	(Col. 4) Projected New Company Owned Outlets in the Next Fiscal Year
Arkansas	0	0	0
Tennessee	0	0	0
Texas	0	0	0
Totals	0	0	0

Table No. 1
Express Restaurants Only
Systemwide Outlet Summary
For Fiscal Years 2022 To 2024*

(Column 1) **Outlet Type**	(Column 2) **Year**	(Column 3) **Outlets at the Start of the Year**	(Column 4) **Outlets at the End of the Year**	(Column 5) **Net Change**
Franchised	2022	44	37	-7
	2023	37	34	-3
	2024	34	17	-17
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	44	37	-7
	2023	37	34	-3
	2024	34	17	-17

* Fiscal years ending June 30, 2024; June 25, 2023; and June 26, 2022.

Table No.2
Express Restaurants Only
Transfers Of Outlets From Franchisees To New Owners
(Other Than Franchisor)
For Fiscal Years 2022 TO 2024

(Column 1) **State**	(Column 2) **Year**	(Column 3) **Number of Transfers**
Alabama	2022	0
	2023	1
	2024	0
Arkansas	2022	0
	2023	14[(a)]
	2024	0
Missouri	2022	0
	2023	1
	2024	0
Texas	2022	0
	2023	0
	2024	0
Totals	2022	0
	2023	16
	2024	0

[(a)] Three Delco Restaurants were converted to Express

Table No. 3
Express Restaurants Only
Status Of Franchised Outlets
For Fiscal Years 2022 TO 2024

(Col. 1) **State**	(Col. 2) **Year**	(Col. 3) **Outlets At Start Of Year**	(Col. 4) **Outlets Opened**	(Col. 5) **Terminations**	(Col. 6) **Non-Renewals**	(Col. 7) **Reacquired by Franchisor**	(Col. 8) **Ceased Operations-Other Reasons**	(Col. 9) **Outlets At Year End**
Alabama	2022	3	0	0	0	0	0	3
	2023	3	0	0	1	0	0	2
	2024	2	7	2	0	0	0	7
Arkansas	2022	20	0	0	1	0	1	18
	2023	18	3[(a)]	0	0	0	0	21
	2024	21	8	2	1	0	18	8
Florida	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Mississippi	2022	1	0	0	0	0	0	1

	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	1
Missouri	2022	2	0	0	0	0	1[(b)]	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	1	0
North Carolina	2022	3	0	0	0	0	3	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Oklahoma	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
South Carolina	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	1	0	0	0	0
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Texas	2022	13	0	0	1	0	0	12
	2023	12	0	0	1	0	3	8
	2024	8	0	1	0	0	0	7
Virginia	2022	1	0	0	0	0	0	1
	2023	1	0	0	1	0	0	0
	2024	0	0	0	0	0	0	0
Totals	2022	44	0	0	2	0	5	37
	2023	37	3	0	3	0	3	34
	2024	34	9	6	1	0	19	17

* Fiscal years ending June 30, 2024; June 25, 2023; and June 26, 2022.

Notes:
[(a)] Three Delco Restaurants converted to Express Restaurants
[(b)] Express Restaurant converted to Buffet Restaurant

Table No. 4
Express Restaurants Only
Status Of Company-Owned Outlets
For Fiscal Years 2022 TO 2024

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Outlets Reacquired From Franchisee	(Col. 6) Outlets Closed	(Col. 7) Outlets Sold to Franchisee	(Col. 8) Outlets at End of Year
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5
Express Restaurants Only
Projected Openings
As Of June 30, 2024

(Col. 1) State	(Col. 2) Franchise Agreements Signed But Outlet Not Opened	(Col. 3) Projected New Franchised Outlets in the Next Fiscal Year	(Col. 4) Projected New Company Owned Outlets in the Next Fiscal Year
Arkansas	0	0	0
Mississippi	0	0	0
North Carolina	0	0	0
Texas	0	0	0
Totals	0	0	0

A list of names, addresses, and business telephone numbers of all franchisees under franchise agreements with us as, of June 30, 2024, which are located in the state where the proposed franchise is to be located is provided in Exhibit I.

Also included in Exhibit I is a list of the name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who has had an outlet terminated, canceled, or not renewed, by us or who has otherwise voluntarily or involuntarily ceased to do business under their agreement as of June 26, 2024, or who has not communicated with us within 10 weeks of the date of this disclosure document.

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

Purchase of Previously-Owned Restaurant

If you are purchasing a Pizza Inn Restaurant that previously had been owned by a franchisee, but which is now operated by us, we will provide you additional information about the Restaurant in an addendum to this Disclosure Document.

Confidentiality Clauses

During the last three fiscal years, we have signed agreements with franchisees and licensees that contain confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the System. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

Pizza Inn Franchisee Association, Inc.

Pizza Inn Franchisee Association, Inc. (“PIFA”) is an independent franchisee organization representing Pizza Inn franchisees, organized under the laws of the State of Texas. PIFA’s contact information is as follows: P.O. Box 10458 Goldsboro, NC 27532; telephone number (919) 922-1389; and email address j.pizzainn@gmail.com

ITEM 21
FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit F are the audited, consolidated financial statements of our parent company, Rave Restaurant Group, Inc. (formerly known as Pizza Inn Holdings, Inc.) as of June 30, 2024, June 25, 2023, and June 26, 2022.

ITEM 22
CONTRACTS

We attached the following agreements as Exhibits to this disclosure document:

A	Franchise Agreement
B	Development Agreement
C	ACH Authorization Form
E	General Release
F	Confidentiality Agreement

ITEM 23
RECEIPTS

The last two pages of this disclosure document are detachable receipt pages. Please sign and date each of them as of the date you received this disclosure document and return one copy to us.

EXHIBIT A

PIZZA INN, INC.

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

SUMMARY PAGES

EFFECTIVE DATE:

TERM:

FRANCHISEE:

STORE NUMBER:

ADDRESS FOR NOTICES

FRANCHISEE:	COMPANY:
______________________________	Pizza Inn, Inc.
______________________________	3551 Plano Parkway
______________________________	The Colony, Texas 75056
Attention: ______________________	Attention: President
Telephone Number: ______________	Telephone Number: 469-384-5000
E-mail Address: __________________	E-mail Address: _________________

INITIAL FRANCHISE FEE: $

ROYALTY FEE: 5% of Gross Sales

ADVERTISING OBLIGATION: 5% of Gross Sales (divided as follows)

Advertising Fee: 4%

Local Advertising: 1%

FRANCHISE AGREEMENT
TABLE OF CONTENTS

PIZZA INN
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is entered into by and between Pizza Inn, Inc., a Missouri corporation ("Pizza Inn" or "Company"), and

____

("Franchisee"), effective as of the date listed on the Franchise Agreement Summary Page (the "Effective Date") for a **PIZZA INN®** restaurant (the "Restaurant"). Company and Franchisee may be referred to as the "Parties."

RECITALS

WHEREAS, Company has expended significant effort, money and time to develop and own the System, all of which may be periodically changed or modified, at Franchisor's sole option, for establishing and operating Pizza Inn® restaurants that offer designated products and utilize the System and Proprietary Marks;

WHEREAS, Company developed and will continue to develop valuable goodwill in the Proprietary Marks and may periodically develop or acquire other trademarks and service marks for use under the System, all of which may be changed, replaced, or modified at Franchisor's sole option; and

WHEREAS, Company has also developed certain operating procedures and recipes and formulas that are Company's proprietary trade secrets (collectively the "Trade Secrets"); and

WHEREAS, Franchisee desires to develop and operate a Pizza Inn® restaurant at the Location under the terms of this Agreement and understands and acknowledges the importance of Franchisor's standards of quality and service and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications.

NOW, THEREFORE, in consideration of Company granting to Franchisee the right to develop and operate the Restaurant subject to and in accordance with the terms hereof, the mutual obligations provided for in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

SECTION 1
GRANT OF FRANCHISE

1.1 Grant Subject to the terms and conditions of this Agreement, Company grants to Franchisee a personal right and non-exclusive license, and Franchisee undertakes the obligation, to operate one Pizza Inn® restaurant and to use the Proprietary Marks and the System solely in connection therewith and in strict compliance with this Agreement. The "Proprietary Marks" are those trade names, service marks, trademarks, logos, and commercials symbols, including the name and mark "PIZZA INN" and such other names, marks, logos, and symbols as Company periodically designates for use with the System now and in the future. "System" means the system for the establishment and operation of businesses offering pizza, pasta, salad, dessert, beverages and other related products.

1.2 Area Restrictions During the Term, defined herein, provided that Franchisee is in full compliance with this Agreement, Company will not operate nor license any other individual or entity to operate a restaurant within the geographic area described as the "Protected Area", except Company may establish, operate or grant a franchise or license to others to operate Pizza Inn restaurants under the System and Proprietary Marks at any "Non-Traditional" location, as defined below, or sell product or service lines through other channels of distribution, within and outside the Protected Area at any time. The Protected Area will be determined solely by us once the Restaurant location has been located and approved by Company's signing of the Location Acceptance Form. Non-Traditional Units are typically located within another business or dependent upon one main business or organization as its primary trade generator. Examples of Non-Traditional locations include enclosed public and private schools, shopping malls, arenas, convention centers, airports, movie theaters, health clubs, hospitals, military bases, grocery stores and similar environments which are normally offered pursuant to the Company's Express license format or from other express-type or kiosk points of distribution. This section does not apply to Ghost Kitchen restaurants.

1.3 Company Reserved Rights Franchisee acknowledges and agrees that Company and any affiliated entity have and retain the unrestricted right, subject to the express restrictions set forth in this Section 1, at any time and place (i) to advertise and promote the System using the Proprietary Marks and to fill customer orders by catering, delivery, or other services, (ii) to produce and/or offer for sale by any method of distribution any food, beverage, or other product or service including prepackaged foods and memorabilia, using the Proprietary Marks or any other names and trademarks whether owned by Company or others, and (iii) to franchise or license others to perform any of the foregoing activities.

SECTION 2
TERM AND RENEWAL

2.1 Initial Term The term of this Agreement shall commence on the Effective Date and shall expire upon the anniversary of the last year of the period of time listed below for each concept (the "Initial Term"):

- Buffet: 20 years
- Delco: 10 years
- Express: 5 years
- Ghost Kitchen: 1 year

unless sooner terminated under the terms of this Agreement.

2.2 Renewal Term Franchisee may, at its option, renew this Agreement for one (1) additional term for the number of years listed below for each concept (the "Renewal Term"):

- Buffet: 10 years
- Delco: 5 years
- Express: 2.5 years
- Ghost Kitchen: 6 months

Renewal is strictly conditioned on Franchisee's full compliance with the requirements:

(a) Franchisee has been and is in compliance with the mandatory provisions contained in the Manuals, policies and with all material terms and conditions of this Agreement throughout the current term and, at the time of renewal, is not in default of any material term or condition of this

Agreement, any amendment hereof, or any other agreement between Franchisee and Franchisor, or its subsidiaries, affiliates or divisions;

(b) Franchisee has given Company written notice of Franchisee's election to renew not less than six (6) months nor more than twelve (12) months prior to the end of the current term;

(c) At the time of renewal, Franchisee has satisfied all monetary obligations owed by Franchisee to Company and its subsidiaries and affiliates;

(d) Franchisee presents evidence satisfactory to Company that Franchisee has the right to remain in possession of the Restaurant for the duration of the renewal term; or, in the event Franchisee is unable to maintain possession of the Restaurant, Franchisee secures substitute premises approved by Company.

(e) Franchisee makes, in a manner satisfactory to Company, in its sole discretion, such renovation and modernization of the Restaurant as Company may require, including but not limited to signs, equipment, technological advances, furnishings and decor, to reflect the then- current standards and image of the System, before Franchisee is granted its renewal franchise;

(f) Franchisee complies with Company's then-current qualification and training requirements;

(g) Franchisee and each Principal execute a general release, in a form prescribed by Company, of any and all claims against Franchisor and its affiliates, successors, assigns, and their respective officers, directors, shareholders, employees, and agents; and

(h) Franchisee executes Company's then-current form of franchise agreement, which agreement shall supersede this Agreement, except for this Section 2.2 allowing for one (1) renewal term shall continue to apply. Company's then-current form of franchise agreement may contain terms that differ from those provided in this Agreement; provided that Franchisee will pay the then current renewal fee charged by Company in lieu of the Initial Franchise Fee.

2.3 Notice of Non-Renewal If Company, in its sole discretion, determines that Franchisee has not met the conditions set forth above and the Agreement will not be renewed, Company will provide written notice to Franchisee along with the reasons for the decision not to renew the Agreement.

SECTION 3
FEES AND PAYMENTS

3.1 Initial Franchise Fee Upon execution of this Agreement, Franchisee shall pay to Franchisor an "Initial Franchise Fee" in the amount set forth in the Summary Page.

3.2 Area Development Agreement If Franchisee has entered into an Area Development Agreement ("ADA") with Company, the terms of such ADA relating to Initial Franchise Fees shall supersede the provisions set forth above.

3.3 Non-Refundable The Initial Franchise Fee is non-refundable and fully earned by Company upon the execution of this Agreement in consideration of administrative and other expenses incurred by the Company in granting this franchise and for the Company's lost or deferred opportunity to franchise others.

3.4 Royalty Fee Franchisee agrees to pay Company a royalty fee of 5% of Gross Sales, payable on Friday of each week on sales for the week ending on the preceding Sunday (the "Fiscal Period" or as otherwise defined in the Manual). Company reserves the right to change the frequency and timing of the payment on written notice to Franchisee. Royalty Fees are payable, without notice or demand, at Company's corporate offices or such other place as Company may designate from time to time. Franchisee shall report to Company Franchisee's Gross Sales of the Restaurant and such additional information as Company may request.

3.5 Gross Sales As used in this Agreement, the term "Gross Sales" shall mean the aggregate revenues received from the sale of food, beverages, other merchandise and services at or from the Restaurant, whether consumed on or off the premises, and Franchisee's share of any revenues from vending or other coin-operated machines, video games, or other mechanical or electronic games or amusements located in the Restaurant, less applicable sales taxes collected by Franchisee. Gross Sales includes proceeds received from business interruption insurance.

3.6 Advertising Obligation You must spend locally and pay to Company an amount, cumulatively, equal to 5% of your Gross Sales during each Fiscal Period ("Advertising Obligation"). Currently, the portion of the Advertising Obligation paid to Company ("Advertising Fees") is 4% of your Gross Sales and the portion required to be spent locally on advertising ("Local Advertising") is 1% of your Gross Sales. The Advertising Obligation is further described in Section 10.

3.7 Administrative Fee Time is of the essence with respect to all payments to be made by Franchisee to Company. Franchisee shall not be entitled to withhold payments due Company under this Agreement for any reason. For any obligation due under this Agreement that is not paid in full on or before the date due, Company may assess an administrative and late payment processing fee of $100 per invoice, which amount shall be due and payable by Franchisee immediately upon assessment.

3.8 Interest on Delinquent Accounts All royalty fees, advertising fees, amounts due for purchases of food, equipment and supplies, and other amounts owing from Franchisee to Company shall bear interest at the highest applicable legal rate for open account business credit, not to exceed 2.0% per month (the "Maximum Rate"). Franchisee acknowledges that this paragraph shall not constitute agreement by Company to accept such payments after same are due or a commitment by Company to extend credit to, or otherwise finance Franchisee's operation of, the Restaurant. Further, Franchisee acknowledges that failure to pay all amounts when due shall constitute grounds for termination of this Agreement, notwithstanding the provisions of this paragraph.

3.9 Electronic Funds Transfer During the Term and any extension or renewal thereof, all Royalty Fees, Advertising Fees, amounts due for purchases of food, equipment and supplies and other amounts owing from Franchisee to Company or its affiliates or their designated suppliers or distributors shall be paid through an Electronic Depository Transfer Account ("EDT Account"). Franchisee shall sign the ACH Authorization Form, attached as Exhibit A, set up an EDT Account and Company, its affiliate or the applicable party shall have access to such account for the purpose of receiving such payments. Franchisee agrees to maintain a balance in the EDT Account sufficient to cover all required electronic funds drafts.

SECTION 4
LOCATION, SITE SELECTION, AND LEASE

4.1 Franchisee shall operate the Restaurant only at and from the location approved in writing by Company (the "Location"), which approval shall not be unreasonably withheld. Franchisor shall evaluate Franchisee's proposed location(s) as soon as reasonably possible in accordance with the procedures set forth in the Manual or as otherwise set forth in writing by Franchisor.

4.2 Site Selection Franchisee shall locate, determine the availability of and submit for Company's inspection and review, in the form specified by Company, a location for the Restaurant within 60 days after the signing of this Agreement. Upon completion of the selection of a location, Franchisee shall execute a Location Acceptance Form, attached hereto as Exhibit B and submit the Location Acceptance Form to Company for approval. Within 30 days following receipt of the Location Acceptance Form and any other development materials required to be submitted, and completion of a visit by Company personnel, if Company deems such a visit necessary, Company shall accept or reject the proposed location for the Restaurant. Company's failure to accept the proposed location shall constitute a rejection of the proposed location. In the event Company accepts the proposed location, Company will counter-sign the Location Acceptance Form which shall identify the exact location of the Restaurant.

4.3 **Franchisee acknowledges and agrees that Company's acceptance of a location selected by Franchisee and any information regarding the location communicated by Company to Franchisee, does not constitute a guarantee, assurance, representation, or warranty of any kind by Company, express or implied, as to the suitability of the location for the Restaurant or for any other purpose, or that the Restaurant operated at such location will be successful, profitable, or meet any of Franchisee's financial projections**. Company's acceptance of the location for the Restaurant indicates only that Company has determined that the location falls within the acceptable criteria for locations that Company established, for its own internal purposes, as of the date of such approval, and Franchisee may not rely on Company's acceptance for any other purpose. Company has no responsibility if the Restaurant fails to meet Franchisee's expectations of potential revenue or operational criteria.

4.4 Lease If you will operate the Restaurant under a lease with a third-party landlord, Company has the right to approve the lease terms, and the lease shall not be signed until it has been reviewed and approved by Company and contain provisions required by Company as Company may set forth in writing or otherwise. The required provisions may include a right of first refusal in favor of Company to enter into a one-year lease term with the landlord upon expiration or termination of the lease and a right of first refusal as to any proposed lease assignment at the location for the Restaurant. Those provisions include Company reserves the right to require that Franchisee and the landlord at the Restaurant location enter into an addendum to modify the terms of the lease to comply with those provisions. The lease may not contain any covenants or other obligations that would prevent Franchisee from performing its obligations under this Agreement.

4.5 Lease Requirements Franchisee must deliver a copy to Company of the fully signed lease within 5 days after its execution. Franchisee may not begin buildout or construction of the Restaurant until it has delivered a copy of the fully signed lease to Company. Franchisee also agrees that any lease for the Restaurant location must:

(a) be for an aggregate term of (at least) 20 years in a combination of initial term and renewals; and

(b) contain terms and conditions that are commercially reasonable in Company's sole opinion.

Neither Company's consent to nor assistance in selection and review of any lease or other agreement pursuant to which Franchisee may occupy and/or acquire the Restaurant site shall constitute Company's representation or warranty that a restaurant operated at such site or pursuant to such lease or other agreement will be successful, profitable, or meet any financial projections. **Additionally, Company's consent to the lease does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to Franchisee's ability to comply with**

its terms, and Company does not assume any liability or responsibility to Franchisee or to any third parties due to such approval.

SECTION 5
CONSTRUCTION BUILDOUT, OPENING, RELOCATION, DELIVERY

5.1 Floor Plan Following Franchisee's delivery to Company of a fully executed lease, Company will provide Franchisee with an approved floor plan for the Restaurant (the "Floor Plan"). Under certain circumstances, Company may provide, but has no obligation, to Franchisee with limited architectural and design services. Company may charge Franchisee for its costs and expenses in providing such services.

5.2 Modifications of Floor Plan Modifications of the Floor Plan may be required to satisfy lease requirements, to comply with federal, state and local laws, regulations, codes or ordinances or to customize Franchisee's space. Any modifications of Company's floor plan will be subject to Company's prior approval at Company's sole discretion. Franchisee shall prepare and submit to Company a detailed list of all proposed modifications of the Floor Plan. Company's approval will only address the uniformity of design and conformity with Company's design and operating requirements. The responsibility for and the expense of modifying Company's floor plan is solely that of Franchisee. Company is not responsible for the accuracy or viability of any modification of Company's floor plan as a result of having reviewed them. A local architect's certification of the final Floor Plan must also be obtained and paid for by Franchisee

5.3 Lease Buildout Franchisee is solely responsible for all costs and expenses relating to the construction buildout of the premises where the Restaurant will be located. Franchisee is solely responsible for obtaining and furnishing Company, if requested, satisfactory evidence of any required architects', engineers' or contractors' services, stamps, or approvals, as well as all applicable landlord and/or municipal certifications, approvals, permits and authorizations, and utility, sign, health, sanitation, and business permits and licenses. Final building plans submitted to Company will not be approved unless plans are certified by a local architect and approved by all applicable authorities. Franchisee should not commence construction or alteration until Company has notified Franchisee in writing of its approval of building plans.

5.4 Signage Franchisee shall contract for the fabrication and installation of Company's standard exterior and interior building signage and use only such sign contractors as Company shall have approved in writing in advance. Company reserves the right to require that Franchisee use Company's designated sign contractor for some or all of the signage for the Restaurant if Franchisee's proposed sign contractor cannot meet Company's standards.

5.5 Fixtures and Equipment Company will provide Franchisee with lists and descriptions of the furniture, fixtures, equipment, paint colors, interior and exterior appearance and decorating specifications and signs Company requires to outfit and furnish a restaurant, together with the names of suppliers approved by Company. Franchisee is required to acquire the equipment necessary to maintain, display, and serve approved menu items in accordance with Company's standards. Franchisee acknowledges that quality control is essential to protect and promote the System and agrees to acquire all equipment and signs only in accordance with Company's specifications and standards (including but not limited to the purchase of new, and not used, equipment when required). The Company shall make the final determination as to whether any used equipment can satisfy the Company's then-current operating requirements.

5.6 Delays Caused By Force Majeure Notwithstanding anything contained herein, in the event construction buildout of the Restaurant is interrupted by one or more event of Force Majeure, as defined herein, the period for Franchisee's performance hereunder shall be extended for such time as is reasonably necessary to remedy the effects of such occurrence. However, Franchisee's inability to obtain financing or a binding lease or alcoholic beverage and other licenses will not extend the time for Franchisee's performance or excuse Franchisee's failure of performance unless Franchisee receives from Company an extension of time in writing.

5.7 Opening Subject to the terms and conditions contained herein, Franchisee agrees to open the Restaurant within nine (9) months after the Effective Date ("Opening Deadline"). Franchisee may open the Restaurant for business only with prior written permission of Company, which will be granted only if: (a) all amounts due Company under this Agreement have been paid; (b) the Restaurant has been constructed and equipped according to Company's standards and specifications; (c) all of Franchisee's pre-opening and training obligations have been satisfied; (d) Company has received a signed ACH Authorization from Franchisee; (e) Company has received a fully executed copy of the Restaurant lease containing the amended lease terms required by Company, if any; (f) Company has received the required certificates of insurance; and (g) Franchisee is otherwise in good standing under this Agreement.

5.8 Failure to Perform/Open **In the event Franchisee fails to perform any of the foregoing requirements in strict compliance with its terms and/or open the Restaurant for business by the Opening Deadline, Company may, at its sole option and without liability or obligation to Franchisee, terminate this Agreement by giving Franchisee written notice of such termination at any time after the Opening Deadline. In the event of such termination, Company shall be entitled to retain the Initial Franchise Fee and all other fees paid by Franchisee to Company through the date of termination.** Notwithstanding, upon Franchisee's written request, Company may, in its sole discretion, extend the Opening Deadline, provided that Franchisee pays Company a $1,500 Extension Fee.

5.9 Relocation Franchisee may not relocate the Franchised Business without Company's prior written consent. Prior to providing such consent, Franchisee must submit to Company the new proposed location and obtain Company's written acceptance of the relocation to the proposed location. The new proposed location must be within the Protected Territory. Approval will be at Company's sole discretion. As a condition for any approval of the relocation by Company, Franchisee must be in compliance with all terms and condition of this Agreement and Franchisee must have the funds available to relocate the Restaurant, buildout or construct a new Pizza Inn restaurant according to Company's then-current design standards and do so within a time period acceptable to Company. If Company approves the relocation, the new location will be considered the Location as used in this Agreement. Franchisee will be required to remove all signs, advertising materials, displays, and all other articles that contain the Proprietary Marks at the former Restaurant location to effectively distinguish the former Restaurant location from any other Pizza Inn restaurant. Company will have the right to (i) charge Franchisee a relocation fee of $500 to cover costs incurred by Company in connection with its acceptance, evaluation and relocation of the Franchised Business, (ii) charge Franchisee the then-current design fee, if any, for the new location; (iii) condition Company's consent upon the payment of an agreed minimum royalty to Franchisor by Franchisee during the period in which the Franchised Business is not in operation (if any), and (iv) require Franchisee to sign Company's then-current form of franchise agreement to replace this Agreement and any other documents Company may request, including a general release in favor of Company.

5.10 Delivery If Company approves delivery service from the Restaurant, Franchisee will offer delivery at all reasonable times during approved hours of operation delivery service utilizing third-party delivery services approved by Company. Delivery shall be restricted to the Protected Area unless a third-party delivery service delivers outside the Protected Area. Notwithstanding, delivery service outside the Protected Area shall not encroach upon the Protected Area of any other Pizza Inn franchisee and shall be in compliance with the Manual. Company reserves the right to amend the area to which delivery may be made, at Company's discretion, if Franchisee has not adequately provided timely, accurate delivery service. Company may remove delivery rights temporarily or permanently if it determines that Franchisee cannot provide adequate delivery service, or if Franchisee does not abide by the obligations and limitations imposed on delivery service by this Agreement.

SECTION 6
TRAINING AND ASSISTANCE

6.1 Initial Training Before you may open the Restaurant for business, Company will provide, and all of Franchisee's owners, shareholders, members, officers, directors, and managers (each, a "***Principal***" and collectively, the "***Principals***") who will actively participate in the operations of the Franchise Business and at least one Restaurant employee must attend and complete to Company's satisfaction Company's initial training program. The initial training program will take place at a location and time that Franchisor designates. Three individuals may attend Company's initial training program without charge. At your request, Company may permit additional individuals to attend the same training program, subject to space availability and payment of a reasonable tuition, not to exceed $2,500 per additional trainee. The initial training program will be provided without cost to Franchisee, but Franchisee must pay the travel, lodging, and incidental expenses incurred by each attendee to attend the training program. Company reserves the right to delay opening of the Restaurant unless and until Franchisee and Franchisee's manager attend and satisfactorily complete Company's initial training program. Company may require that any Restaurant manager who has not successfully completed Company's training programs within 6 months of the date the Restaurant is opened undertake and successfully complete a Company approve training program at Franchisee's cost. Company may require that any representative of Franchisee who will attend a training program or review the Manual, execute a confidentiality and non-competition agreement before training begins or the contents of the Manual are disclosed.

6.2 Additional Training Franchisee's representative and Franchisee's manager(s) shall undertake and complete continuing training programs from time to time as may be directed by Company in order to implement current operational standards, to remedy existing operational deficiencies or for other purposes determined by Company. Such programs may be held in the Dallas, Texas area or at such other locations specified by Company, including, but not limited to, regional certified training restaurants. Company reserves the right to charge Franchisee for such continuing training programs, or for other supplemental training, or for training required as a result of Franchisee's default under this Agreement.

6.3 Training of New Employees Any employee of Franchisee who would be required to participate in the Initial Training but who has not completed such training, including newly hired managers, shall be required to complete a training program approved by Company, which may be taught by Franchisee or Franchisee's employees who have successfully completed all training programs required by Company. This training must be completed within 60 days after the hire date of the employee or, if later, the next such scheduled training program.

6.4 Training by Franchisee Franchisee shall implement a training program for Restaurant employees in accordance with training standards and procedures prescribed by Company from time to time and shall staff the Restaurant at all times with a sufficient number of trained employees including at least one manager who has within 6 months after becoming manager successfully completed Company's required initial training requirements.

SECTION 7
OPERATION OF THE RESTAURANT

7.1 General Operating Requirements. You understand and acknowledge that every detail of the System is essential to maintain and enhance the goodwill associated with the Marks and the integrity of the brand. Accordingly, you agree as follows:

a) To operate the Restaurant according to the highest applicable health standards and ratings, to timely obtain any and all permits, certificates, or licenses necessary for the lawful operation of the Restaurant, to operate the Restaurant according to Company's operating methods, standards, and specifications, and to maintain, at all times, high moral and ethical standards in the operation of the Restaurant.

b) To accept debit cards, credit cards, stored value cards, or other non-cash systems that Company specifies periodically to enable customers to purchase authorized goods and services, and to install all hardware and/or software necessary to accept such payments.

c) To take reasonable precautions to prevent data security breaches, and to comply with breach notification statutes and other legal requirements in the event of a security breach.

d) To notify Company by telephone and confirm in writing within 72 hours of any investigation or violation, actual or alleged, concerning any health, liquor, or narcotics laws or regulations and notify Company in writing within five days of the commencement of any investigation, action, suit or proceeding, and the issuance of any order, writ, injunction, award, or decree of any court, agency or other government instrumentality, which may adversely affect the operation or financial condition of the Restaurant.

e) Upon the occurrence of a Crisis Management Event, to immediately inform Company's President (or as otherwise instructed in the Manuals) by telephone, and to cooperate fully with Company with respect to Company's response to the Crisis Management Event. "Crisis Management Event" means any event that occurs at or about the Store premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as contamination, contagious diseases, natural disasters, terrorist acts, shootings or other acts of violence, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the marks.

f) To process and handle all consumer complaints connected with or relating to the Restaurant, and to promptly notify Company of all: ***(i)*** safety or health violations; ***(ii)*** claims exceeding $1,000; and ***(iii)*** any other material claims against or losses suffered by the Restaurant. You shall maintain any communications with governmental authorities affecting the Restaurant during the term of this Agreement and for one year after the expiration or earlier termination hereof. If any customer of the Restaurant contacts Company to report a complaint about Franchisee's Restaurant, the Parties agree that Company may, in its discretion, compensate the customer in such manner as Company determines appropriate, and you agree to reimburse Company the amount of such compensation upon demand by Company.

7.2 Manager. The Restaurant must at all times be supervised by your Manager. The Manager shall have full control over day-to-day Restaurant management and operations. The Manager must attend and successfully complete Company's initial training program and all additional training that Company requires, to Company's satisfaction. The Manager shall devote his or her full-time efforts to Restaurant operations and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment. If the Manager ceases to serve in, or no longer qualifies for, such a position, you shall designate another qualified person to serve as your Manager within 30 days after the date the prior Manager ceases to serve or no longer qualifies to serve. Any proposed replacement Manager must successfully complete the initial training program and such other training required by Company before assuming his or her position as Manager and, in no event, later than 90 days after the previous Manager ceased to serve in such position.

7.3 Employees. You shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that your employees render competent, prompt, courteous, and knowledgeable service in accordance with the Standards. You shall cause all employees, while working at the Restaurant, to present a neat and clean appearance and to wear uniforms of such color, design, and other specifications as Company may designate from time to time; and shall prohibit the wearing of such uniforms except during and within the scope of an employee's employment. The Parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Marks. The Parties further acknowledge and agree that Company neither dictates nor controls labor or employment matters for you or your employees. You are exclusively responsible for hiring personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages and benefits and work hours, and for disciplining and discharging your employees. You are exclusively responsible for labor relations with your employees.

7.4 Authorized Offerings. You must offer and sell all items that Company requires, and only those items that Company has approved. You shall prepare, package, and serve all items in accordance with Company's standards and its procedures for preparation, presentation, and service as communicated to you from time to time via the Manual or other written directives. Such standards and procedures may include, without limitation, use of containers and paper goods bearing the Marks, packaging procedures, product holding times, and other standards for displaying for sale items and merchandise. You shall participate in all market research programs that Company requires, including limited time promotional offerings, which includes test-marketing new products, purchasing a reasonable quantity of new products for test-marketing, promoting the sale of the new products, and providing Company with timely reports and test results for all such programs.

7.5 Purchase Requirements. You shall purchase and install, at your expense, all fixtures, furnishings, equipment, decor, signs, and other items as Company may reasonably direct; and shall refrain from installing or permitting to be installed on or about the Restaurant premises any fixtures, furnishings, equipment, decor, signs, vending, or game machines or other items not approved for use by Company. In addition, you shall purchase and use only items, containers, packaging materials, and supplies that conform to Company's standards and specifications; and shall purchase, use, offer and/or promote the products and other items which are produced or manufactured in accordance with Company's proprietary specifications and/or formulas or which Company designates as "Proprietary Products." You must maintain minimum levels of inventory, or related goods and products as Company requires. **Company makes no warranty and expressly disclaims all warranties, including warranties of merchantability and fitness for any particular purpose, with respect to services, products, equipment (including, without limitation, any required computer systems), supplies, fixtures, furnishings or other items approved or required for use in connection with your operation of the Restaurant**.

7.6 Purchases from Designated Sources You agree to purchase your requirements of food and non-food products, supplies, equipment, and services from Company, its Affiliate(s), or other identified suppliers, distributors, or service providers (collectively "Approved Suppliers") as Company prescribes periodically. Company shall provide you with a list of Approved Suppliers and a list of the products and services for which they are approved. Franchisee must offer all items that Company designates as mandatory. Company may also designate some items as optional. Company may change the mandatory and optional menu items, recipes, ingredients and other products and services in its sole discretion. Company may require that Franchisee sell certain brands and prohibit Franchisee from selling other brands. Franchisee may sell products only in the varieties, weights, sizes, forms and packages that Company has designated. Company may require that the following products and services, among others, be purchased only from Approved Suppliers (a) fixtures, furniture, equipment, signs, items of decor, audio/visual system, (b) food products and ingredients, (c) uniforms and clothing, (d) advertising, point-of-purchase materials, and other printed promotional materials, (e) gift certificates and stored value cards, (f) stationery, business cards, contracts, and forms, and (g) bags, packaging, and supplies bearing our Marks. Company may receive money or other benefits from Approved Suppliers based on your purchases, such as realizing a profit from the sale of goods or products to franchisees; you agree that Company has the right to retain and use all such benefits as it deems appropriate, in its sole discretion.

7.6.1 You may purchase items and services for which Company has not identified Approved Suppliers from any source, so long as the items and services meet Company's specifications and approval. These specifications may include brand requirements ("Approved Brands"), and to the extent that Approved Brands have been identified, you may purchase and use only the Approved Brands.

7.6.2 Company may from time to time modify the list of Approved Suppliers and/or Approved Brands. You shall promptly comply with all such modifications.

7.6.3 Company may approve one or more suppliers for any goods or materials and may approve a supplier only as to certain goods or materials. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by Company. Company may establish commissaries and distribution facilities owned and operated by Company or an affiliate that Company may designate as an approved supplier. **Company makes no representation concerning, and expressly disclaims any liability arising out of or in connection with, the services rendered or products furnished by any supplier approved or designated by Company. Company's approval or consent to any services, goods, suppliers, or any other individual, entity or any item shall not create any liability to Company.**

7.6.4 If you propose to purchase from a previously unapproved source, you shall submit to Company a written request for such approval, or shall request the supplier to submit a written request on its own behalf. Company has the right to require, as a condition of its approval, that its representatives be permitted to inspect the supplier's facilities, and that such information, specifications, and samples as Company reasonably requires be delivered to Company and/or to an independent, certified laboratory designated by Company for testing prior to granting approval. A charge equal to the lesser of $1,000 or the actual cost of the inspection and the actual cost of the test shall be paid by you. Company will notify you as soon as practicable whether you are authorized to purchase such products from that supplier. Company's decision whether to grant, deny or revoke consent is Company's sole and final discretion. Company reserves the right, at its option, to re-inspect the facilities and products of any such approved supplier and to revoke its approval of any supplier upon the suppliers' failure to meet Company's criteria for quality and reliability. Within 15 days after Company provides written notice to Franchisee, Franchisee must begin selling any newly authorized menu items (or using any newly authorized ingredients) and cease selling any menu item that is no longer authorized (or using any ingredient that is no longer authorized); however, if the discontinued menu item or ingredient could pose a hazard to the public or prove detrimental to the System, Franchisee must cease selling or using that item or ingredient immediately.

7.7 Franchised Location; Vehicles.

7.7.1 You shall maintain the Restaurant (including adjacent public areas) in a clean, orderly condition and in excellent repair and in accordance with Company's standards. You shall, at your expense, make such additions, alterations, repairs, and replacements under this Agreement as may be required for that purpose, including, without limitation, such periodic repainting, repairing, and replacing of obsolete or deteriorated signs, furnishings, fixtures, equipment, and decor as Company may reasonably direct. Upon Company's request, you shall install and maintain at the Restaurant interactive multi-media equipment, devices, and facilities Company requires, including, without limitation, approved surveillance systems, music systems, Wi-Fi, and other wireless Internet and communications systems, and interactive displays, including latest technology screens. You must cause the Restaurant to play only the music or types of music that Company designates. If a designated music provider has been identified, you must acquire music from such provider.

7.7.2 You shall not cause or permit vending, gaming machines, pay telephones, automatic teller machines, Internet kiosks, or any other mechanical or electrical device to be installed or maintained at the Restaurant.

7.7.3 You shall purchase and install, at your expense, all fixtures, furnishings, equipment, decor, signs, and other items as Company may reasonably direct from time to time in the Manual or otherwise in writing in accordance with Company's standards and specifications; and shall refrain from installing or permitting to be installed on or about the Restaurant, any fixtures, furnishings, equipment, decor, signs, vending, or game machines or other items not previously approved in writing as meeting Company's standards and specifications.

7.7.4 At Company's request, but not more often than once every 60 months (and in addition to any work which you may undertake pursuant to other sections of this Agreement), you shall refurbish the Franchised Location, at your own expense, to conform to the building design, trade dress, color schemes, and presentation of the Marks in a manner consistent with the then-current public image for new or remodeled Pizza Inn restaurants in the System, including, without limitation, replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements and reasonable structural changes that Company may require or that may be required by law.

7.7.5 If applicable, any vehicle used in connection with the operation of the Restaurant shall be maintained in excellent condition and repair and shall meet Company's standards and specifications, including any required signage and other décor items. Franchisee shall require each vehicle operator to have a valid driver's license, be covered by insurance as required by the jurisdiction where the vehicle is operated and this Agreement and otherwise be legally able to operate the vehicle. Except for the standards specified herein, Franchisee agrees that Company does not set forth any additional standards and does not exercise any control over any vehicle, vehicle operator, vehicle service, or vehicle operation utilized by Franchisee and that the safe operation of any motor vehicle is therefore, as between Company and Franchisee, Franchisee's sole responsibility.

7.8 Days and Hours of Operation. You shall cause the Restaurant to be open and in normal operation for such hours and days as Company may specify in the Manual or in other written directives, and only during the hours and on the days that Company permits.

7.9 Quality Assurance Inspections; Mystery Shops. Company has the right to enter upon the Restaurant premises during regular business hours for purposes of conducting quality assurance audits and mystery shops and to assess customer satisfaction. During these inspections, Company may obtain for testing purposes and without charge, reasonable quantities of inventory, products and supplies. Such quality assurance audits and mystery shops may be conducted by Company personnel at Company's expense, or by independent, third party providers at your expense. At Company's request, you shall engage one or more third party service providers, which may be designated by Company, to provide periodic quality assurance audits and/or mystery shops at your sole cost and expense.

7.10 Modification to the System. You shall at your own expense, make such alterations, additions, or modifications to the Restaurant as Company may reasonably require to accommodate changes made by Company to the System, including, without limitation, changes to authorized goods or services or market positioning, replacement of obsolete signs, furnishings, equipment, and décor as Company may reasonable direct. You have 90 days from receipt of notice regarding re-imaging requirements in which to make the required alterations, additions, or modifications to the Restaurant. You shall not implement any modification to the System without Company's express prior written consent. Company shall have the right, at Franchisee's expense, to remove or modify any replacements or alterations to the Restaurant not previously approved by Company.

7.11 Reimaging/Remodeling. Upon notice from Company, with the exception of Ghost Kitchen restaurants, Franchisee shall remodel the Restaurant, at Company's direction, to update the Restaurant to current public image and appearance standards for the System. Such a remodeling may include structural changes to the Restaurant and modification or replacement of fixtures, as well as such other changes as Company may direct. Franchisee agrees to undertake, at Franchisee's sole expense, the required remodeling promptly upon notice from Company. The following conditions apply to Company directed remodeling notices:

7.11.1 For new Buffet Restaurants, any remodeling with a cost estimate which exceeds $10,000, as estimated by Company in its sole discretion, shall not be required any more often than every five (5) years.

7.11.2 For any existing Buffet Restaurant which is being relocated, renewed or acquired by transfer and, on the Effective Date and which does not comply with then-current public image and appearance standards for the System, as determined solely by Company, Franchisee shall implement and complete the required remodeling within 6 months of the relocation, renewal, or transfer of the Restaurant, unless required sooner pursuant to a transfer/renewal/relocation agreement. Once the required remodeling is completed to the satisfaction of Company, Company will not impose any remodeling or renovation with a cost estimate which exceeds $10,000, as estimated by Company in its sole discretion, more often than once every 5 years.

7.12 Pricing. To the fullest extent permitted by applicable law, Company reserves the right to establish minimum or other pricing requirements with respect to the prices you charge for products or services.

7.13 Website. Company may, but shall not be obligated to, establish and maintain from time-to-time Company's website to provide information about the System and the goods and services that Pizza Inn restaurants provide. Company has sole discretion and control over the design and content of Company's website.

7.14 Social Media and Internet Listings. You shall follow Company's mandatory specifications, standards, operating procedures, and rules for using Social Media in connection with your operation of the Restaurant and you agree to comply with any Social Media policy Company implements. Company shall create and own all Social Media accounts used in operation of the Restaurant and shall allow your access and use only in strict compliance with Company's rules. Company reserves its right to remove your access to Social Media accounts at any time at its sole discretion. Upon termination of this Agreement for any reason, your access to all Social Media accounts will terminate. The term "Social Media" includes, without limitation, personal blogs; common social networks such as FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, TWITTER (X), or YOUTUBE; internet listing sites such as WIKIPEDIA, GOOGLE, FOURSQUARE, and YELP; applications supported by mobile platforms such as iOS and Android; virtual worlds; file, audio, and video-sharing sites; and other similar internet, social networking, or media sites, mobile platforms, or tools.

7.15 Public Relations. You shall not make any public statements (including giving interviews or issuing press releases) regarding the Restaurant or any particular incident or occurrence related to the Restaurant, without the Company's prior written approval.

7.16 Association with Causes. You shall not in the name of the Restaurant: ***(i)*** donate money, products, or services to any charitable, political, religious or other organization, or ***(ii)*** act in support of any such organization, without the Company's prior written approval.

7.17 Technology Risk. You acknowledge and agree that technology is constantly changing. Technologic devices and computer systems are always being updated, improved, replaced, and discontinued. Consequently, computer systems are sometimes incompatible and are susceptible to Internet, computer system, and communication failures. By entering into this Agreement, you assume all of the risk of all such issues and technology failures, which you acknowledge may affect your ability to order or receive products or to conduct business, and you acknowledge that Company is not responsible for any damages caused by such issues or technology failures, including lost sales or profits.

7.18 Customer Privacy. The Parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Marks and System. Accordingly, you agree that you shall cause the Restaurant to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Data Security Standards ("PCI DSS") council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information, including but not limited to the Fair and Accurate Credit Transaction Act ("FACTA"), and all other data security requirements Company may prescribe. You are solely responsible for educating yourself as to these regulations and standards and for achieving and maintaining applicable compliance certifications. You shall defend, indemnify and hold harmless the Indemnified Parties, as defined in Section 12.3, from and against all losses, damages, liabilities, deficiencies, actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including but not limited to notification and investigation expenses, reasonable attorneys' fees, the cost of enforcing any right to indemnification hereunder, and the cost of pursuing any insurance providers, arising out of or resulting from any third-party claim or investigation against any Company Indemnitee arising out of or resulting from your failure to comply with any of yours obligations under this Section 7.18.

7.19 Best Efforts. You shall use your best efforts to promote and increase the sales and recognition of goods and services offered through the Restaurant. You shall require all of your employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all goods and services provided as part of the System.

SECTION 8
PROPRIETARY MARKS AND COPYRIGHTS

8.1 Company's Representations. Company represents to you that it has the right to use and to sublicense to you the right to use the Proprietary Marks in accordance with the terms and conditions of this Agreement.

8.2 Acknowledgments. You acknowledge that Company or its Affiliate owns all right, title, and interest in and to the Proprietary Marks and the goodwill associated with the Proprietary Marks, and that you have no ownership interest in the Proprietary Marks. You further acknowledge and agree that any and all goodwill associated with the Restaurant and identified by the Proprietary Marks is Company's property and shall inure directly and exclusively to the benefit of Company and that, upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Proprietary Marks. You understand and agree that any use of the Proprietary Marks other than as expressly authorized by this Agreement, without Company's prior written consent, may constitute an infringement of Company's rights herein and that the right to use the Proprietary Marks granted herein does not extend beyond the termination or expiration of this Agreement.

8.3 Use of the Proprietary Marks. You shall use only the Proprietary Marks designated by Company, shall use them only in the manner that Company authorizes and permits, and shall use them with the symbols "®", "®", or "SM", as appropriate. You shall use the Proprietary Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner prescribed by Company. You may not contest ownership or validity of the Proprietary Marks or any registration thereof or engage in any conduct that adversely affects the ownership or registration of the Proprietary Marks, or Company's right to use or to sublicense the use of the Proprietary Marks. You shall execute all documents that Company requests in order to protect the Proprietary Marks or to maintain their validity and enforceability.

8.4 Restriction Against Use in Your Legal Name. You may not use the Proprietary Marks or any part thereof in your legal name and may not use them to incur any obligation or indebtedness on Company's behalf. You shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations and shall execute any documents necessary to obtain protection of the Proprietary Marks or to maintain their continued validity and enforceability.

8.5 Restriction Against Use of the Proprietary Marks and Copyrighted Works on the Internet. You may not use the Proprietary Marks or any part or derivative thereof or any of Company's Copyrighted Works on the Internet, except as expressly permitted by Company in writing. Without limiting the generality of the foregoing, you may not use the Proprietary Marks or any part or derivative of the Proprietary Marks as part of any URL or domain name, and may not register the Proprietary Marks or any part or derivative of the Proprietary Marks as part of any user name on any gaming website or social networking website (such as FACEBOOK, INSTAGRAM, or TWITTER), whether or not such social media platform is used for commercial gain, or as part of any unauthorized email address. You also may not display on any website (including commercial websites, gaming websites, and social networking websites) Company's Copyrighted Works, which include the design portion of its Proprietary Marks, or any items or collateral merchandise identified by the Proprietary Marks.

8.6 Notice. You shall identify yourself as an independent franchise owner of the Franchised Business in conjunction with any use of the Proprietary Marks or operation of the Franchised Business, including, but not limited to, such use on invoices, order forms, receipts, business stationery, business cards, and contracts, as well as at such conspicuous locations at the Restaurant as Company may designate in writing. The form and content of such notice shall comply with the standards set forth in the Manuals.

8.7 Infringement. You shall promptly notify Company of any suspected unauthorized use of, or any challenge to the validity of the Proprietary Marks, Copyrighted Works, or any challenge to Company's or its Affiliate's ownership of, Company's license to use and to license others to use, or your right to use, the Proprietary Marks or Copyrighted Works licensed under this Agreement. You acknowledge that Company or its Affiliate has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the Proprietary Marks or Copyrighted Works, including any settlement thereof. Company or its Affiliate has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks or Copyrighted Works. Company shall defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks or Copyrighted Works. If Company, in its sole discretion, determines that you have used the Proprietary Marks and Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Company. If Company, in its sole discretion, determines that you have not used the Proprietary Marks and Copyrighted Works in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by you. In the event of any litigation relating to your use of the Proprietary Marks or Copyrighted Works, you shall execute any and all documents and do such acts as may, in the opinion of Company, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks or Copyrighted Works in a manner inconsistent with the terms of this Agreement, Company agrees to reimburse you for your associated costs.

8.8 Changes to the Proprietary Marks. Company reserves the right, in its sole discretion, to designate one or more new, modified, or replacement Proprietary Marks for your use and to require your use of any such new, modified, or replacement Proprietary Marks in addition to or in lieu of any previously designated Proprietary Marks. You must comply with any such directive within 60 days following your receipt of Company's written notice to you.

SECTION 9
SYSTEM, MANUALS AND INFORMATION

9.1 Manuals. Company will provide you access to the Manuals, which may be in electronic format. You shall operate the Restaurant in accordance with the standards, methods, policies, and procedures specified in the Manuals. The Manuals shall at all times remain the sole property of Company. You must ensure that your copy of the Manuals is kept current at all times; and, in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Company shall be controlling.

9.2 System Modification. You acknowledge that the System, the Manuals, and the products and services offered by the Restaurant may be modified, (such as, but not limited to, the addition, deletion, and modification of operating procedures, products and services) from time to time by Company. You agree to comply, at your expense, with all such modifications, including, without limitation, all requirements to implement the modifications, such as replacement or renovation of equipment, remodeling, redecoration, and modifications to existing improvements, including structural changes. Company shall notify you of any such System changes and you shall implement any System changes upon receipt of notice thereof from Company and shall complete their implementation within such time as Company may reasonably specify. For purposes of this Agreement, System changes shall include, without limitation, changes in any of the categories referred to in this Section 9.2.

9.3 Confidentiality. You shall maintain the confidentiality of all Confidential Information. "Confidential Information" means all trade secrets, the standards, and other elements of the System; all customer information; all information contained in the Manuals; Company's proprietary standards and specifications for product preparation, packaging and service; financial information; marketing data; vendor and supplier information; all other knowledge, trade secrets, or know-how concerning the methods of operation of the Restaurant which may be communicated to you, or of which you may be apprised, by virtue of your operation under the terms of this Agreement, and all other information that Company designates. You shall use Confidential Information only in connection with the operation of the Restaurant, only for the purposes authorized by this Agreement, and shall divulge Confidential Information only to your employees and only on a need-to-know basis.

9.4 Ownership of Confidential Information/Improvements If you, your employees, or Principals develop any new concept, process or improvement in the operation or promotion of an Pizza Inn restaurant ("Improvement"), you agree to promptly notify Company and provide Company with all necessary related information, without compensation. Any such Improvement shall become Company's sole property and Company shall be the sole owner of all related patents, patent applications, and other intellectual property rights. You and your Principals hereby assign to Company any rights you or your Principals may have or acquire in the Improvements, including the right to modify the Improvement, and waive and/or release all rights of restraint and moral rights therein and thereto. You and your Principals agree to assist Company in obtaining and enforcing the intellectual property rights to any such Improvement in any and all countries and further agree to execute and provide Company with all necessary documentation for obtaining and enforcing such rights. You and your Principals hereby irrevocably designate and appoint Company as agent and attorney-in-fact for you and for them to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property right related to any such Improvement. In the event that the foregoing provisions of this Section 9.4 are found to be invalid or otherwise unenforceable, you and your Principals hereby grant to Company a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Principals' rights therein.

SECTION 10
ADVERTISING AND MARKETING

10.1 Advertising Obligation The Advertising Fee, as defined in Section 3, will be used by Company or Company's designee as follows:

10.1.1 Company will direct all advertising programs and will have sole discretion to approve or disapprove the creative concepts, materials and media used in the programs. The Advertising Fee is intended to be used to maximize general public recognition and acceptance of the Proprietary Marks and enhance the collective success of all franchises operating under the System. None of the Advertising Fee is specifically or principally used for advertising that is principally a solicitation for the sale of franchises. However, you acknowledge that the Pizza Inn web site, public relations activities, community involvement activities and other activities that may be supported by the Advertising Fee may contain information about franchising opportunities. In using the Advertising Fee, neither Company, nor Company's designees are required to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's payment or to ensure that any particular franchisee benefits directly or *pro rata* from the placement of advertising. Neither Company nor Company's designees are required to advertise in the area where you are located.

10.1.2 The Advertising Fee may be used to satisfy any and all costs of maintaining, administering, directing, and preparing advertising (including, without limitation, advertising campaigns in various media; point-of-purchase materials; review of locally-produced ads; free standing inserts; brochures; purchasing and/or developing promotional materials; market research, including secret shoppers; sponsorships; design and maintenance of a web site; celebrity endorsements; trade shows; association dues; search engine optimization costs; establishment of a third party facility for customizing local advertising; accounting costs; and holding an annual franchise convention. We have the right to direct all advertising and marketing programs with final discretion over creative concepts, the materials and media used in the programs and their placement. You agree to participate in all advertising, marketing, promotions, research, public relations and other programs instituted by the Company. Sums paid by Franchisee relating to the Advertising Fee will also be used to defray any of our administrative costs incurred in activities reasonably related to advertising programs. The Advertising Fee is a payment to us for advertising and related costs, and we do not have any duty to you related to the use of the Advertising Fee.

10.2 Regional Advertising Fund.

10.2.1 We have the right, in our sole discretion, to establish one or more regional advertising funds for Pizza Inn Restaurants ("Regional Advertising Funds"). If a Regional Advertising Fund is established for a geographical area that includes the Franchised Location, you must contribute to that Regional Advertising Fund in the amount set forth in the Summary, as may be subsequently modified by us. Pizza Inn Restaurants operated by us or our affiliates in an area covered by a Regional Advertising Fund will contribute to the Regional Advertising Fund on the same basis as comparable franchisees;

10.2.2 We or our designee will direct all advertising, marketing, and public relations programs and activities financed by the Regional Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used in those programs and activities, and the geographic, market and media placement and allocation of advertising and marketing materials. You agree that the Regional Advertising Fund may be used to pay the costs of preparing and producing such associated materials and programs as we or our designee may determine, including video, audio and written advertising materials; employing advertising agencies; sponsorship of sporting, charitable or similar events; administering regional and multiregional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising agencies to assist with these efforts; and supporting public relations, market research and other advertising, promotional and marketing activities. You agree to participate in all advertising, marketing, promotions, research and public relations programs instituted by your Regional Advertising Fund;

10.2.3 We will separately account for each Regional Advertising Fund, but we do not need to segregate any Regional Advertising Fund monies from our other monies. We are not required to have an independent audit of the Regional Advertising Fund completed. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all applicable Pizza Inn Restaurants to a particular Regional Advertising Fund during that year or cause the Regional Advertising Fund to invest any surplus for its future use or distribute any surplus to then-current franchisees who contributed to the Regional Advertising Fund and restaurants operated by us or our affiliates. Regional Advertising Funds will reimburse us for any monies advanced by us. We will make available an unaudited statement of contributions and expenditures for a Regional Advertising Fund no sooner than 90 days after the close of our fiscal year to franchisees who contribute to that Regional Advertising Fund and who make a written request for a copy.

10.3 Local Advertising

10.3.1 You are required to spend, at a minimum, the Local Advertising, as defined in Section 3, for local marketing in authorized advertising media and for authorized advertising expenditures. We or our designee periodically will advise you of the authorized advertising media and authorized advertising expenditures;

10.3.2 You agree to conduct all marketing in a dignified manner and in accordance with the standards and requirements we specify periodically. We may provide you a marketing manual, guidelines for creating a marketing plan, scripts and branding tools. You may be required to pay a reasonable fee for accessing and customizing local advertising and promotional materials. You agree that all advertising and promotional materials must bear the Proprietary Marks in the form, color, location and manner that we prescribe. We will have the final decision on all creative development of advertising and promotional messages. You also agree that we own all advertising and promotional materials developed by you and you will take all actions we specify to vest ownership in us;

10.3.3 You must submit to us in writing for our prior acceptance all sales promotion materials and advertising that have not been prepared, or previously accepted, by us and identify the proposed media in which you propose to place the advertising. If our written consent to the material and its proposed placement is not received within 10 days after the date we received the material, the material may not be used. Once approved, you may use the materials only in connection with the media for which they were approved. Franchisor may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval. In no event will your advertising or marketing materials contain any statement or material that, in our sole discretion, may be considered: (a) in bad taste or offensive to the public or to any group of persons; (b) defamatory of any person or an attack on any competitor; (c) to infringe upon the use, without permission, of any other persons' trade name, trademark, service mark or identification; (d) inconsistent with the public image of the System or the Proprietary Marks; or (e) not in accordance with any federal or state law. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

10.4 Changes in the Advertising Obligation We have the right, following written notice to you, to increase the Advertising Obligation; however, once we establish a Regional Advertising Fund that covers the Franchised Location, we will not increase the Advertising Fee by more than ½% of Gross Sales in any 24 month period.

10.5 Public and Media Relations You agree that you will not issue any press or other media releases or other communications without our prior consent. As a franchisee of the System, you agree to only participate in internal and external communications activities that create goodwill, enhance our public image and build the Pizza Inn brand.

10.6 Loyalty Programs, Prize Promotions, and Promotional Literature.

10.6.1 You shall participate in and offer to your customers: *(a)* all customer loyalty and reward programs; *(b)* all contests, sweepstakes, and other prize promotions, which Company may develop from time to time; and *(c)* all promotional pricing, or similar promotions, which Company may implement from time to time. Company will provide you the details of each such program and promotion, and you shall promptly display all point-of-sale advertising and promotion-related information at such places within the Restaurant as Company may designate. You shall purchase and distribute all coupons, clothing, toys, and other collateral merchandise (and only the coupons, clothing, toys, and collateral merchandise) designated by Company for use in connection with each such program or promotion.

10.6.2 If Company develops or authorizes the sale of gift certificates and/or stored value cards, loyalty cards, and/or customized promotional receipts, you shall acquire and use all computer software and hardware necessary to process their sale and to process purchases made using them and be solely responsible for the service charges related to such processing. All proceeds from the sale of all gift certificates and stored value cards belong exclusively to Franchisor, and you shall remit the proceeds of such sales to Company according to the procedures that Company prescribes periodically. Company shall reimburse or credit to you (at Company's option) the redeemed value of gift cards and stored value cards accepted as payment for products and services sold by the Restaurant. You shall be responsible for all processing fees associated with gift cards and stored value cards.

10.6.3 You also shall display at the Store all promotional literature and information as Franchisor may reasonably require from time to time. This may include, among other things, displaying signage or other literature containing information about the Pizza Inn franchise offering.

SECTION 11
POS SYSTEM, ACCOUNTING, RECORDS, AUDIT, AND TAXES

11.1 POS System. You shall acquire and use only the point-of-sale cash registers and computer systems and equipment that Company prescribes for use by Pizza Inn restaurants ("POS System"), and adhere to Company's requirements for use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high speed Internet connections. Company may, in its sole discretion, require you to add to your POS System memory, ports, and other accessories or peripheral equipment or additional, new, or substitute software, and replace or upgrade your POS System and software as Company prescribes. Company shall provide you 90 days advance written notice of any change to its POS System requirements. You shall acquire, install, and maintain such anti-virus and anti-spyware software as Company requires and shall adopt and implement such Internet user policies as Company may prescribe for purposes of avoiding, blocking, and eliminating viruses and other conditions that interfere with operation of the POS System.

11.2 Software. You shall: *(a)* use any proprietary software programs, system documentation manuals, and other proprietary materials that Company requires in connection with the operation of the Restaurant; *(b)* input and maintain in your computer such data and information as Company prescribes in the Manual, software programs, documentation, or otherwise; and *(c)* purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever Company adopts such new or upgraded programs, manuals, and materials system-wide. You shall enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner Company prescribes, and pay all fees imposed thereunder.

11.3 Independent Access. Company may independently poll Gross Sales and other information input and compiled by your POS System from a remote location. There is no limitation on Company's right to access this information.

11.4 Maintenance of Records. You shall prepare and preserve for at least five years from the date of preparation complete and accurate books, records, and accounts according to generally accepted accounting principles and in the form Company prescribes.

11.5 Submission of Financial Statements and Tax Returns. No later than the tenth business day following the end of each Accounting Period, you shall provide to Company a copy of the Accounting Period's profit and loss statement. In addition, no later than March 30 of each calendar year, you shall provide to Company: *(a)* a copy of the previous year's annual profit and loss statements; *(b)* a copy of the previous year's sales tax returns; and *(c)* a copy of your federal and state income tax returns for the previous year; provided, however, that if you are an individual franchisee, you may submit only those schedules to your personal tax returns which reflect the revenues and expenses of the Franchised Business. All documents required to be submitted under this Section 11.5 and Section 11.6 shall be in the form designated by Company.

11.6 Submission of Performance Reports. You shall accurately report to Company the Restaurant's Gross Sales and such other financial information, as Company may reasonably require, using the procedures as Company prescribes periodically. Reports shall be due on the date prescribed by Company and shall be signed by an authorized representative, attesting to their accuracy. Within 30 days following the end of each fiscal quarter, you shall provide to Company a copy of your profit and loss statements prepared according to generally accepted accounting principles and which accurately reflect your financial information for the applicable Accounting Periods. You also shall provide to Company such other reports, computer back-up and other information that Company may reasonably request.

11.7 QA Audit. Company's representatives have the right, at any time during normal business hours to: (a) conduct inspections of (and photograph and record) the Restaurant location and the Restaurant; (b) interview the Restaurant employees, suppliers and customers; and (c) review Franchisee's business records, including those maintained electronically or off-premises. Company can initiate these actions (collectively, "QA Audit") with or without prior notice to Franchisee. Franchisee must cooperate by giving Company's representatives unrestricted access and rendering such assistance as they may reasonably request.

> 11.7.1 In the event that any Q&A Audit discloses any deficiency or unsatisfactory condition with respect to any matter on any written inspection report, Franchisee shall, unless a longer cure period is specified in this Agreement or required by applicable law, within 72 hours of Franchisee's receipt of notice and demand for cure (or such other longer time period as Company may provide), correct or repair such deficiency or unsatisfactory condition if it is correctable or repairable within such period of time, and if not, Franchisee shall within such period of time commence such correction or repair and thereafter diligently pursue all repairs or corrections to completion.
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> 11.7.2 If Franchisee fails to correct the identified deficiencies as required by Company, Company shall have the right, but not the obligation, without being guilty of trespass or other tort, to: (i) make or cause to be made such correction or repairs, and the expenses thereof, including lodging, board, wages, and transportation of Company personnel, if utilized, shall be paid by Franchisee upon billing by Company or (ii) order Franchisee to immediately cease operation of the Restaurant until such correction or repair is completed. The foregoing shall be in addition to any other rights or remedies Company may have. Notwithstanding the forgoing, Company shall not be required to provide a 72-hour cure period where such deficiency or unsatisfactory condition, in the Company's reasonable opinion, directly relates to urgent matters of public health, safety, or sanitation, or to product quality, in which instance Company may exercise its rights under Section 14.
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> 11.7.3 If Franchisee fails to obtain a passing score on any QA Audit, Franchisee will reimburse Company in the amount of $1,500.00 in connection with the next QA Audit.

11.8 Audit of Franchisee Records. Company or its designated agent has the right to audit, examine, and copy your books, records, accounts, and business tax returns at any time. If an inspection or audit reveals underpayment of amounts owed to Company, you shall immediately pay the understated amount with interest as provided in Section 3.7. If an audit or inspection reveals your understatement of Gross Sales by 2% or more for any Accounting Period then, in addition to amounts due on the understatement and interest, you shall promptly reimburse Company two times the costs and expenses that it incurred in connection with performing the audit or inspection (including travel, lodging and wage expenses, and attorneys' and accountants' fees) and we may require you to use a designated accounting service of our choosing and pay all applicable fees incurred with such service.

11.9 Use of Financial Information in Franchise Disclosure Document. You acknowledge and agree that it may be in the best interest of the franchise system to share historical revenue and expense information with prospective franchisees. To that end, you hereby authorize Company to publish information concerning the Restaurant's Gross Sales and other information reported to Company in its franchise disclosure document.

11.10 Taxes. You shall promptly pay all taxes due and owing based on your operation of the Restaurant including, without limitation, sales taxes, income taxes, and property taxes.

SECTION 12
INDEPENDENT CONTRACTOR, INSURANCE, AND INDEMNIFICATION

12.1 Independent Contractor All employees hired by or working for Franchisee shall be the employees of Franchisee, and Franchisee is solely responsible for complying with all federal, state, and local labor and employment laws. Franchisee is required to make all decisions regarding the terms of employment of its employees, including, but not limited to, hiring, firing, discipline, wages, scheduling, work assignments, performance evaluations, training, benefits, and employment policies. Company and Franchisee are not joint employers of Franchisee's employees and other personnel. Company does not and will not share or codetermine any of Franchisee's employees' essential terms and conditions of employment. More specifically, in no case does Company have any authority to determine or set Franchisee's employees': (1) wages, benefits, and other compensation; (2) hours of work and scheduling; (3) the assignment of duties to be performed; (4) the supervision of the performance of duties; (5) work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (6) the tenure of employment, including hiring and discharge; and/or (7) working conditions related to the safety and health of employees. Franchisee alone has sole authority to determine any or all Franchisee's employees' essential terms and conditions of employment.

12.2 Insurance Franchisee is required to:

(a) carry continuously during the Term, and any renewal of this Agreement, insurance of the types, in the amounts and with the coverage specified from time to time in the Manual and in any lease between Franchisee and Company. Until the Manual specifies otherwise, Franchisee will carry insurance with the following provisions: (1) be primary and non-contributory; (2) be issued by an insurance company(ies) with a rating of not less than "AVII" in the current Best Insurance Guide or approved by Company; (3) name Company and Rave Restaurant Group ("Affiliate") and each of the officers, directors, owners, member, employees, representatives, consultants and attorneys and other such affiliates of Company as Company may designate as "additional insureds" and will contain an "Additional Insured-Designated Person or Organization" endorsement (or equivalent), without any qualifying language; (4) provide that the insurance cannot be canceled or non-renewed, except upon 30 days advance written notice to Company; (5) contain a waiver of subrogation rights of the insurer(s) against Company and its designated Affiliates, which waiver will be effective regardless of whether any loss is caused by the act, omission or negligence of Company and its designated Affiliates, and (6) will contain a "Waiver of Transfer Rights of Recovery Against Others" endorsement (or its equivalent).

(b) furnish Company certificates of insurance, all insurance policy endorsements and a copy of the insurance policy(ies), if requested by Company to prove that such insurance coverage is in effect, both prior to the opening of the Restaurant and thereafter, as requested by Company (but in no event less than once per calendar year). Renewal insurance certificates of insurance will be delivered to Company 30 days prior to the expiration date of each insurance policy. All deductible amounts on all insurance policies required hereunder will be disclosed in writing to and approved in advance by Company and noted on the applicable insurance certificate. If Franchisee fails to maintain the required insurance, Company may, but will not be obligated to, obtain coverage on Franchisee's behalf and charge the cost to Franchisee. Franchisee agrees to reimburse Company for the premium costs it incurs to provide such coverage, plus interest as provided in this Agreement, within ten days after Company submits a statement for its costs.

12.3 Indemnification Franchisee and the Principals, jointly and severally, will, at all times and to the fullest extent permitted by Applicable Laws, indemnify Company, Rave Restaurant Group, each of the foregoing entities officers, directors, shareholders, members, agents, representatives, and employees (the "Indemnified Parties") from and defend the Indemnified Parties against all Losses and Expenses of any of the Indemnified Parties that arise out of or are based upon any of the following:

(a) The operation or condition of any part of the Restaurant or the site on which the Restaurant is located, the conduct of business at the Restaurant and any acts or omissions of Franchisee or Franchisee's employees, agents or contractors, including with respect to the collection or use of Customer Information.

(b) The infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of the Principals of any patent, trademark, copyright, or other proprietary right owned or controlled by third parties unless, and to the extent that, the Action is based upon or arises from Franchisee's authorized use of the Marks in strict compliance with the terms of this Agreement.

(c) The violation or breach by Franchisee or any of the Principals of any Applicable Laws, including but not limited to Privacy Laws.

(d) Franchisee's failure to obtain and maintain the types and amount of insurance coverage set forth in the Manual or otherwise required by Company.

(e) Libel, slander, or any other form of defamation of the Indemnified Parties, the System or any other franchisee by Franchisee or any of the Principals.

(f) The violation or breach by Franchisee, or any of its Affiliates or Principals of any warranty, representation, agreement or obligation in this Agreement or other agreement between Franchisee or its Affiliates and one or more of the Indemnified Parties.

(g) Acts, errors, or omissions of Franchisee, its Affiliates, the Principals and their respective owners, officers, employees, agents and representatives in connection with the establishment and operation of the Restaurant pursuant to this Agreement.

(h) Any and all encumbrances, liens, assessments, levies, charges, surcharges, demands for payment, taxes or any other liabilities imposed on Company or on or as a result of any payment due to or paid to Company under this Agreement, by any taxing authority or any political subdivision, instrumentality, agency or other body of any governmental or taxing authority.

(i) Any actual or alleged claim that Company and Franchisee are joint employers of any Franchisee employee or personnel.

12.3.1 Notice Franchisee and each of the Principals agree to give Company immediate notice of any Action subject to indemnification under this Agreement. At the expense and risk of Franchisee and each of the Principals, Company may elect to control (but under no circumstance is obligated to undertake), and associate counsel of its own choosing with respect to, the defense and/or settlement of any such Action. Such an undertaking by Company will, in no manner or form, diminish the obligation of Franchisee and each of the Principals to indemnify the Indemnified Parties and to hold them harmless.

12.3.2 Remedial Actions by Company In order to protect persons or property or the reputation or goodwill of itself or others, Company may, at any time and without notice, as it deems appropriate, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to the Action if, in Company's judgment, there are grounds to believe that: (A) any of the acts or circumstances enumerated in this Section has occurred; or (B) any act, error or omission as described in this Section may result directly or indirectly in damage, injury or harm to any Person or any property.

12.3.3 Losses and Expenses All Losses and Expenses incurred under this Section will be chargeable to and paid by Franchisee or any of the Principals pursuant and subject to their respective obligations of indemnity under this Section, regardless of any action, activity, or defense undertaken by Company or the subsequent success or failure of that action, activity, or defense. Losses and Expenses shall include, without limitation, all losses, damages (including actual, compensatory, exemplary, or punitive damages), fines, charges, costs, expenses, lost profits, attorneys' fees, court costs, reasonable costs of investigation, fees of arbitrators, expenses for alternative dispute resolution procedures, fees and expenses of expert and other witnesses, settlement amounts, judgments, awards, compensation for damages to any Indemnitee's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time and space, and costs of changing, substituting, or replacing the same, and any and all expenses of recall, refunds, compensation, public notices, and other such amounts incurred in connection with the matters described.

12.3.4THE INDEMNIFIED PARTIES DO NOT ASSUME ANY LIABILITY WHATSOEVER FOR ACTS, ERRORS, OR OMISSIONS OF THOSE WITH WHOM FRANCHISEE, ANY OF ITS AFFILIATES OR ANY OF THE PRINCIPALS, MAY CONTRACT. FRANCHISEE AND EACH OF FRANCHISEE'S PRINCIPALS THAT EXECUTES A CORPORATE GUARANTY OR PERSONAL GUARANTY AND PRINCIPALS' UNDERTAKING WILL HOLD HARMLESS AND INDEMNIFY THE INDEMNIFIED PARTIES FROM ALL LOSSES AND EXPENSES THAT MAY ARISE OUT OF ANY ACTS, ERRORS, OR OMISSIONS OF FRANCHISEE, ITS AFFILIATES AND THE PRINCIPALS AND ANY SUCH THIRD PARTIES, WITHOUT LIMITATION AND WITHOUT REGARD TO THE CAUSE OR CAUSES OF THE ACTS, ERRORS OR OMISSIONS OR THE NEGLIGENCE (WHETHER THAT NEGLIGENCE IS SOLE, JOINT, OR CONCURRENT, AND WHETHER ACTIVE OR PASSIVE) OR STRICT LIABILITY OF ANY OF THE INDEMNIFIED PARTIES OR ANY OTHER PARTY OR PARTIES ARISING IN CONNECTION THEREWITH, IN CONNECTION WITH THE ESTABLISHMENT AND OPERATION OF THE RESTAURANT, INCLUDING, BUT NOT LIMITED TO, ANY ACTS, ERRORS OR OMISSIONS OF ANY OF THE FOREGOING IN THE OPERATION OF ANY MOTOR VEHICLES, IN THE ESTABLISHMENT OR IMPLEMENTATION OF SECURITY FOR THE RESTAURANT, IN THE USE OF ANY INTERNET SITE OR INTRANET NETWORK DEVELOPED BY COMPANY, ACTS OF ANY THIRD PARTIES, OR ACTS OR CLAIMS ARISING FROM THIS AGREEMENT.

SECTION 13
TRANSFER OF INTEREST

13.1 Transfer by Company Company may assign or delegate any or all of its rights or obligations under this Agreement to any person or legal entity. Without limitation to the foregoing, you expressly affirm and agree that Company and/or its Affiliates may sell their assets, the Proprietary Marks, or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, limited liability companies, limited partnerships and trusts (each a "Business Entity"), or be acquired by another Business Entity; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of Company's name, the Proprietary Marks (or any variation thereof), and System and/or the loss of association with or identification of Pizza Inn, Inc. as the franchisor under this Agreement. You specifically waive any and all other claims, demands or damages arising from or related to the foregoing dispositions including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. You agree that Company has the right, now or in the future, to purchase, merge, acquire or affiliate with other competitive or non-competitive businesses, and to operate, franchise or license those other businesses as Pizza Inn restaurants operating under the Proprietary Marks or any other marks following Company's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to the Restaurant).

13.2 Transfer by Franchisee

13.2.1 Personal Experience/Reliance Franchisee understands and agrees that the franchise rights awarded by this Agreement are personal and are awarded in reliance upon, among other considerations, the individual or collective character, skill, aptitude, attitude, experience, business ability and financial condition and capacity of Franchisee and, if Franchisee is a Business Entity, that of its officers, directors, shareholders, LLC managers and members, trustees, partners and Principals.

13.2.2 Transfer by Individual Franchisee to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing Company's standard form of assignment and assumption agreement if: ***(a)*** the Business Entity is formed solely for purposes of operating the Restaurant; ***(b)*** you provide to Company a copy of the Business Entity's formation and governing documents and a certificate of good standing from the jurisdiction under which the Business Entity was formed; ***(c)*** you execute a general release and covenant not to sue, in a form prescribed by Company, of any and all claims against Company and its Affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising; ***(d)*** each Principal has signed a Guaranty in the form attached as Exhibit C; and ***(e)*** you pay to Company a transfer fee in the amount of $7,500 for a Buffet and $2,500 for Delco and Express ("Transfer Fee"). All other transfers (including any sale or transfer of your interest in this Agreement, the sale or transfer of all or substantially all of the assets of the Store, and the sale of a Controlling Interest in a Business Entity (each an "Event of Transfer") require Company's prior written consent. "Controlling Interest" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management of the Restaurant, whether through ownership, voting rights, by contract, or otherwise.

13.2.3 Transfer of Agreement; Transfer of the Franchised Business; Transfer of Controlling Interest. Without Company's prior written consent, Franchisee shall not, directly or indirectly, attempt or complete an Event of Transfer either voluntarily or by operation of law except in accordance with this Agreement. Company agrees not to withhold its consent unreasonably if Franchisee satisfies the conditions applicable to an Event of Transfer; provided, however, that Company may withhold its consent in its sole discretion if the proposed transferee, or any officer, director, shareholder, manager, member, trustee or general partner of the proposed transferee, directly or indirectly owns (either beneficially or of record), engages in, or renders services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, a Competitive Business. Company shall exercise reasonable business judgment in evaluating if Franchisee has satisfied all applicable conditions. Any attempted or purported transfer which fails to comply with the requirements of this Agreement shall be null and void and constitute a material default of this Agreement.

13.2.4 Company's Consent Company's consent to an Event of Transfer is not a representation of the fairness of the terms of any contract between Franchisee and a transferee, a guaranty of the Restaurant's or transferee's prospects for success, or a waiver of any claims that Company or Company's Affiliates may have against Franchisee or any Principal.

13.2.5 Third Party Offers Except with respect to Permitted Transfers, if Franchisee makes or receives a bona fide written offer ("Third Party Offer") to purchase or otherwise acquire or sell an interest which will result in an Event of Transfer, Franchisee shall, within 5 days after receiving or making the Third Party Offer and the Third Party Offer is accepted, apply to Company in writing for Company's consent to the proposed Event of Transfer. Additionally, the following conditions shall apply:

(a) Franchisee, or the proposed transferee, shall attach to its application for consent to complete the proposed Event of Transfer a complete copy of the Third Party Offer together with (i) information relating to the transferee's experience and qualifications; (ii) a copy of the transferee's current financial statement, and (iii) any other information material to the Third Party Offer, transferee, proposed Event of Transfer or that Company reasonably requests.

(b) Company or its nominee shall have the right, exercisable by written notice ("Notice of Exercise") given to Franchisee or the proposed transferee, within 30 days following receipt of the Third Party Offer, all supporting information, and the application for consent, to notify Franchisee or the proposed transferee that it will purchase or acquire the rights, assets, equity or interests proposed to be assigned on the same terms and conditions set forth in the Third Party Offer, except that Company may (i) substitute cash for any form of payment proposed in the offer discounted to present value based upon the rate of interest stated in the Third Party Offer, and (ii) deduct from the purchase price the amount of any commission or fee otherwise payable to any broker or agent in connection with the Third Party Offer and all amounts then due and owing from Franchisee to Company, Company's Affiliates, the Brand Marketing Fund or otherwise. If Company gives timely Notice of Exercise, the assets that Company purchases shall be free and clear of liens. If any asset is pledged as security for financing that is then unpaid, Company may further deduct from the purchase price the remaining amount payable under the terms of financing.

(c) The closing shall take place at Company's headquarters at a mutually agreed upon date and time, but not later than 90 days following Company's delivery of the Notice of Exercise. At the closing, Franchisee shall deliver to Company the same documents, affidavits, warranties, indemnities and instruments as would have been delivered by Franchisee to the transferee pursuant to the Third Party Offer. Additionally, Franchisee and the proposed transferee shall deliver a general release, in form satisfactory to Company, of any and all claims against Company, Company's Affiliates and their respective officers, directors, shareholders, employees and agents. All costs, fees, document taxes and other expenses incurred in connection with the Event of Transfer shall be allocated between Franchisee and Company in accordance with the terms of the Third Party Offer, and any costs not allocated shall be paid by Franchisee or the proposed transferee.

(d) If Company does not exercise its right of first refusal, Franchisee may not complete the Event of Transfer without Company's prior written consent. An Event of Transfer or attempt to complete an Event of Transfer that takes place in violation of this provision is a material breach of this Agreement. The requirements of this Section do not apply to *transfers made pursuant to Section 13.2.2.*

13.2.6 Company's Consent to Transfer As a condition to Company's consent to an Event of Transfer, the following conditions must be satisfied:

(a) The proposed transferee must submit a completed franchise application to Company and meet Company's then-current qualifications for new Pizza Inn franchisees, including qualifications pertaining to financial condition, credit rating, experience, moral character and reputation. Company's evaluation of the proposed transferee's financial condition shall take into account the amount the proposed transferee is obligated to pay to Franchisee to consummate the Event of Transfer. If the proposed transferee is a Business Entity, Franchisee must provide Company with a copy of the proposed transferee's articles of incorporation, by-laws, operating agreement, partnership agreement or other governing documents then in effect and a list of all persons owning an interest in the equity or voting interests of the Business Entity.

(b) As of the date consent is requested and through the date of closing of the proposed Event of Transfer and assignment, Franchisee must not be in default under this Agreement, any lease, or any other agreements with Company, and must be current with all monetary obligations owed to third parties, including, without limitation, Company's Affiliates.

(c) The proposed transferee shall execute a Franchise Agreement in a form then currently offered by Company, which shall supersede this Agreement in all respects. Franchisee understands that the terms of the then- current Franchise Agreement may materially differ from the terms of this Agreement; provided, however, the proposed transferee will not be required to pay any additional initial franchise fee and the duration of the term of the new Franchise Agreement shall be equal to the remaining term of this Agreement and any unexercised renewal rights.

(d) Franchisee shall pay Company the Transfer Fee.

(e) Franchisee must simultaneously transfer its rights under the Lease and all other material contracts whose continuation is necessary for operation of the Restaurant to the same proposed transferee and satisfy any separate conditions to obtain any third-party consents required to accomplish the transfers, including, without limitation, the consent of the landlord of the location where the Restaurant is located.

(f) Franchisee must execute and deliver a general release, in form satisfactory to Company, of any and all claims against Company, Company's Affiliates and their respective officers, directors, shareholders, employees and agents. Franchisee must furthermore agree to abide by the post- termination covenant not to compete set forth in this Agreement;

(g) The proposed transferee must execute all other documents and agreements required by Company to consummate a transfer of the rights granted by this Agreement. If the proposed transferee is a Business Entity, each person who at the time of the Event of Transfer, or later, owns or acquires, either legally or beneficially, 20% or more of the equity or voting interests of the proposed transferee must execute Company's then-current form of Personal Guaranty unless the then-current franchise agreement sets a lower percentage ownership threshold in which case the percentage in the then-current franchise agreement shall control.

(h) Franchisee's right to receive the sales proceeds from the proposed transferee shall be subordinate to the proposed transferee's and Franchisee's duties owed to Company and Company's Affiliates under, or pursuant to, this Agreement or any other agreement as of the effective date of the Event of Transfer. All contracts by and between Franchisee and the proposed transferee shall expressly include a subordination provision permitting payment of the sales proceeds to Franchisee only after any outstanding obligations that the proposed transferee owes to Company and Company's Affiliates are fully satisfied.

(i) Until the proposed transferee satisfies minimum training requirements and qualifies at least one of its owners or employees as a Manager, Franchisee shall remain responsible for day-to-day management of the Restaurant. Company shall schedule this training to start reasonably promptly following the closing date. Either Franchisee or the proposed transferee, but not Company, shall be solely responsible for all personal expenses that it and its employees incur in connection with such training, including transportation, lodging, food, salary and other personal charges.

(j) Company may condition consent on Franchisee completing before the closing date specific improvements and repairs to the Restaurant in order to conform the Restaurant to Company's then-current appearance and design standards and equipment specifications.

(k) Neither Company's exercise of its right of first refusal, its consent to an Event of Transfer, nor Franchisee's consummation of an Event of Transfer shall operate to release Franchisee of those obligations that expressly, or by their nature, survive the effective date of termination or expiration of this Agreement, including, without limitation, the provisions regarding non-disclosure of Confidential Information.

(l) Franchisee may only complete the Event of Transfer to the proposed transferee on the terms identified in the Third Party Offer or as otherwise stated in Franchisee's application for consent. If there is any material change in the terms of the Third Party Offer, Company has a right of first refusal to accept the new terms subject to the conditions stated in this Section.

(m) If Company consents to an Event of Transfer to a third party, the transfer must close within 60 days from the date the Third Party Offer is first submitted to Company unless Franchisee requests in writing, and Company agrees to grant, an extension of time to close the Event of Transfer, which consent Company agrees not to unreasonably withhold. If Company refuses to grant the extension of time, Franchisee must again offer Company the opportunity to exercise its right of first refusal subject to the conditions stated in this Section.

13.2.7 Death Upon the death of Franchisee (if Franchisee is a natural person) or any Principal who has a majority interest in this Agreement, the Restaurant or Franchisee (the "Deceased"), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by Company and subject to the transfer provisions of this Section 13 within 90 days after death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest is subject to the approval of Company. If Company does not approve the distributee, then the distributee shall transfer such interest to a third party approved by Company within 12 months after the death of the Deceased.

13.2.8 Disability Upon the permanent disability of Franchisee (if Franchisee is a natural person) or any Principal who has a majority interest in this Agreement, the Restaurant or Franchisee, Company may require that such interest be transferred to a third party in accordance with the conditions for transfers described in this Section 13 within 6 months after notice to Franchisee. "Permanent disability" shall mean any physical, emotional, or mental injury, illness, or incapacity that would prevent a person from performing the obligations set forth in this Agreement or in the guaranty of this Agreement for at least 180 consecutive days and recovery from which condition is unlikely. Permanent disability shall be finally determined by a licensed practicing physician selected by Company, upon examination of the person, or, if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 13. Company shall pay the costs of any examination required by this Section.

13.2.9 Notice Of Death, Disability Upon the death or occurrence of permanent disability of Franchisee or any Principal, Franchisee or a representative of Franchisee must promptly notify Company of such death or occurrence of permanent disability.

13.2.10 Securities Offerings. Securities or partnership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state, or foreign law, rule, or regulation. A private offering may be made only with Company's prior approval. All materials required for any such private offering by federal or state law shall be submitted to Company for review prior to being filed with any governmental agency (if applicable) and prior to issuance and use. No Franchisee offering shall imply (by the use of the Proprietary Marks or otherwise) that Company is participating in an underwriting, issuance, or offering of securities of Franchisee or Company, and Company's review of any offering materials shall be limited solely to the subject of the relationship among Company, Franchisee, and its affiliates. Franchisee and each Principal must indemnify Company and its affiliates, officers, directors, employees, attorneys, and shareholders in connection with the offering. For each proposed offering, Franchisee shall pay to Company all reasonable costs and expenses in reviewing the proposed offering. In addition, Franchisee, at its expense, must deliver to Company an opinion of Franchisee's legal counsel (addressed to Company and in a form acceptable to Company) that the offering documents properly use the Proprietary Marks and accurately describe Franchisee's relationship with Company and/or its affiliates.

SECTION 14
DEFAULT AND TERMINATION

14.1 Termination In the Event of Bankruptcy or Insolvency. You will be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed and against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against the Restaurant premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Restaurant is sold after levy thereupon by any sheriff, marshal, or constable.

14.2 Termination with Notice and Without Opportunity to Cure. Company has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if:

(a) your Manager or anyone else required under Section 6 fails to successfully complete training;

(b) you fail to open the Restaurant for business by the Opening Deadline;

(c) you fail to operate the Restaurant during the hours stipulated in the Manual;

(d) you lose any license required to operate the Restaurant or you lose your right to occupy the Restaurant premises;

(e) you or any Principal is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Company believes is reasonably likely to have an adverse effect on the System;

(f) there is any transfer or attempted transfer in violation of Section 13 of this Agreement;

(g) you or any Principal fails to comply with the confidentiality or noncompete covenants in this Agreement;

(h) you or any Principal has made any material misrepresentations in connection with your franchise application;

(i) you fail to comply with notification requirements set forth in Sections 7 concerning investigations and Crisis Management Events;

(j) you understate any payment to Company by 2% or more, or understate any such payment in any amount, twice in any one-year period;

(k) if an imminent threat or danger to public health or safety results from the operation of the Restaurant;

(l) you knowingly maintain false books or records or submit any false reports or statements to Company;

(m) you offer unauthorized products or services from the Restaurant or in conjunction with the Marks or Copyrighted Works;

(n) you purchase items for which Company has identified Approved Suppliers from an unapproved source;

(o) you fail to pass two or more quality assurance inspections within any rolling 12-month period or any other applicable period stated in the Manual;

(p) you or any Principal(s) fail to execute the required guaranty;

(q) you fail to submit reports, statements or other documentation required under this Agreement when due or requested and do not remedy this failure within 10 days after Company has notified you the failure; or

(r) Company delivers to you three or more written notices of default pursuant to this Section 14 within any rolling 12- month period, regardless of whether or not the defaults described in such notices ultimately were cured.

14.3 Termination with 10-Day Cure Period. Company has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice:

(a) you fail to obtain or maintain required insurance coverage;

(b) you fail to pay any amounts due to Company or its Affiliates;

(c) you fail to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute);

(d) you fail to pay any amounts for which Company has advanced funds for or on your behalf, or upon which Company is acting as guarantor of your obligations;

(e) you violate any provision of this Agreement concerning the use and protection of the Marks or Copyrighted Works; or

(f) you violate any provision of this Agreement concerning the preparation, service, appearance or quality of Pizza Inn products.

14.4 Termination with 30-Day Cure Period. Except as otherwise provided in this Section 14, Company has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

14.5 Termination Related to Death or Permanent Incapacity. Company has the right to terminate this Agreement if an approved transfer as required by Section 13 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

14.6 Cross-Default. Any default under any agreement between you and Company or its Affiliates, and failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement.

14.7 Step In Rights. To prevent any interruption of the business of the Restaurant, and any injury to the goodwill and reputation to the System which may be caused thereby, you hereby authorize Company, and Company shall have the right, but not the obligation, to operate the Restaurant on your behalf for as long as Company deems necessary and practical, and without waiver of any other rights or remedies Company may have under this Agreement, in the event that: ***(a)*** your Manager is absent or incapacitated by reason of illness, death, or disability and, therefore, in Company's sole determination, you are not able to operate the Restaurant in full compliance with this Agreement; ***(b)*** any allegation or claim is made against you or any of Principals, or the operation of the Restaurant, involving or relating to fraudulent, deceptive or illegal practices or activities; or ***(c)*** Company determines that operational problems require Company to operate your Restaurant for a period of time to maintain the operation of the business as a going concern. If Company undertakes to operate the Restaurant pursuant to this Section 14, Company shall have the right to collect and pay from the revenues of the Restaurant all operating expenses including, without limitation, Royalty Fees, Advertising Obligation contributions, and employee salaries, and further shall be entitled to collect, as compensation for its efforts, a reasonable management fee of up to 10% of Gross Sales. You shall indemnify and hold harmless Company from any and all claims arising from the alleged acts and omissions of Company and its representatives. Nothing contained herein shall prevent Company from exercising any other right which Company may have under this Agreement, including, without limitation, termination.

14.8 Additional Remedies. In addition to, or in lieu of, termination of this Agreement, in its sole discretion, Company may require the Restaurant be closed during any cure period relating to a default based on public health and safety concerns.

SECTION 15
OBLIGATIONS ON TERMINATION OR EXPIRATION

15.1 Your Obligations**.** Upon termination or expiration of this Agreement for any reason, unless we direct you otherwise:

15.1.1 All rights and licenses granted to you under this Agreement (including, without limitation, rights to use the System, the Manual and the Proprietary Marks) will immediately terminate and any right, title, and interest claimed by you to any such matters will immediately revert to us without further notice or documentation.

15.1.2 You must immediately cease to operate the Restaurant and may not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of the System.

15.1.3 You will immediately and permanently cease to use, in any manner whatsoever, the System, the Proprietary Marks and the Manual.

15.1.4 You must promptly pay all sums owing to us, our affiliates and your suppliers. These sums include, but are not limited to, the Royalty, Advertising Obligation, interest or other fees, damages, expenses and attorneys' fees incurred as a result of your default.

15.1.5 You must cease to use in advertising or in any manner the confidential methods, procedures and techniques associated with the System, including all proprietary recipes, ingredients, and processes.

15.1.6 You and all persons and entities subject to the restrictions contained in Section 16 will continue to abide by those restrictions and will not, directly or indirectly, take any action that violates those restrictions.

15.1.7 Unless we direct you otherwise in writing, you must immediately cease to use, by advertising or in any other manner, the name "Pizza Inn," all other Proprietary Marks and all other distinctive forms, slogans, signs, symbols, web sites, domain names, email addresses, and devices associated with the System. If you subsequently begin to operate another business, you must not use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks in connection with that business that is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Proprietary Marks, nor any trade dress or designation of origin or description or representation that falsely suggests or represents an association or connection with us. Within 15 days, you must promptly take such action as may be necessary to cancel any assumed name registration or equivalent registration, and any domain name registration that contains the name "Pizza Inn" or any other Proprietary Marks.

15.1.8 Unless we direct you otherwise in writing, you must make modifications or alterations to the Restaurant and the Restaurant premises immediately upon termination or expiration of this

Agreement as necessary to prevent the operation of any business in violation of this Section 15 and any specific additional changes we reasonably request for that purpose. Upon our request, you must return to us, at our cost, any signage that we specify. If you fail to comply with this Section within 30 days following termination or expiration of this Agreement, we have the right to enter the premises, without being guilty of trespass or any other tort, for the purpose of removing signs and any other articles that display the Proprietary Marks or Trade Dress. You agree to reimburse us on demand for our expenses in making such changes.

15.1.9 You must immediately deliver to us the Manual and all training materials, marketing materials, records, files, instructions, and correspondence in your possession or control that contain confidential information (as described in Section 9.3). You also must deliver to us all customer information and customer lists that you have compiled and uninstall any software that we have provided.

15.2 Evidence of Compliance You will furnish to us, within 30 days after the effective date of termination or expiration, evidence (certified to be true, correct and complete, by an officer or Principal) satisfactory to us of your compliance with Section 15.1.

15.3 Other Business Operations You will not, except with respect to a Pizza Inn restaurant franchised by us or our affiliates that is then open and operating pursuant to an effective franchise agreement: **(a)** operate or do business under any name or in any manner that might tend to give the public the impression that you are connected in any way with us or our affiliates or have any right to use the System or the Proprietary Marks; **(b)** make, use or avail yourself of any of the materials or information furnished or disclosed by us or our affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else; or **(c)** assist anyone not licensed by us or our affiliates to construct or equip a restaurant substantially similar to a Pizza Inn restaurant.

15.4 Listings We will have the option, exercisable by written notice within 30 days after the termination or expiration of this Agreement, to take an assignment of all telephone numbers, facsimile numbers, domain names, or other numbers, names and directory listings (collectively, "Listings") associated with any Proprietary Mark or the Restaurant, and you must notify the telephone company, all telephone directory publishers, and all domain name registries and Internet service providers of the termination or expiration of your right to use any Listing associated with the Restaurant, and authorize and instruct their transfer to us or to a third party, at our direction and/or to instruct the telephone company, domain name registries and Internet service providers to forward all calls, e-mails and electronic communications made to your names, numbers or addresses to names, numbers or addresses we specify. You are not entitled to any compensation from us if we exercise this option.

15.5 Lost Revenue Damages If we terminate this Agreement because of your breach or if you terminate this Agreement without cause, you and we agree that it would be difficult, if not impossible, to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalties, and that the Advertising Obligation would have otherwise derived from your continued contributions to those funds, through the remainder of the term of this Agreement. Therefore, you and we agree that a reasonable estimate of such damages, less any cost savings we might have experienced ("Lost Revenue Damages"), is an amount equal to the net present value of the Royalties and contributions to the Advertising Obligation that would have become due had this Agreement not been terminated from the date of termination to the earlier of: (a) five years following the date of termination, or (b) the scheduled expiration of the term of this Agreement ("Measurement Period"). For the purposes of this Section, Lost Revenue Damages will be calculated as follows: (1) the number of calendar months in the Measurement Period; multiplied by (2) the aggregate of the Royalty fee and Advertising Obligation percentages; multiplied by (3) the average monthly Gross Sales of your Restaurant during the 12 full calendar months immediately preceding the termination date (or, if as of the effective date of termination, your Restaurant has not been operating for at least 12 full calendar months, we will use the average monthly Gross Sales of all Pizza Inn restaurants operating during that 12 month period).

15.6 Payment Date You agree to pay us Lost Revenue Damages, as damages and not as a penalty, as calculated in accordance with this Section, within 15 days after the effective date of termination, or on any later date that we determine. You and we agree that the calculation described in this Section is a calculation only of the Lost Revenue Damages and that nothing will preclude or limit us from proving and recovering any other damages caused by your breach of this Agreement.

SECTION 16
COVENANTS

16.1 Confidential Information During and after the Term, you may not communicate divulge or use for any purpose other than the development and/or operation of the Restaurant any confidential information, knowledge, trade secrets or know-how which may be communicated to you or which you may learn by virtue of this Agreement or the operation of the Restaurant. All information, knowledge and know- how relating to us, our business plans or the System are deemed confidential for purposes of this Agreement except information that you can demonstrate came to your attention by lawful means prior to our disclosure, or that at the time of our disclosure to you had become a part of the public domain.

16.2 Restrictions You covenant and agree that during the Term and, if this Agreement is terminated prior to the end of Term, for a period of 12 months following that termination you will not, either directly or indirectly, for yourself or through on behalf of or in conjunction with any person, firm, partnership, corporation or other entity own, maintain, operate, engage in, grant a franchise to, advise, help, make loans to, or have any interest in, either directly or indirectly, any foodservice operation at the Facility: (a) whose sales of pizza or Italian-style food products are reasonably likely to account collectively for 20% or more of the sales of the restaurant business in any calendar month, or (b) whose method of operation or trade dress is similar to that used in the System ("Competitive Business").

16.3 Modification We will have the right, in our sole discretion, to reduce the scope of any covenant in this Section 15 effective immediately upon your receipt of written notice, and you agree that you will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding the provisions of Section 23.

16.4 Enforcement You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of this Section 15. You agree to pay all costs and expenses that we reasonably incur in enforcing this Section 16, including reasonable attorneys' fees. You acknowledge that a violation of the terms of this Section 16 would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 16. Such injunctive relief will be in addition to any other remedies that we may have.

16.5 Survival The terms of this Section 16 will survive the termination, expiration or any Transfer of this Agreement and will be construed as independent of any other provision of this Agreement.

SECTION 17
REPRESENTATIONS

17.1 Representations of Company Company represents and warrants that: *(a)* Company is duly organized and validly existing under the law of the state of its formation; and *(b)* the execution of this

Agreement and the performance of the transactions contemplated by this Agreement are within Company's corporate power and have been duly authorized.

17.2 Representations of Franchisee You represent and warrant that the information set forth in Exhibit D, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Company in writing within 10 days of any change in the information set forth in Exhibit D. You further represent to Company that: ***(a)*** you are duly organized and validly existing under the law of the state of your formation; and ***(b)*** your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the operation of the Restaurant. You warrant and represent that neither you nor any of your Affiliates or Principals own, operate or have any financial or beneficial interest in any business that is the same as or similar to a Pizza Inn restaurant; and the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under your written partnership or limited liability company agreement and have been duly authorized.

17.3 Control Franchisee acknowledges and agrees that Company has not exercised and does not exercise any control over the day-to-day operations of the Restaurant, including, without limitation, the selection, scheduling and supervision of Franchisee's employees or contractors, the manner of operating, scheduling and supervision of food preparation, compliance with local alcoholic beverage control regulations, and all aspects of delivery operations. Franchisee is responsible for determining and complying with all laws, rules, regulations, and ordinances applicable to operating the Restaurant.

17.4 Business Risks You acknowledge that you have conducted an independent investigation of the Pizza Inn franchise opportunity, and recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent on your ability as an independent business person.

17.5 No Reliance You represent that neither Company nor its agents or representations have made any representations, and you have not relied on representations made by Company or its agents or representatives, concerning actual or potential sales, expenses or profit of an Pizza Inn restaurant, except for any information that may have been contained in Item 19 of the franchise disclosure document, delivered to you in connection with your purchase of a Pizza Inn franchise.

17.6 Opportunity to Consult You acknowledge that you have read and that you understand the terms of this Agreement and its exhibits, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

17.7 Anti-Terrorism Laws. Without limiting the generality of Section VI.G., Franchisee certifies that neither Franchisee nor its Principals, owners, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. (The Annex is available at http://www.ustreas.gov/offices/enforcement/ofac/.) Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchise certifies, represents, and warrants that none of its property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section XV. of this Agreement pertain to Franchisee's obligations under this

Section VI.K. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's Affiliates in accordance with the terms of Sections XVII.C.(11) and XVIII. of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), 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 (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

SECTION 18
NOTICES

18.1 Notices All notices permitted or required to be delivered pursuant to the provisions of this Agreement will be delivered in writing to the address listed on the Summary Pages for Company and to the Pizza Inn Restaurant Address for Franchisee or such other address as the Parties will specify by written notice, and will be deemed so delivered: (a) at the time delivered by hand; (b) 1 day after transmission by email, provided there is some proof of receipt; or (c) 1 day after being placed in the hands of a commercial courier service for next day delivery, provided there is some proof of receipt; and must be addressed to the party to be notified at the addresses as described above for Company and Franchisee or such other address as the Parties will specify by written notice.

SECTION 19
CONSTRUCTION

19.1 Entire Agreement Franchisee acknowledges and agrees that this Agreement constitutes the entire agreement between the Parties hereto pertaining to the subject matter hereof and supersedes all prior agreement, understandings, negotiations and discussions, whether oral or written, concerning the subject matter hereof. Except for Company's unilateral rights under this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the Parties and executed by their authorized officers or agents in writing. Nothing in this Agreement is intended to disclaim any representation made in the franchise disclosure document delivered to you in connection with your purchase of a Pizza Inn franchise.

19.2 No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the Parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid.

19.3 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

19.4 Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

19.5 Definitions and Captions. Capitalized terms shall have the meaning as defined in this Agreement. All captions and section headings in this Agreement are intended for the convenience of the Parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

19.6 Persons Bound. This Agreement shall be binding on the Parties and their respective successors and assigns. Each Principal and their spouses shall execute the Guaranty attached as Exhibit C. Failure or refusal to do so shall constitute a breach of this Agreement. You and each person who executes the Guaranty shall be joint and severally liable for each person's obligations hereunder and under the Guaranty.

19.7 Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

19.8 Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months. "Force Majeure" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot or other civil disturbance; epidemics; pandemics, or other similar forces which could not, by the exercise of reasonable diligence, have been avoided; provided, however, that neither an act or failure to act by a government authority, nor the performance, nonperformance, or exercise of rights by your lender, contractor, or other person qualifies as a Force Majeure unless the act, failure to act, performance, non-performance, or exercise of rights resulted from a Force Majeure. Your financial inability to perform or your insolvency is not a Force Majeure.

19.9 No Strict Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

19.10 Business Judgment. Notwithstanding any contrary provisions contained in this Agreement, the Parties acknowledge and agree that: *(a)* this Agreement (and the relationship of the Parties which arises from this Agreement) grants Company the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may affect favorably or adversely your interests; *(b)* Company will use its business judgment in exercising such discretion based on Company's assessment of Company's own interests and balancing those interests against the interests, promotion and benefit of the System and Pizza Inn restaurants generally (including Company, and its Affiliates and other franchisees), and specifically without considering your individual interests or the individual interests of any other particular franchisee (examples of items that will promote or benefit the System and Pizza Inn restaurants generally include, without limitation, enhancing the value of the Proprietary Marks and/or the Pizza Inn brand, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); *(c)* Company will have no liability to you for the exercise of its discretion in this manner; and *(d)* even if Company has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Company's judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF COMPANY TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT COMPANY'S

RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR ITS DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

SECTION 20
APPLICABLE LAW, DISPUTE RESOLUTION

20.1 Choice of Law This Agreement and the relationship between the Parties is governed by and will be construed in accordance with the laws of the State of Texas. Nothing in this Section is intended, or will be deemed, to make any Texas law regulating the offer or sale of franchises or the franchise relationship applicable to this Agreement if that law would not otherwise be applicable.

20.2 Choice of Forum The Parties agree that, to the extent any disputes cannot be resolved directly between them, you must file any suit against us only in the federal or state court having jurisdiction in Collin County, Texas or in the county in which our principal offices are then located (currently Denton County, Texas) at the time suit is filed. We may file suit in the federal or state court located in Collin County, Texas, the jurisdiction where our principal offices are located at the time suit is filed, or in the jurisdiction where you reside or do business, or where the Restaurant is or was located, or where the claim arose. You consent to the personal jurisdiction of those courts over you and to venue in those courts.

20.3 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 OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

20.4 WAIVER OF PUNITIVE DAMAGES THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

20.5 Limitation of Actions Unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to you) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within two years and one day from the date the claim or cause of action accrued. This provision is intended to shorten any applicable statute of limitations to the extent permitted by law.

20.6 Mutual Waivers Each of us irrevocably waives trial by jury in any litigation. Each of us also waives any right to or claim of punitive, exemplary, multiple or consequential damages against the other in litigation and agrees to be limited to the recovery of actual damages sustained.

20.7 Remedies Not Exclusive Except as stated otherwise herein, no right or remedy that the Parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under applicable law. The Parties' rights under this Agreement are cumulative and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Agreement that it is entitled by law or this Agreement to exercise or enforce.

20.8 Reimbursement of Costs and Expenses If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding will be entitled to reimbursement of costs and expenses, including but not limited to, reasonable accountants, attorneys',

attorneys assistants and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of the proceeding. If we utilize legal counsel (including in-house counsel employed by us) in connection with any failure by you to comply with this Agreement, you must reimburse us for any of the above-listed costs and expenses incurred by us in any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

SECTION 21
MISCELLANEOUS

21.1 Signatures/Counterparts This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement in electronic (e.g. "pdf") format shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," and words of similar import in the Agreement shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 USC §7001 et seq.) or any other similar state or federal laws.

21.2 Injunctive Relief You recognize that your failure to comply with the terms of this Agreement, including but not limited to the failure to fully comply with all post-termination obligations, is likely to cause irreparable harm to us, our affiliates and the System. Therefore, you agree that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will be entitled to declaratory and injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security.

21.3 Compliance with U.S. Laws You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 ("Order"), we are prohibited from engaging in any transaction with any person engaged in or with a person aiding any person engaged in, acts of terrorism as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you (a) do not and hereafter will not, engage in any terrorist activity, (b) are not affiliated with and do not support any individual or entity engaged in contemplating, or supporting terrorist activity, and (c) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating or supporting terrorist activity, or to otherwise support or further any terrorist activity.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative, as of the date indicated below.

COMPANY:	**FRANCHISEE:**
Pizza Inn, Inc.	________________________
a Missouri corporation	a [state of formation] [entity type]
________________________________ Signature of Authorized Agent	________________________________ Signature of Authorized Agent
________________________________ Print Name/Title	________________________________ Print Name/Title
________________________________ Date	________________________________ Date

EXHIBIT A

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

The undersigned depositor ("**Franchisee**") agrees to electronic funds transfer from Franchisee's account designated below to the designated account(s) of Pizza Inn, Inc. ("**Franchisor**") for payments pursuant to that certain franchise agreement between Franchisor and Franchisee, dated _______________, 20__.

Franchisee authorizes and requests the financial institution (the "**Bank**") to accept the payment entries presented to the Bank by Franchisor, and to deduct them from the Franchisee's account without responsibility for the correctness of these payments.

Franchisee's Name: ____

Franchisee's Address: ____

Contact Name: __________________

Franchisee's Bank Account Information:____

Bank Name: ____

Bank Address: ____

Attach a voided check to this form and Franchisor will complete the following information for Franchisee:

Transit Routing Number:___________________ Checking Account Number:________________

Franchisee agrees: (1) that this authorization will remain in effect for the term of the franchise agreement and any renewals of same; (2) not to revoke any authorization for funds transfer prior to the termination of the applicable Franchise Agreement, without prior written consent of Franchisor; (3) that the Bank cannot cancel this authorization without receiving written consent from Franchisor; and (4) that termination of this authorization does not relieve Franchisee of its obligation to make payments to Franchisor.

Franchisee: ______________________

____
Signature of Authorized Agent

By: ___________________________________

Title: _________________________________

Date:__________________________________

EXHIBIT B
LOCATION ACCEPTANCE FORM

UNTIL THE COMPANY HAS SIGNED THIS LOCATION ACCEPTANCE FORM, YOU SHOULD NOT SIGN ANY LEASE, REAL ESTATE CONTRACT, CONSTRUCTION CONTRACT, OR NOTE UNLESS THE CONTRACT CONTAINS A CLAUSE PERMITTING YOU TO WITHDRAW FROM THE CONTRACT IF THE COMPANY DOES NOT ACCEPT THE LOCATION.

YOU SHOULD NOT START CONSTRUCTION UNTIL THE COMPANY HAS ACCEPTED YOUR FINAL DRAWINGS IN WRITING. ANY ACTION TAKEN BY YOU PRIOR TO THE COMPANY'S ACCEPTANCE OF A SUBMITTED LOCATION SHALL BE AT YOUR OWN RISK AND EXPENSE.

Franchisee requests that Company accept the following location ("Location") to be developed and operated by Franchisee as a Pizza Inn restaurant, pursuant to the Franchise Agreement to which this Location Acceptance Form is attached and made a part of as Exhibit B.

Location (full address):

____

____

____

Concept (check one): **[ ] Buffet** **[ ] DELCO** **[ ] EXPRESS**

Franchisee acknowledges and agrees that no representation, promise, guarantee or warranty has been made with respect to the Location except as expressly stated in the Franchisee Agreement.

Acceptance of the Location by Company is valid for 180 days from date of this Location Acceptance Form. If a lease which has been accepted by Company or a purchase of real estate for the Restaurant has not been finalized by the end of this 180-day period, a new Location Acceptance Form must be submitted for acceptance.

FRANCHISEE HEREBY ACKNOWLEDGES AND AGREES THAT THE COMPANY'S ACCEPTANCE OF A PROPOSED LOCATION AND ANY INFORMATION IMPARTED TO FRANCHISEE REGARDING THE PROPOSED LOCATION SHALL NOT CONSTITUTE A WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE POTENTIAL FOR SUCCESS OF A PIZZA INN RESTAURANT AT THE PROPOSED LOCATION. FRANCHISEE ACKNOWLEDGES THAT RESTAURANTS AT SITES ACCEPTED BY THE COMPANY MAY NOT BE SUCCESSFUL.

The undersigned Franchisee understands and agrees that if this proposed location is not accepted by the Company as provided in the Franchise Agreement, or if the undersigned Franchisee otherwise fails to develop and open the Restaurant as required by the Franchise Agreement, the Company may terminate the Franchise Agreement and any fees paid will thereupon be forfeited.

Acceptance of the Location by the Company is contingent upon satisfaction of the following conditions:

1. Written acceptance by the Company of the remodel or building plans, both interior and exterior.
2. Written acceptance by the Company of the site plan, including building location and parking.

Franchisee: ___________________________

_______________________________________ _______________________________________
Signature of Authorized Agent of Franchisee Date

____
Print Name and Title

Accepted by Company on the date below:

_______________________________________ _______________________________________
Signature of Authorized Agent of Company Date

____
Print Name and Title

EXHIBIT C
GUARANTY

FOR GOOD AND VALUABLE CONSIDERATION, the undersigned, whose address appears below the signature(s), (whether singular or plural, hereinafter called "Guarantor") hereby absolutely and unconditionally jointly and severally guarantee(s) to Company the performance in full, when due, of all the Obligations, as such terms are defined herein. In connection with the Obligations, including without limitation, those pursuant to the Leases, any Notes and the Franchise or License Agreements, Guarantor unconditionally guarantees to the Company, and any legal representative, successors and assigns of the Company, the full and punctual performance and observance by Franchisee of all the terms, covenants and conditions in any instrument or document evidencing any of the Obligations, including but not limited to the Leases, any Note, or Franchise or License Agreement on Franchisee's part to be kept, performed or observed.

As used herein, the following terms shall have the meanings as defined below:

(i) "Affiliated Companies" means any unincorporated division or entity of Company, any direct or indirect subsidiary or parent of Company or any entity under common ownership control with Company, including Rave Restaurant Group;

(ii) "Company" means, collectively Pizza Inn, Inc., a Missouri corporation, with its principal office located at 3551 Plano Parkway, The Colony, Texas, and all Affiliated Companies and their legal representatives, successors and assigns;

(iii) "Franchisee" means the entity stated below and its legal representatives, successors and assigns;

(iv) "Franchise Agreement" means any Franchise or License Agreement, now existing or hereafter entered into by and between Company and Franchisee, for the operation by Franchisee of a food operation location franchised by Company; and any extensions, modifications or renewals thereof;

(v) "Lease" means any real property, personal property or equipment leases or financing agreements by and between Franchisee and Company, and under any such agreements for which Company remains liable that have been assigned to, and assumed by Franchisee;

(vi) "Notes" means any promissory notes or other instruments executed and delivered by Franchisee evidencing any obligation for the payment of money payable to Company now existing or hereafter entered into by Franchisee, and each and every extension, renewal or novation thereof, any security instruments held by Company to secure any Note or other Obligation; and any such obligations for which Company remains liable that have been assigned to, and assumed by Franchisee; and

(vii) "Obligations" means all obligations of Franchisee to Company including, without limitation, those pursuant to or arising out of (a) purchases of goods and services from Company, including, without limitation, purchases of products from the Norco division of the Company; (b) obligations under the Franchise or License Agreement, including without limitation, franchise fees, accrued franchise royalties and the full, punctual performance and observance of all the terms, covenants and conditions thereof; (c) obligations under the Leases; (d) obligations under the Notes and (e) obligations pursuant to the Pizza Inn Advertising Plan or any advertising or marketing co-operative of which Franchisee is a participant.

Guarantor expressly waives demand and diligence on the part of the Company in the collection or enforcement of any and all of the Obligations and agrees to all extensions or other accommodations that may be granted to Franchisee by the Company. The Company shall be under no obligation to notify Guarantor of (i) its acceptance hereof, (ii) of any sales or other accommodations made to Franchisee in reliance hereon, (iii) of the extension of funds evidenced by Notes or otherwise, (iv) of the failure of Franchisee to pay or perform any of the Obligations or in bringing suit or in taking other action to enforce collection or performance of the Obligations, (v) the entering into or any modification, renewal or extension of any of the provisions of Leases, Notes or Franchise or License Agreements. The Company agrees to use all reasonable efforts to notify Guarantor of a breach of or default in the performance of any Obligation by sending to Guarantor a photocopy of any notice sent to Franchisee, however, the failure to send such notice to Guarantor shall not in any way impair, waive or release the obligations of Guarantor hereunder. Guarantor agrees to pay the Company's reasonable attorneys' fees and related out of pocket expenses if this Guaranty is placed in the hands of any attorney for collection through court proceedings or otherwise.

If Franchisee's legal or entity status should change through merger, consolidation or otherwise, this Guaranty shall cover all the Obligations of Franchisee under its new status, in accordance with the terms hereof. This is a continuing Guaranty and shall apply to and cover the original Obligations and any renewals or extensions thereof. This Guaranty shall inure to the benefit of the Company and its legal representatives, successors and assigns. Guarantor hereby subordinates any obligations of Franchisee to Guarantor, either now existing or incurred after the date hereof, to the Obligations of Franchisee to the Company.

The Company shall not be required to pursue or exhaust any remedies against Franchisee, foreclose its interest in any collateral now or hereafter held by the Company as security for the payment or performance of the Obligations or to take any other action before requiring payment or performance under this Guaranty. Without in any manner impairing or diminishing the undertakings of Guarantor hereunder, the Company may elect to pursue any available remedy against Franchisee or against any collateral held by the Company, even though the exercise by the Company of such remedy may result in loss to Guarantor of any right of subrogation or of rights to proceed against Franchisee for reimbursement.

If a court of competent jurisdiction shall determine that Franchisee is not liable on the Obligations because the act of creating any of the Obligations is *ultra vires*, or if the officers or persons incurring the same acted in excess of their authority, and therefore the Obligations cannot be enforced against Franchisee, Guarantor nevertheless shall be liable hereunder.

If any payment by Franchisee to the Company is held to be a preference under any state or federal law or regulation relating to the relief of debtors, including with limitation, the Federal Bankruptcy Act, as amended, or if for any other reason the Company is required to refund such payment or pay the amount thereof to any other person, the fact of such payment by Franchisee to the Company shall not constitute a discharge of Guarantor from any liability hereunder, and Guarantor agrees to pay such amount to the Company upon demand.

Upon the death of an individual Guarantor, the estate of such Guarantor shall be bound by this Guaranty but only for defaults occurring and Obligations hereunder existing at the time of death; however, the Obligations of the other Guarantors hereunder shall continue in full force and effect.

Guarantor represents that he or it owns a substantial equity interest in Franchisee and is receiving consideration from the Obligations incurred by Franchisee to Company that constitutes a material, direct benefit to Guarantor. Guarantor acknowledges that Company is relying on this Guaranty as a primary, material inducement to enter into all the agreements which evidence the Obligations of Franchisee and any other contractual relationships arising from the franchise relationship. This undertaking shall inure to the benefit of the Company, its legal representatives, successors and assigns.

Guarantor covenants to deliver to the Company not later than sixty (60) days after the end of each calendar year while this Guaranty is effective, financial statements of Guarantor prepared by an accounting professional in accordance with generally accepted accounting principles consistently applied and signed by Guarantor verifying that the financial statements fairly reflect the financial condition of Guarantor as of the date thereof.

All notices or demands required or permitted hereunder shall be in writing and shall be deemed delivered when deposited with the United States Postal Service, first class, postage prepaid, certified or registered mail, return receipt requested, addressed to the addresses of the parties as specified herein or to such other address as such party may from time to time designate by notice.

Guarantor acknowledges that this Guaranty is to be performed by Guarantor in The Colony, Texas and shall be deemed to be a contract made under the laws of the State of Texas. Guarantor agrees (i) that this Guaranty shall be interpreted and construed in accordance with the laws of the State of Texas, (ii) to submit to the jurisdiction of the courts of the State of Texas, and (iii) that service of process by certified mail, return receipt requested, addressed to the last known address of Guarantor shall be sufficient to confer *in personam* jurisdiction over Guarantor.

Franchisee: ______________________________

Address: ______________________________

____

GUARANTOR: ___________________	**GUARANTOR: ___________________**
___________________________________ Signature of ___________________	___________________________________ Signature of ___________________
___________________________________ Print Name/Title	___________________________________ Print Name/Title
Date: ______________________________	Date: ______________________________

PIZZA INN, INC.
FRANCHISE AGREEMENT
ATTACHMENT D
ENTITY INFORMATION

As an authorized agent, I represent and warrant that the following information regarding the following entity, which will enter into the Pizza Inn franchise agreement, is accurate and complete in all material respects as of date written below.

Entity Type: [ ] corporation [ ] limited liability company [ ] other

(if other, describe)

____

State where entity was formed: _______________ Date of Formation: _______________

I agree, upon signing of the Agreement, to provide Company with true and accurate copies of Franchisee's formation and governing documents, which have been issued by the state governing body in which the entity was formed (e.g. Articles of Incorporation, Certificate of Formation, Bylaws, Operating Agreement, Partnership Agreement), including any amendments to the documents and resolutions authorizing the execution.

I agree to provide any additional information requested by Company concerning any person who will have any direct or indirect financial interest in the franchisee entity.

(1) The name and address of each of Owner:

NAME	ADDRESS	PERCENTAGE INTEREST

FRANCHISEE: ___________________________

____
Signature of Authorized Agent of Franchisee

____
Print Name/Title

EXHIBIT B

PIZZA INN, INC.

MULTI-STORE
DEVELOPMENT AGREEMENT

PIZZA INN
MULTI-STORE DEVELOPMENT AGREEMENT

This Multi-Store Development Agreement ("Agreement") is entered into by and between Pizza Inn, Inc., a Missouri corporation ("Company" or "Franchisor") and ____ ("Developer") effective as of ____ (the "Effective Date") for the development and operation of Pizza Inn® restaurants (herein collectively referred to as "Restaurants") pursuant to franchise agreements on the terms set forth herein.

1. RECITALS

WHEREAS, Franchisor owns a system (the "System") consisting of certain trademarks, trade names, trade dress, service marks, slogans and logos (the "Proprietary Marks"), and certain proprietary know-how and other Confidential Information (defined herein) for:

A. the operations and systems of marketing and promoting restaurant services, foods, services and beverages featuring pizza and related foods utilizing food service establishments (herein referred to as "Pizza Inns" or "Restaurants", using the System and the Proprietary Marks; and

B. the supply and distribution of food and beverage products and the promotion, sale and delivery of the same (the "Products"); and

C. the operation of the Restaurants and the promotion and sale of the Products shall be referred to as the "Pizza Inn Business", and

WHEREAS**,** Developer desires to develop Pizza Inn Businesses in the Territory as defined in Exhibit B; and

WHEREAS, Developer has had a full and adequate opportunity to read and review this Agreement and to be thoroughly advised of the terms and conditions of this Agreement by an attorney or other personal representative and has had sufficient time to evaluate and investigate the System, the financial requirements and the risks associated with developing the System, and

NOW THEREFORE, in recognition of these recitals and in consideration of the mutual promises and covenants set forth in this Agreement, Franchisor and Developer agree and contract as follows:

2. GRANT OF DEVELOPMENT RIGHTS AND RESERVATION OF RIGHTS

2.1 **GRANT**. Franchisor hereby grants to Developer the right, and Developer undertakes the obligation, for the term of this Agreement as set forth in Section 3 (the "Term") and pursuant to the terms and conditions of this Agreement to develop Restaurants within one or more territories defined in Exhibit A (collectively, the "Territory"). In order to accomplish such development, Developer agrees that, by itself or through wholly-owned subsidiary or affiliate as set forth in Section 4 (in each case a "Franchisee"), Developer shall enter into separate franchise agreements (each a "Franchise Agreement") with Franchisor, relating to the license to use the System, Proprietary Marks and/or Confidential Information to develop and operate Restaurants in the Territory, subject in all cases to the terms and conditions hereof

INT: ____ INT: ____

and the respective Franchise Agreement.

2.2 EXCLUSIVITY. The rights and privileges granted to Developer in this Agreement are expressly limited to the Territory and are expressly subject to the terms and conditions of this Agreement. Except as otherwise provided in this Agreement or in the event of a breach of this Agreement or any Franchise Agreement by Developer, Franchisor will not franchise, license, subfranchise, develop, own or operate any Restaurants in the Territory while this Agreement is in effect without the prior written consent of Developer.

2.3 NOT A FRANCHISE. This Agreement is not a franchise agreement. The purpose of this Agreement is to set forth the parties' respective rights and obligations with respect to the development of Restaurants in the Territory. It does not grant any rights with regard to the actual operation of any Restaurants or to use the System. All rights relating to franchising or operating a Restaurant shall be contained in the Franchise Agreement. Developer will not have the right to franchise, subfranchise, license or sublicense any of its rights under this Agreement and DEVELOPER may develop Restaurants only in the Territory.

2.4 FRANCHISOR RIGHT TO DEVELOP RESTAURANTS. Notwithstanding the grant or license of the rights described herein, Franchisor retains the right:

(1) to develop and operate, and to license to others the rights to develop and operate, Restaurants and other points of sale under the Proprietary Marks or other trademarks, trade names, or service marks at any location outside of the Territory, as amended pursuant to this Agreement; and

(2) to offer and sell, and to license others to offer and sell, within the Territory, as amended by this Agreement, or elsewhere, any similar and dissimilar products and services, whether identified by the Proprietary Marks or by other trademarks, trade names, or service marks, through any channel or by any means or method of distribution other than a Pizza Inn Restaurant (including, without limitation, through the Internet or other electronic means), on such terms as Company may deem appropriate; and

(3) to offer and sell, and to license others to offer and sell, within the Territory, as amended by this Agreement, or elsewhere, similar, or dissimilar products and services through non-traditional points of sale. The term "non-traditional point of sale" includes, without limitation, food courts, malls, cafeterias, office buildings, schools (including universities and colleges), hotels, stadiums or other athletic venues, military facilities, fairgrounds and festival venues.

3. TERM

Unless sooner terminated in accordance with the provisions of this Agreement, the Term of this Agreement shall begin on the Effective Date and continue in effect until the earlier of (i) the date Developer has completed its development obligations under this Agreement, or (ii) 12:00 midnight on the last day of the last Development Period specified in the Development Schedule. This Agreement will not be enforceable until it has been signed by Franchisor and Developer.

4. FEES and ROYALTIES

4.1 Initial Franchise Fee. For each Franchise Agreement signed pursuant to this Agreement, Developer agrees to pay to Franchisor an initial franchise fee in the following amounts:

INT: ____ INT: ____

First (1st) Franchise Agreement: $___

Second (2nd) Franchise Agreement: $___

Third (3rd) Franchise Agreement: $___

4.2 Development Fee. Developer shall pay a Development Fee for each Restaurant in the following amounts:

Restaurant #1: $___

Restaurant #2: $___

Restaurant #3: $___

Following the successful opening of Store #2, Company will credit the Development Fee paid in association with Store #2 as a credit against the Initial Franchise Fee for the same store. Following the successful opening of Store #3, Company will credit the Development Fee paid in association with Store #3 as a credit against the Initial Franchise Fee for the same store.

4.3 Royalty Fee. Under the terms and conditions of each Franchise Agreement, Developer will pay Company a royalty fee of 4%.

4.3 National Advertising Fund Contribution. Under the terms and conditions of each Franchise Agreement, Developer will pay into a national advertising fund an amount of 4%.

4.4 Conditional Reduction of Fees, Royalties and NAF Contributions. Provided Developer remains in compliance with the terms of this Agreement and all associated franchise agreements, Franchisor agrees to reduce the Initial Franchise Fee, royalty payment and National Advertising Fund ("NAF") payment due under the terms of each franchise agreement for each Restaurant developed hereunder to the amounts described as follows:

	Initial Franchise Fee	Year 1 (Royalty/ NAF)	Year 2 (Royalty/ NAF)	Year 3 (Royalty/ NAF)	Year 4 (Royalty/ NAF)	Year 5 -19 (Royalty/ NAF)	Year 20 (Royalty/ NAF)
Store 1	$0	3%/1%	3%/2%	3%/2.5%	3%/3%	3%/4%	4%/4%
Store 2	$0	3%/1%	3%/2%	3%/2.5%	3%/3%	3%/4%	4%/4%
Store 3	$0	3%/1%	3%/2%	3%/2.5%	3%/3%	3%/4%	4%/4%
Store 4	$0	3%/1%	3%/2%	3%/2.5%	3%/3%	3%/4%	4%/4%

Notwithstanding anything contained herein to the contrary, Franchisor retains the right to discontinue the above-described franchise fee, royalty and NAF reductions, at Franchisor's sole discretion, in the event Developer does not comply with all terms and conditions of this Agreement and all associated franchise agreements

5. EXERCISE OF DEVELOPMENT RIGHTS

5.1 Developer shall exercise the development rights granted herein by entering into a separate franchise agreement for each Restaurant. With respect to each Restaurant, Developer must execute the Franchise Agreement and, with respect to the second and each subsequent Restaurant developed hereunder, pay the Initial Franchise Fee, if any, by the first to occur of Company's acceptance of the applicable location or 90 days prior to the expiration of the applicable Development Period listed in the Development Schedule in Exhibit A. With respect to each Restaurant, the form of Franchise Agreement will be the then-current standard form in general use at the time of site acceptance.

5.2 Beginning with the first Restaurant and continuing for each subsequent Restaurant, Developer will submit to Company an application for the right to enter into a franchise agreement to operate one Restaurant. Provided Devloper is in complete compliance with each of the following conditions, Company will grant Developer the right to enter into a franchise agreement to operate a Restaurant:

(1) Developer is in compliance with the Development Schedule in Section 5.3, below, and all other terms of this Agreement. Developer and its affiliates are in compliance with any other development agreement or franchise agreement with Company and its affiliates.

(2) Developer is operating its existing Restaurants, if any, and is capable of operating the proposed Restaurant in compliance with (i) the terms of this Agreement, (ii) the terms of the respective franchise agreements, and (iii) System standards, specifications, and procedures set forth in the Manual, as amended from time to time.

5.3 Acknowledging that time is of the essence, Developer agrees to exercise its development rights according to the terms and conditions contained herein and the Development Schedule, attached as Exhibit A to this Agreement. The Development Schedule designates the number of Restaurants to be established and in operation by Developer upon expiration of each of the designated development periods ("Development Periods"). Developer acknowledges and agrees to open Restaurants in compliance with the Development Schedule.

5.4 During any of the Development Periods, Developer may, subject to the terms and conditions of this Agreement and with Company's written approval, develop more than the total minimum number of Restaurants that Developer is required to develop during that Development Period. Any Restaurants developed during a Development Period in excess of the minimum required to be developed shall be applied to satisfy Developer's development obligation during the next Development Period, if any. Additionally, Developer may substitute or add to the identified Restaurant locations to the extent that such locations are available, and substitution/addition are agreed to by Company, which may be withheld within Company's exclusive discretion.

6. COMPANY PERFORMANCE

6.1 Company agrees to Review the locations proposed by Developer and accept a location to be selected by Developer and meeting Company's current standards. **Developer acknowledges and agrees that Company's acceptance of a location selected by Developer and any information regarding the location communicated by Company to Developer, does not constitute a**

INT: ____ INT: ____

guarantee, assurance, representation, or warranty of any kind by Company, express or implied, as to the suitability of the location for a Restaurant or for any other purpose, or that a Restaurant operated at such site will be successful, profitable, or meet any financial projections.

7. DEVELOPER PERFORMANCE

7.1 Developer and its Controlling Principals locate, determine the availability of and submit for Company's inspection and review, in the form specified by Company, a location for each Restaurant that is acceptable to Company according to Company's then current site selection and acceptance guidelines and requirements.

8. ORGANIZATION AND OWNERSHIP INFORMATION

8.1 If Developer or a Controlling Principal is a legal entity, Developer represents, warrants, and covenants that:

(1) Developer is duly formed, validly existing, and in good standing under the laws of its state of organization and is duly authorized and shall maintain such authorization to conduct business where the Restaurant is located; and

(2) The execution and delivery of, and the observance, performance, and fulfillment of the covenants, terms, agreements, provisions, and conditions of this Agreement are within its powers under its organizational documents and have been duly authorized by all necessary legal action, and do not and will not during the Term of this Agreement contravene its governing documents or any contractual restriction binding on Developer.

(3) The financial statements delivered to Company accurately reflect the financial condition of Developer and/or each Controlling Principal as of the date thereof; and

9. REPRESENTATIONS AND WARRANTIES

9.1 Developer and each Controlling Principal, as defined below, hereby represent and warrant the following:

(1) No action, suit, or proceeding is pending or threatened against Developer or any Controlling Principal before any court, board of arbitration, or administrative agency that could result in any material adverse change in Developer or its business or condition (financial or otherwise), except as previously disclosed to Company in writing;

(2) No other person or entity holds any right, title, or interest in Developer, its stock or its assets except as previously disclosed in writing to Company in writing.

(3) Developer is obtaining the Restaurant for the purposes of the operation of a franchised Pizza Inn Restaurant and there is no present intent to sell or transfer the Restaurant or any underlying franchise agreement.

9.2 By each individual who is a Developer, a guarantor, or any Controlling Principal:

(1) The personal financial statements delivered to Company accurately reflect the

financial condition of Developer, guarantor, and each Controlling Principal, as of the date thereof;

(2) No event has occurred that could or might result in any material adverse change in such person's financial condition except as previously disclosed to Company; and

(3) No other person or entity holds any right, title, or interest in or to the franchise license granted, this Agreement, or to the assets to be used in connection with the operation of any Restaurant except as previously disclosed in writing to Company.

10. GENERAL RELEASE

10.1 Developer, on behalf of itself and its parent, subsidiaries and affiliates (collectively, "Releasors"), freely and without any influence, forever releases and covenants not to sue Company, its parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "Claims"), that any Releasor now owns or holds or may in the future own or hold based on, arising out of or relating to, in whole or in part any fact, event, conduct or omission occurring on or before the date of this Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and Company or its parent, subsidiaries or affiliates, the sale of any franchise to any Releasor, the development and operation of the Restaurant and the development and operation of all other restaurants operated by any Releasor that are franchised by Company or its parent, subsidiaries or affiliates. Releasors expressly agree that fair consideration has been given by Company for this release, and they fully understand that this is a negotiated, complete and final release of all claims.

11. CONTROLLING PRINCIPALS.

11.1 If Developer is a corporation, partnership, limited liability company, or other legal entity, certain provisions of this Agreement, including, without limitation, the provisions of this Section 11, shall be binding upon and enforceable against each of its shareholders, partners, members or owners, and the spouses of each of the preceding individuals, as applicable (each a "Controlling Principal"). Developer represents that all Controlling Principals are listed in Exhibit B. Developer agrees to require each Controlling Principal to execute the Guaranty attached hereto as Exhibit C. No assignment, transfer, conveyance, encumbrance or gift of any interest in Developer, this Agreement or the rights granted hereby shall relieve Developer or Controlling Principals participating in any such transfer from liability under the applicable terms of this Agreement and each associated Franchise Agreement.

12. SALE, ASSIGNMENT, OR TRANSFER

(1) By Company. This Agreement and the rights, privileges, and obligations hereunder arising are fully assignable by Company and shall inure to the benefit of any assignee or other legal successor to the interest of Company.

INT: ____ INT: ____

(2) By Developer. Company has entered into this Agreement in reliance upon the qualifications of Developer, its guarantors, and the Controlling Principals and their commitments, covenants, and obligations under this Agreement. The rights herein granted to Developer are personal to Developer. Developer or any Controlling Principal may not sell, assign, or otherwise transfer any rights under this Agreement, any interest in this Agreement or any Franchise Agreement.

(3) Sublicensing. Developer shall have no right whatsoever to subfranchise or sublicense rights granted under this Agreement, including, without limitation, the Proprietary Marks, the System, any Restaurant, or any interest therein.

(4) Use as Collateral. Developer shall not pledge, assign, hypothecate, or otherwise use this Agreement or the rights hereby granted, and no Controlling Principal shall pledge, assign, hypothecate, or otherwise use its interest in Developer, as collateral security for any debt, lease, or other obligation without Company's prior written consent.

13. DEFAULT AND TERMINATION

13.1 Termination on Notice. Upon the occurrence of any of the following (each an "Event of Default"), Developer shall be deemed to be materially in default and Company may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default except as provided below, effective immediately upon written notice to Developer:

(1) If Developer becomes insolvent or makes a general assignment for the benefit of creditors or files a voluntary petition under any section or chapter of federal bankruptcy laws or under any similar laws or statutes of the United States or any state or admits in writing its inability to pay its debts when due;

(2) If Developer is adjudicated bankrupt or insolvent in proceedings filed against Developer under any section or chapter of federal bankruptcy law or any similar law or statute of the United States or any state;

(3) If a receiver or other custodian is appointed for Developer's business or assets;

(4) If a final judgment against Developer remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond in filed);

(5) If Developer is dissolved;

(6) If execution is levied against Developer's business or property or if suit to foreclose any lien or mortgage against the premises or equipment of any business operated hereunder or under any franchise agreement is instituted and not dismissed within 30 days or if the real or personal property of any business operated hereunder or under any franchise agreement shall be sold after levy by any sheriff, marshal, or constable;

(7) If Developer fails to qualify for the grant of franchise agreements under Section 2 or otherwise fails to comply with the Development Schedule, or if Developer fails to develop a replacement Restaurant within the time period required in Section 2;

(8) If Developer fails to execute each franchise agreement in accordance with the terms of this Agreement;

(9) If Developer or any Controlling Principal is convicted of, or shall have entered a plea of *nolo contendere* to, a felony, crime involving moral turpitude, or any other crime or offense that Company believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Company's interests therein;

(10) If a threat or danger to public health or safety results from the construction, maintenance, or operation of any Restaurant developed under this Agreement;

(11) If Developer or any Controlling Principal breaches any of the representations, warranties, or covenants in Section 9; or

(12) If Developer or any Controlling Person transfers or attempts to transfer any rights or obligations under this Agreement or any interest in Developer contrary to Section 12.

(13) Developer misuses or makes any unauthorized use of the Proprietary Marks or otherwise materially impairs the goodwill associated therewith or with the System or Company's rights therein.

(14) If Developer, any of its affiliates, any of its Controlling Principals and/or any of its guarantors under this Agreement remains in default beyond the applicable cure period (if any) under: (a) any other agreement with Company or its affiliates, including, but not limited to, any Development Agreement or Franchise Agreement; (b) any real estate lease, equipment lease or financing instrument relating to a Restaurant; or (c) any agreement with any vendor or supplier to a Restaurant, provided that if the default is not by Developer, Developer is given written notice of the default and 30 days to cure said default.

13.2 Termination with Notice and Cure. In addition, it shall be an Event of Default if Developer or any of its affiliates fails, refuses, or neglects promptly to pay when due any monetary obligation owing to Company or any of its affiliates or supplier or distributor under this Agreement, any franchise agreement, invoice, statement or bill, or any other agreement and does not cure such default within 5 days following notice from Company (or the applicable cure period in such other agreement, unless no cure period is stated, in which case the cure period stated above shall apply).

13.3 Additional Remedies. Upon default by Developer, Company has the option, in addition to, or in lieu of, exercising its option to terminate this Agreement to do any one or more of the following:

(1) terminate any territorial rights granted to Developer;

(2) reduce or otherwise modify the area of such territorial rights;

(3) reduce the number of restaurants that Developer is authorized to develop; or

(4) pursue any other remedy Company may have at law or in equity.

13.4 Recovery of Discounts. In the event of uncured Default by Developer, the total amount of all reduced franchise fees, National Advertising Fund contributions, and royalties set forth in Section 4 herein, shall become immediately due and payable by Developer to Company.

13.5 Costs and Fees. Company shall be entitled to recover all reasonable attorneys' fees and costs incurred by Company in pursuit of its rights or enforcement of any of the obligations of or restrictions upon Developer, any guarantor of Developer, or any Controlling Principal hereunder.

14. POST-TERMINATION

14.1 Upon expiration and non-renewal or termination of this Agreement, all rights hereunder granted or licensed to Developer shall end.

15. MISCELLANEOUS

15.1 Severability. It is the desire and intent of the parties to this Agreement, including DEVELOPER'S Principals and the Personal Guarantors, that the provisions of this Section 15 be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement is sought. Accordingly, if any part of this Section 15 is adjudicated to be invalid or unenforceable, then this Section 15 will be deemed amended to modify or delete that portion thus adjudicated to be invalid or unenforceable, such modification or deletion to apply only with respect to the operation of this Section 15 and the particular jurisdiction in which such adjudication is made. Further, to the extent any provision of this Section 15 is deemed unenforceable by virtue of its scope or limitation, the parties to this Agreement, including DEVELOPER, DEVELOPER'S Principals and the Personal Guarantors, agree that the scope and limitation provisions will, nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought.

15.2 Notices. Any and all notices and other communications that may be required or permitted hereunder shall be in writing and, unless otherwise expressly provided herein to the contrary, either (i) delivered in person, (ii) sent by registered or certified mail, return receipt requested, postage prepaid, (iii) sent by reputable overnight courier providing receipt of delivery, or (iv) sent by e-mail (with hard copy promptly sent by registered or certified mail, return receipt requested, postage prepaid, or by reputable overnight courier) to the parties at their respective addresses set forth below. A party to this Agreement may change its notice information by providing written notice to the other party pursuant to the notice requirements stated above, and such change will be effective as to each other Party on the 10th day after delivery to such other Party. Notices and other communications given as provided herein shall be deemed received (i) if personally delivered, then on the date of delivery; (ii) if mailed, then on the date of delivery indicated on the return receipt; (iii) if sent by overnight courier, then on the date of delivery as indicated on the delivery receipt; or (iv) if sent by e-mail, then on the date such notice or communication is sent electronically.

If to Developer:	If to Company:
______________________________	Pizza Inn, Inc.
Attention: _____________	Attention: _________
______________________________	3551 Plano Parkway
______________________________	The Colony, Texas 75056
e-mail: ______________	e-mail: ______________

INT: ____ INT: ____

With a copy to:

____

____

____

15.3 Binding Effect. This Agreement shall be binding upon and inure to the benefit of Company and its successors and assigns. This Agreement shall be binding upon Developer, each Controlling Principal, guarantors, and their respective successors, assigns, heirs, executors, and other personal representatives; however, nothing in this Agreement is intended nor shall be deemed to confer upon any person or legal entity other than Developer any rights, benefits, or remedies hereunder, except to any permitted transferee or assignee approved by Company in accordance with the requirements of Section 12 hereof.

15.4 Governing Law, Jurisdiction and Venue. THIS AGREEMENT SHALL BE GOVERNED BY, INTERPRETED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS (WITHOUT REGARD TO TEXAS CHOICE OF LAW RULES). JURISDICTION AND VENUE ARE EXCLUSIVELY IN THE FEDERAL OR STATE COURTS LOCATED IN DENTON COUNTY, TEXAS OR IN THE COUNTY IN WHICH COMPANY'S CORPORATE OFFICES ARE LOCATED. DEVELOPER, EACH PRINCIPAL AND GUARANTOR CONSENT TO THE PERSONAL JURISDICTION AND VENUE OF THOSE COURTS.

15.5 Various Forms of Agreements. Developer acknowledges and agrees to execute the then-current Franchise Agreement each time Developer enters into a franchise agreement and to be bound by the terms of each agreement which may differ materially in certain instances.

15.6 No Waiver. No failure of Company to exercise any power given to it hereunder, or to insist on strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms of this Agreement shall constitute a waiver of Company's right to demand exact compliance with the terms of this Agreement. Waiver by Company of any particular Event of Default by Developer shall not affect or impair Company's rights with respect to any subsequent default of the same or a different nature, nor shall any delay or omission of Company to exercise any rights arising from a default affect or impair Company's rights as to said default or any subsequent default.

15.7 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreements between the parties, written or oral, with respect to such subject matter contained herein.

15.8 No Modification. This Agreement may not be amended, modified, or rescinded, or any performance requirement waived, except by a written agreement executed by authorized agents of Company and Developer.

15.9 Acknowledgments. DEVELOPER ACKNOWLEDGES RECEIPT OF THIS AGREEMENT AND THE APPLICABLE EXHIBITS IN THE FORM TO BE EXECUTED BY DEVELOPER PRIOR TO THE EXECUTION DATE DESIGNATED BELOW BY DEVELOPER. DEVELOPER ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT CAREFULLY AND HAS BEEN ADVISED BY A COMPANY REPRESENTATIVE TO DISCUSS ITS PROVISIONS WITH AN ATTORNEY OF DEVELOPER'S CHOICE PRIOR TO ITS EXECUTION BY DEVELOPER.

INT: ____ INT: ____

15.10 Business Judgment. Company shall be entitled to use reasonable business judgment in the exercise of its rights, obligations, and discretion under this Agreement except where otherwise indicated herein. "Reasonable business judgment" means that Company's determination shall prevail even in cases where other alternatives are also reasonable so long as Company intends to benefit or is acting in a way that could benefit the System by enhancing the value of the Proprietary Marks, increasing customer satisfaction, or minimizing possible customer brand or location confusion. Company shall not be required to consider Developer's particular circumstances when exercising its reasonable business judgment. At no time is Developer or any third party (including, but not limited to, any third party acting as a trier of fact) entitled to substitute Developer's or its judgment for a judgment that has been made by or on behalf of Company and that meets the definition of reasonable business judgment in recognition of the fact that the long-term goals of a franchise system, and the long-term interests of Company, the System, and all franchise owners, taken together, require that Company have the latitude to exercise reasonable business judgment.

15.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall compromise a single instrument. A signature page delivered by a .pdf file via email shall be deemed to be an original.

16. COMPANY'S ACCEPTANCE; CLOSING PROCEDURE

Developer shall deliver to Company 2 counterparts of this Agreement, executed by Developer and all Controlling Principals, together with the total Development Fee and the Initial Franchise Fee for the first Restaurant to be developed under this Agreement, within 30 days after delivery from Company. Such transmittal to Company by Developer of this Agreement, together with the Development Fee and the Initial Franchise Fee for the first Restaurant to be developed under this Agreement, shall be deemed to constitute Developer's offer to contract with Company as specified herein. This Agreement and the rights granted herein shall not be effective and binding on Company and shall not confer any rights upon Developer unless and until Company accepts this Agreement, by signature of its President or other authorized representative, within 30 calendar days after Company's receipt of this Agreement and any other required documents, executed by Developer and Controlling Principals.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement in duplicate on the Effective Date.

Developer: ______________________________	**Pizza Inn, Inc.**
By: _____________________________________	By: _____________________________________
Printed Name: ____________________________	Printed Name: ____________________________
Title: ___________________________________	Title: ___________________________________

INT: ____ INT: ____

EXHIBIT C

PIZZA INN, INC.

LOCATION ACCEPTANCE FORM

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

The undersigned depositor ("**Franchisee**") agrees to electronic funds transfer from Franchisee's account designated below to the designated account(s) of Pizza Inn, Inc. ("**Franchisor**") for payments pursuant to that certain franchise agreement between Franchisor and Franchisee, dated _______________, 20__.

Franchisee authorizes and requests the financial institution (the "**Bank**") to accept the payment entries presented to the Bank by Franchisor, and to deduct them from the Franchisee's account without responsibility for the correctness of these payments.

Franchisee's Name: ____

Franchisee's Address: ____

Contact Name: __________________

Franchisee's Bank Account Information:____

Bank Name: ____

Bank Address: ____

Attach a voided check to this form and Franchisor will complete the following information for Franchisee:

Transit Routing Number:___________________ Checking Account Number:________________

Franchisee agrees: (1) that this authorization will remain in effect for the term of the franchise agreement and any renewals of same; (2) not to revoke any authorization for funds transfer prior to the termination of the applicable Franchise Agreement, without prior written consent of Franchisor; (3) that the Bank cannot cancel this authorization without receiving written consent from Franchisor; and (4) that termination of this authorization does not relieve Franchisee of its obligation to make payments to Franchisor.

Franchisee: ______________________

____
Signature of Authorized Agent

By: ____________________________________

Title: __________________________________

Date:___________________________________

EXHIBIT D

PIZZA INN, INC.

GUARANTY

GUARANTY

Franchisee: ____________________

Effective Date: ____________

FOR GOOD AND VALUABLE CONSIDERATION, the undersigned, _______________, whose address is ____________________________ (whether singular or plural, hereinafter called "Guarantor") hereby absolutely and unconditionally jointly and severally guarantee(s) to Company the performance in full, when due, of all the Obligations, as such terms are defined herein. In connection with the Obligations, including without limitation, those pursuant to the Leases, any Notes and the Franchise or License Agreements, Guarantor unconditionally guarantees to the Company, and any legal representative, successors and assigns of the Company, the full and punctual performance and observance by Franchisee of all the terms, covenants and conditions in any instrument or document evidencing any of the Obligations, including but not limited to the Leases, any Note, or Franchise or License Agreement on Franchisee's part to be kept, performed or observed.

As used herein, the following terms shall have the meanings as defined below:

(i) "Affiliated Companies" means any unincorporated division or entity of Company, any direct or indirect subsidiary or parent of Company or any entity under common ownership control with Company;

(ii) "Company" means, collectively Pizza Inn, Inc., a Missouri corporation, with its principal office located at 3551 Plano Parkway, The Colony, Texas, and all Affiliated Companies and their legal representatives, successors and assigns;

(iii) "Franchisee" means __________________, a _____________ company and its legal representatives, successors and assigns;

(iv) "Franchise Agreement" means any Franchise or License Agreement, now existing or hereafter entered into by and between Company and Franchisee, for the operation by Franchisee of a food operation location franchised by Company; and any extensions, modifications or renewals thereof;

(v) "Lease" means any real property, personal property or equipment leases or financing agreements by and between Franchisee and Company, and under any such agreements for which Company remains liable that have been assigned to, and assumed by Franchisee;

(vi) "Notes" means any promissory notes or other instruments executed and delivered by Franchisee evidencing any obligation for the payment of money payable to Company now existing or hereafter entered into by Franchisee, and each and every extension, renewal or novation thereof, any security instruments held by Company to secure any Note or other Obligation; and any such obligations for which Company remains liable that have been assigned to, and assumed by Franchisee; and

(vii) "Obligations" means all obligations of Franchisee to Company including, without limitation, those pursuant to or arising out of (a) purchases of goods and services from Company, including, without limitation, purchases of products from the Norco division of the Company; (b) obligations under the Franchise or License Agreement, including without

INT: _____ INT: _____

limitation, franchise fees, accrued franchise royalties and the full, punctual performance and observance of all the terms, covenants and conditions thereof; (c) obligations under the Leases; (d) obligations under the Notes and (e) obligations pursuant to the Pizza Inn Advertising Plan or any advertising or marketing co-operative of which Franchisee is a participant.

Guarantor expressly waives demand and diligence on the part of the Company in the collection or enforcement of any and all of the Obligations and agrees to all extensions or other accommodations that may be granted to Franchisee by the Company. The Company shall be under no obligation to notify Guarantor of (i) its acceptance hereof, (ii) of any sales or other accommodations made to Franchisee in reliance hereon, (iii) of the extension of funds evidenced by Notes or otherwise, (iv) of the failure of Franchisee to pay or perform any of the Obligations or in bringing suit or in taking other action to enforce collection or performance of the Obligations, (v) the entering into or any modification, renewal or extension of any of the provisions of Leases, Notes or Franchise or License Agreements. The Company agrees to use all reasonable efforts to notify Guarantor of a breach of or default in the performance of any Obligation by sending to Guarantor a photocopy of any notice sent to Franchisee, however, the failure to send such notice to Guarantor shall not in any way impair, waive or release the obligations of Guarantor hereunder. Guarantor agrees to pay the Company's reasonable attorneys' fees and related out of pocket expenses if this Guaranty is placed in the hands of any attorney for collection through court proceedings or otherwise.

If Franchisee's legal or entity status should change through merger, consolidation or otherwise, this Guaranty shall cover all the Obligations of Franchisee under its new status, in accordance with the terms hereof. This is a continuing Guaranty and shall apply to and cover the original Obligations and any renewals or extensions thereof. This Guaranty shall inure to the benefit of the Company and its legal representatives, successors and assigns. Guarantor hereby subordinates any obligations of Franchisee to Guarantor, either now existing or incurred after the date hereof, to the Obligations of Franchisee to the Company.

The Company shall not be required to pursue or exhaust any remedies against Franchisee, foreclose its interest in any collateral now or hereafter held by the Company as security for the payment or performance of the Obligations or to take any other action before requiring payment or performance under this Guaranty. Without in any manner impairing or diminishing the undertakings of Guarantor hereunder, the Company may elect to pursue any available remedy against Franchisee or against any collateral held by the Company, even though the exercise by the Company of such remedy may result in loss to Guarantor of any right of subrogation or of rights to proceed against Franchisee for reimbursement.

If a court of competent jurisdiction shall determine that Franchisee is not liable on the Obligations because the act of creating any of the Obligations is *ultra vires*, or if the officers or persons incurring the same acted in excess of their authority, and therefore the Obligations cannot be enforced against Franchisee, Guarantor nevertheless shall be liable hereunder.

If any payment by Franchisee to the Company is held to be a preference under any state or federal law or regulation relating to the relief of debtors, including with limitation, the Federal Bankruptcy Act, as amended, or if for any other reason the Company is required to refund such payment or pay the amount thereof to any other person, the fact of such payment by Franchisee to the Company shall not constitute a discharge of Guarantor from any liability hereunder, and Guarantor agrees to pay such amount to the Company upon demand.

Upon the death of an individual Guarantor, the estate of such Guarantor shall be bound by this Guaranty but only for defaults occurring and Obligations hereunder existing at the time of death; however, the Obligations of the other Guarantors hereunder shall continue in full force and effect.

INT: _____ INT: _____

Guarantor represents that he or it owns a substantial equity interest in Franchisee and is receiving consideration from the Obligations incurred by Franchisee to Company that constitutes a material, direct benefit to Guarantor. Guarantor acknowledges that Company is relying on this Guaranty as a primary, material inducement to enter into all the agreements which evidence the Obligations of Franchisee and any other contractual relationships arising from the franchise relationship. This undertaking shall inure to the benefit of the Company, its legal representatives, successors and assigns.

Guarantor covenants to deliver to the Company not later than sixty (60) days after the end of each calendar year while this Guaranty is effective, financial statements of Guarantor prepared by an accounting professional in accordance with generally accepted accounting principles consistently applied and signed by Guarantor verifying that the financial statements fairly reflect the financial condition of Guarantor as of the date thereof.

All notices or demands required or permitted hereunder shall be in writing and shall be deemed delivered when deposited with the United States Postal Service, first class, postage prepaid, certified or registered mail, return receipt requested, addressed to the addresses of the parties as specified herein or to such other address as such party may from time to time designate by notice.

Guarantor acknowledges that this Guaranty is to be performed by Guarantor in The Colony, Texas and shall be deemed to be a contract made under the laws of the State of Texas. Guarantor agrees (i) that this Guaranty shall be interpreted and construed in accordance with the laws of the State of Texas, (ii) to submit to the jurisdiction of the courts of the State of Texas, and (iii) that service of process by certified mail, return receipt requested, addressed to the last known address of Guarantor shall be sufficient to confer *in personam* jurisdiction over Guarantor.

GUARANTOR: ___________________

____
Signature of ___________________

Date: ___________________________________

GUARANTOR: ___________________

____
Signature of ___________________

Date: ___________________________________

INT: _____ **INT:** _____

EXHIBIT E

PIZZA INN, INC.

GENERAL RELEASE

General Release

PIZZA INN, INC. ("Pizza Inn") and ________________ ("Franchisee") currently are parties to a certain franchise agreement (the "Franchise Agreement"), dated ________________ for the operation of Pizza Inn franchised restaurant located at ______________________________. Franchisee has asked Pizza Inn to take the following action or to agree to the following request:

____

1. Pizza Inn has the right under the Franchise Agreement to obtain a general release from Franchisee as a condition of taking this action or agreeing to this request. Pizza Inn is willing to take the action or agree to the request specified above if Franchisee agrees and enters into the release and covenant not to sue provided below ("Release").

<u>General Release</u>. Franchisee, it partners, owners, managers, directors, officers, principals, employees, and affiliated entities and each Guarantor of Franchisee (collectively, the "Releasing Parties"), hereby forever releases and discharges Pizza Inn and its current and former officers, directors, owners, managers, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the "Released Parties") from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, "Claims") that the Releasing Parties have, ever had, or, but for this document, hereafter would or could have against any of the Released Parties, including without limitation, (1) arising out of or related to the Released Parties' obligations under the Franchise Agreement or (2) otherwise arising from or related to Franchisee and the other Releasing Parties' relationship, from the beginning of time to the date of Franchisee's signature below, with any of the Released Parties. The Releasing Parties further covenant not to sue any of the Released Parties on any of the Claims released by this paragraph.

<u>Representations and Warranties</u>. Franchisee and each Guarantor represents and warrants to Pizza Inn that, in entering into this Release, Franchisee and each Guarantor (i) is doing so freely and voluntarily upon the advice of counsel and business advisor of Franchisee's and Guarantor's own choosing (or declined to do so, free from coercion, duress or fraud); (ii) has read and fully understands the terms and scope of this Release; (iii) realizes that it is final and conclusive, and intends it to be final and conclusive, as to the matters set forth in this Release; and (iv) has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are to be released by this Release, that Franchisee and Guarantor is aware of no third party who contends or claims otherwise, and that Franchisee shall not purport to assign, transfer, or convey any such claim in the future.

2. Miscellaneous.

This Release cannot be modified, altered or otherwise amended except by written agreement signed by all of the parties hereto.

This Release constitutes the entire understanding between and among the parties with respect to the subject matter of this Release. This Release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. No representations, warranties, agreements or covenants have been made with respect to this Release, and in executing this Release, none of the parties are relying upon any representation, warranty, agreement or covenant not set forth herein.

INT: ____ INT: ____ INT: ____ INT: ____

This Release may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Signatures transmitted via fax or scanned and e-mailed shall be given the same force and effect as originals.

This Release shall be binding upon and inure to the benefit of the parties to this Release, including Franchisee's Guarantors, and each of the parties' respective successors and permitted assigns.

Any provision of this Release which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

This Release shall be governed by and construed in accordance with the laws of the State of Texas, without reference to conflict of law principles. Venue shall be in the applicable federal court located in Texas and the state courts located in Denton county, Texas.

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed.

Franchisee: ______________________

____
Signature of Authorized Agent

____
Print Name/Title

Guarantor: ______________________

____
Signature of ______________________

____
Date

Guarantor: ______________________

____
Signature of ______________________

____
Date

Guarantor: ______________________

____
Signature of ______________________

____
Date

EXHIBIT F

PIZZA INN, INC.

FINANCIAL STATEMENTS

whitleypenn

Plano Office
5908 Headquarters Drive
Suite 300
Plano, Texas 75024
469.776.3610 Main

whitleypenn.com

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the inclusion of our report dated September 21, 2023, relating to our audit of the consolidated financial statements of Rave Restaurant Group, Inc. as of June 25, 2023, and for the fiscal year then ended, included in the 2023 Franchise Disclosure Document issued by Pizza Inn ("Franchisor"), as it may be amended, to be filed on or about November 16, 2023. This letter should not be regarded as in any way updating the aforementioned report or representing that we performed any procedures subsequent to the date of such report.

/s/ Whitley Penn LLP

Plano, Texas
November 16, 2023

RAVE RESTAURANT GROUP, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Rave Restaurant Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Rave Restaurant Group, Inc and subsidiaries (the "Company") as of June 25, 2023, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 25, 2023, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosures to which it relates

Assessment of Realizability of Deferred Tax Assets

Critical Audit Matter Description

As disclosed in Note A and Note F to the consolidated financial statements, the Company recognizes deferred income taxes for tax attributes and for differences between the financial statement and tax carrying amounts of assets and liabilities at enacted statutory tax rates in effect for the years in which the deferred tax liability or asset are expected to be settled or realized. The Company continually reviews the realizability of its deferred tax assets, including an analysis of factors such as future taxable income, reversal of existing taxable temporary differences, and tax planning strategies. In assessing the need for the valuation allowance, the Company considers both positive and negative evidence related to the likelihood of realization of deferred tax assets. Future sources of taxable income are also considered in determining the amount of the recorded valuation allowance. As of June 25, 2023, the Company has deferred tax assets of approximately $5.3 million. Auditing management's assessment of realizability of deferred tax assets involved subjective estimation and complex auditor judgment in determining whether sufficient future taxable income, including projected pre-tax income, will be generated to support the realization of the existing deferred tax assets before expiration.

How We Addressed the Matter

We evaluated the assumptions used by the Company to develop projections of future taxable income, including the pre-tax income, by income tax jurisdiction and tested the completeness and accuracy of the underlying data used in the projections. For example, we compared the projections of pre-tax income with the actual results of prior periods, as well as management's consideration of current industry and economic trends. We also compared the projections of future pre-tax income with other forecasted financial information prepared by the Company.

With the assistance of our income tax specialists, we evaluated the methodology and models used in management's forecasting of the reversal of deferred income tax assets and liabilities in order to determine such methodologies were consistent with GAAP, including management's consideration of definite-lived deferred income tax balances and indefinite-lived deferred income tax balances.

We have served as the Company's auditor since 2023.

/s/ Whitley Penn LLP

Plano, Texas
September 21, 2023

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Rave Restaurant Group, Inc.
The Colony, Texas

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Rave Restaurant Group, Inc. (the "Company") and subsidiaries as of June 26, 2022 and June 27, 2021, the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 26, 2022 and June 27, 2021, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition — Refer to Note A to the Financial Statements

Critical Audit Matter Description

The Company has two primary sources of revenues: restaurant sales and franchise revenues. Franchise revenues consist of 1) franchise royalties, 2) supplier and distributor incentive revenues, 3) franchise license fees, 4) area development exclusivity fees and foreign master license fees, 5) advertising funds, and 6) supplier convention funds. Each of these sources of revenues have different contract types, lengths, terms, and conditions. As such, revenue recognition requires significant analysis and a high degree of auditor judgment.

How the Critical Audit Matter Was Addressed in the Audit

Our principal audit procedures related to the Company's revenue recognition included the following:

- We obtained the detail of all revenue transactions and performed the following procedures:
  - Identified the Company's various revenue streams and any differences in the processes, methods, and policies applicable to each revenue stream.
  - Reviewed the entity's revenue recognition policies and evaluated whether following those policies comply with the requirements of ASC 606.
  - Obtained a listing of franchise revenue related contracts, agreements, and invoices during the year, sampled the detail, and tested revenues by examining and documenting supporting contracts, invoices, and other documentation to determine whether revenue was recognized at the proper amount.
  - Performed various cutoff procedures to ensure revenue was recognized in the proper period.

Armanino LLP
Dallas, Texas

We served as the Company's auditor from 2020 through 2022.

September 23, 2022

RAVE RESTAURANT GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	Fiscal Year Ended June 25, 2023	Fiscal Year Ended June 26, 2022
REVENUES	$ 11,889	$ 10,692
COSTS AND EXPENSES:		
Cost of sales	—	1
General and administrative expenses	5,490	5,446
Franchise expenses	3,956	3,284
Impairment of long-lived assets and other lease charges	5	6
Bad debt expense	73	46
Interest expense	1	61
Depreciation and amortization expense	214	187
Total costs and expenses	9,739	9,031
OTHER INCOME:		
Employee retention credit	—	704
Total other income	—	704
INCOME BEFORE TAXES	2,150	2,365
Income tax (expense) benefit	(537)	5,657
NET INCOME	$ 1,613	$ 8,022
INCOME PER SHARE OF COMMON STOCK - BASIC:	$ 0.11	$ 0.45
INCOME PER SHARE OF COMMON STOCK - DILUTED:	$ 0.10	$ 0.45
Weighted average common shares outstanding - basic	15,323	17,993
Weighted average common and potential dilutive common shares outstanding	15,911	17,993

See accompanying Notes to Consolidated Financial Statements.

RAVE RESTAURANT GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	June 25, 2023	June 26, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 5,328	$ 7,723
Accounts receivable, less allowance for bad debts of $58 and $27, respectively	1,145	1,981
Notes receivable, current	105	172
Property held for sale	19	—
Deferred contract charges, current	33	36
Prepaid expenses and other current assets	204	146
Total current assets	6,834	10,058
LONG-TERM ASSETS		
Property and equipment, net	258	365
Operating lease right of use asset, net	1,227	1,664
Intangible assets definite-lived, net	328	232
Notes receivable, net of current portion	28	201
Deferred tax asset, net	5,342	5,772
Deferred contract charges, net of current portion	220	224
Total assets	$ 14,237	$ 18,516
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	$ 502	$ 669
Accrued expenses	890	1,082
Other current liabilities	1	81
Operating lease liability, current	463	490
Short term loan	—	30
Deferred revenues, current	342	538
Total current liabilities	2,198	2,890
LONG-TERM LIABILITIES		
Operating lease liability, net of current portion	958	1,421
Deferred revenues, net of current portion	690	793
Total liabilities	3,846	5,104
COMMITMENTS AND CONTINGENCIES (SEE NOTE K)		
SHAREHOLDERS' EQUITY		
Common stock, $0.01 par value; authorized 26,000,000 shares; issued 25,090,058 and 25,090,058 shares, respectively; outstanding 14,154,453 and 17,511,430 shares, respectively	251	251
Additional paid-in capital	37,729	37,384
Retained earnings	2,439	826
Treasury stock at cost		
Shares in treasury: 10,935,605 and 7,578,628 respectively	(30,028)	(25,049)
Total shareholders' equity	10,391	13,412
Total liabilities and shareholders' equity	$ 14,237	$ 18,516

See accompanying Notes to Consolidated Financial Statements.

RAVE RESTAURANT GROUP, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)

	Common Stock		Additional Paid-in	Retained Earnings/ (Accumulated Deficit)	Treasury Stock		
	Shares	Amount	Capital		Shares	Amount	Total
Balance, June 27, 2021	**25,090**	**$ 251**	**$ 37,215**	**$ (7,196)**	**(7,085)**	**$ (24,537)**	**$ 5,733**
Stock compensation expense	—	—	169	—	—	—	169
Purchase of treasury stock	—	—	—	—	(494)	(512)	(512)
Net income	—	—	—	8,022	—	—	8,022
Balance, June 26, 2022	**25,090**	**$ 251**	**$ 37,384**	**$ 826**	**(7,579)**	**$ (25,049)**	**$ 13,412**

	Common Stock		Additional Paid-in	Retained Earnings	Treasury Stock		
	Shares	Amount	Capital		Shares	Amount	Total
Balance, June 26, 2022	**25,090**	**$ 251**	**$ 37,384**	**$ 826**	**(7,579)**	**$ (25,049)**	**$ 13,412**
Stock compensation expense	—	—	345	—	—	—	345
Purchase of treasury stock	—	—	—	—	(3,357)	(4,979)	(4,979)
Net income	—	—	—	1,613	—	—	1,613
Balance, June 25, 2023	**25,090**	**$ 251**	**$ 37,729**	**$ 2,439**	**(10,936)**	**$ (30,028)**	**$ 10,391**

See accompanying Notes to Consolidated Financial Statements.

RAVE RESTAURANT GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Year Ended	
	June 25, 2023	**June 26, 2022**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,613	$ 8,022
Adjustments to reconcile net income to cash provided by operating activities:		
Impairment of long-lived assets and other lease charges	5	6
Stock-based compensation expense	345	169
Depreciation and amortization	141	140
Amortization of operating right of use assets	437	421
Amortization of intangible assets definite-lived	73	47
Amortization of debt issue costs	—	21
Allowance for bad debts	73	46
Deferred income tax	430	(5,772)
Changes in operating assets and liabilities:		
Accounts receivable	763	(1,116)
Notes receivable	28	80
Deferred contract charges	7	(18)
Prepaid expenses and other	(58)	50
Accounts payable - trade	(167)	25
Accrued expenses	(272)	158
Other current liabilities	—	35
Operating lease liability	(490)	(465)
Deferred revenues	(299)	(465)
Cash provided by operating activities	$ 2,629	$ 1,384
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments received on notes receivable	212	500
Proceeds from sale of assets	7	—
Purchase of intangible assets definite-lived	(169)	(96)
Purchase of property and equipment	(65)	(66)
Cash (used in)/provided by investing activities	(15)	338
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury stock	(4,979)	(512)
Payment of convertible notes	—	(1,597)
Payments on short term loan	(30)	(220)
Cash used in financing activities	(5,009)	(2,329)
Net decrease in cash and cash equivalents	(2,395)	(607)
Cash and cash equivalents, beginning of period	7,723	8,330
Cash and cash equivalents, end of period	$ 5,328	$ $ 7,723
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest	$ 1	$ 64
Income taxes (net of refunds)	$ 87	$ 31

See accompanying Notes to Consolidated Financial Statements.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Business:

Rave Restaurant Group, Inc., and its subsidiaries (collectively referred to as the “Company”, or in the first person notations of “we”, “us” and “our”) franchise pizza buffet, delivery/carry-out and express restaurants domestically and internationally under the trademark “Pizza Inn” and franchise domestic fast casual restaurants under the trademarks “Pie Five Pizza Company” or “Pie Five”. The Company also licenses pizza kiosks under the "Pizza Inn" trademark. We facilitate the procurement and distribution of food, equipment and supplies to our domestic and international system of restaurants through agreements with third party distributors.

As of June 25, 2023, we had 152 franchised Pizza Inn restaurants, 27 franchised Pie Five Units, and 5 licensed Pizza Inn Express, or PIE, kiosks (“PIE Units”). The 118 domestic franchised Pizza Inn restaurants were comprised of 77 pizza buffet restaurants (“Buffet Units”), 7 delivery/carry-out restaurants (“Delco Units”), and 34 express restaurants (“Express Units”). As of June 25, 2023, there were 34 international franchised Pizza Inn restaurants. Domestic Pizza Inn restaurants and kiosks were located predominantly in the southern half of the United States, with Arkansas, Texas, North Carolina and Mississippi accounting for approximately 23%, 20%, 15% and 9%, respectively, of the total number of domestic units.

Principles of Consolidation:

The consolidated financial statements include the accounts of Rave Restaurant Group, Inc. and its subsidiaries, all of which are wholly owned. All appropriate inter-company balances and transactions have been eliminated.

Cash and Cash Equivalents:

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk:

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents. Balances in accounts are insured up to Federal Deposit Insurance Corporation ("FDIC") limits of $250 thousand per institution. At June 25, 2023 and June 26, 2022, the Company had cash balances in excess of FDIC insurance coverage of approximately $5.1 million and $7.5 million, respectively. We do not believe we are exposed to any significant credit risk on cash and cash equivalents.

Notes receivable, which potentially subject the Company to concentrations of credit risk, consist primarily of promissory notes from franchise agreements and structured Company-financed sales of assets. At June 25, 2023 and June 26, 2022, and at various times during the fiscal years then ended, the Company had concentrations of credit risk with three franchisees on notes receivables with both short and long term maturities. As of June 25, 2023, the Company had zero short term notes receivable and three long term notes receivable with three franchisees. The financed asset sales were executed with a weighted average interest rate of 0.0%. Principal payments are due monthly and mature from September 1, 2024 to January 1, 2027.

Property and Equipment:

Property and equipment are stated at cost less accumulated depreciation and amortization. Repairs and maintenance are charged to operations as incurred while major renewals and betterments are capitalized. Upon the sale or disposition of any property or equipment, the asset and the related accumulated depreciation or amortization are removed from the accounts and the gain or loss is included in operations. The Company capitalizes interest on borrowings during the active construction period of major capital projects. Capitalized interest is added to the cost of the underlying asset and amortized over the estimated useful life of the asset.

Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets or, in the case of leasehold improvements, over the term of the lease including any reasonably assured renewal periods, if shorter. The useful lives of the assets range from three to ten years.

Impairment of Long-Lived Asset and other Lease Charges:

The Company reviews long-lived assets for impairment when events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is evaluated based on the sum of undiscounted estimated future cash flows expected to result from use and eventual disposition of the assets compared to their carrying value. If impairment is recognized, the carrying value of an impaired asset is reduced to its fair value, based on discounted estimated future cash flows. The Company recognized, pre-tax, non-cash impairment charges of $5 thousand and $6 thousand during fiscal 2023 and 2022, respectively. The Company had $0.2 million in sublease income during fiscal 2023 and 2022.

Accounts Receivable:

Accounts receivable consist primarily of receivables generated from franchise royalties and supplier concessions. The Company records an allowance for bad debts to allow for any amounts that may be unrecoverable based upon an analysis of the Company's prior collection experience, customer creditworthiness and current economic trends. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Finance charges may be accrued at a rate of 18% per year, or up to the maximum amount allowed by law, on past due receivables. The interest income recorded from finance charges is immaterial.

Bad Debt Expense:

The Company monitors franchisee receivable balances and adjusts credit terms when necessary to minimize the Company's exposure to high risk accounts receivable. Bad debt expense increased by $27 thousand to $73 thousand in fiscal 2023 compared to $46 thousand in fiscal 2022 primarily related to collectability concerns on international accounts receivable.

Notes Receivable:

Notes receivable primarily consist of promissory notes arising from franchisee agreements and structured Company-financed sales of assets. The majority of amounts and terms are evidenced by formal promissory notes and personal guarantees. All notes allow for early payment without penalty. Fixed principal payments are due monthly. Notes receivable mature at various dates through 2025 and bore interest at a weighted average rate of 0.0% at June 25, 2023.

Management evaluates the creditworthiness of franchisees by considering credit history and sales to evaluate credit risk. Management determines interest rates based on credit risk of the underlining franchisee. The Company monitors payment history to determine whether or not a loan should be placed on a nonaccrual status or impaired. The Company charges off notes receivable based on an account-by-account analysis of the borrower's current economic conditions, monthly payments history and historical loss experience. The allowance for doubtful notes receivable is netted within notes receivable.

The expected principal collections on notes receivable for the next two years are as follows as of June 25, 2023 (in thousands):

	Notes Receivable
2024	$ 105
2025	28
	$ 133

Income Taxes:

Income taxes are accounted for using the asset and liability method pursuant to the authoritative guidance on *Accounting for Income Taxes*. Deferred taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement and carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred taxes for a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes future tax benefits to the extent that realization of such benefits is more likely than not.

The Company continually reviews the realizability of its deferred tax assets, including an analysis of factors such as future taxable income, reversal of existing taxable temporary differences, and tax planning strategies. In assessing the need for the valuation allowance, the Company considers both positive and negative evidence related to the likelihood of realization of deferred tax assets. Future sources of taxable income are also considered in determining the amount of the recorded valuation allowance. Based on this analysis, the Company reversed the full amount of the established valuation allowance as of June 26, 2022 (see Note F).

For the year ended June 25, 2023, the Company recorded an income tax expense of $0.5 million. The federal and state tax expense was $0.4 million and $0.1 million, respectively. The Company utilized net operating losses to offset federal taxes. As of June 25, 2023, the Company had federal net operating loss carryforwards totaling $21 million that are available to reduce future taxable income and will begin to expire in 2035. Under the Tax Cuts and Jobs Act, approximately $1.4 million of the loss carryforwards are limited to 80% and do not expire. Tax years that remain subject to examination by the IRS are the years ended June 28, 2020 through June 26, 2022. Tax years that remain subject to examination by state authorities are the years ended June 30, 2019 through June 26, 2022.

There are no uncertain tax positions. Management's position is that all relevant requirements are met and necessary returns have been filed, and therefore the tax positions taken on the tax returns would be sustained upon examination.

Under ASC 740, we recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. From time to time, the Company may be assessed interest and penalties by taxing authorities. In those cases, the charges are recorded as income tax expense, as incurred, in the Consolidated Statements of Income.

Revenue Recognition:

Revenue is measured based on consideration specified in contracts with customers and excludes incentives and amounts collected on behalf of third parties, primarily sales tax. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue.

The following describes principal activities, separated by major product or service, from which the Company generates its revenues:

Franchise Revenues

Franchise revenues consist of 1) franchise royalties, 2) supplier and distributor incentive revenues, 3) franchise license fees, 4) area development exclusivity fees and foreign master license fees, 5) advertising funds, and 6) supplier convention funds.

Franchise royalties, which are based on a percentage of franchise restaurant sales, are recognized as sales occur.

Supplier and distributor incentive revenues are recognized when title to the underlying commodities transfer.

Franchise license fees are typically billed upon execution of the franchise agreement and amortized over the term of the franchise agreement, which typically range from five to 20 years. Fees received for renewal periods are amortized over the life of the renewal period.

Area development exclusivity fees and foreign master license fees are typically billed upon execution of the area development and foreign master license agreements. Area development exclusivity fees are included in deferred revenue in the accompanying Consolidated Balance Sheets and allocated on a pro rata basis to all stores opened under that specific development agreement as the stores are opened. Area development exclusivity fees that include rights to sub-franchise are amortized as revenue over the term of the contract.

Advertising fund contributions for Pizza Inn and Pie Five units represent contributions collected where we have control over the activities of the fund. Contributions are based on a percentage of net retail sales. We have determined that we are the principal in these arrangements, and advertising fund contributions and expenditures are, therefore, reported on a gross basis in the Consolidated Statements of Income. In general, we expect such advertising fund contributions and expenditures to be largely offsetting and, therefore, do not expect a significant impact on our reported income before income taxes. Our obligation related to these funds is to develop and conduct advertising activities. Pizza Inn and Pie Five marketing fund contributions are billed and collected weekly or monthly.

Supplier convention funds are deferred until the obligations of the agreement are met and the event takes place.

Rental income is income from our subleasing of some of our restaurant space to third parties.

Total revenues consist of the following (in thousands):

	Fiscal Year Ended	
	June 25, 2023	June 26, 2022
Franchise royalties	$ 4,978	$ 4,543
Supplier and distributor incentive revenues	4,418	4,214
Franchise license fees	152	154
Area development exclusivity fees and foreign master license fees	18	19
Advertising funds contributions	1,943	1,412
Supplier convention funds	172	143
Rental income	186	186
Other	22	21
	$ 11,889	$ 10,692

The opening balance of accounts receivable on June 28, 2021 was $0.9 million. The opening balance of deferred revenues on June 28, 2021 was $1.8 million. Revenue recognized in fiscal 2023 that was in the deferred revenue balance at June 26, 2022 was $0.6 million.

Stock-Based Compensation:

The Company accounts for stock options using the fair value recognition provisions of the authoritative guidance on share-based payments. The Company uses the Black-Scholes formula to estimate the value of stock-based compensation for options granted to employees and directors and expects to continue to use this acceptable option valuation model in the future. The authoritative guidance also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow.

Restricted stock units (“RSUs") represent the right to receive shares of common stock upon the satisfaction of vesting requirements, performance criteria and other terms and conditions. Compensation cost for RSUs is measured as an amount equal to the fair value of the RSUs on the date of grant and is expensed over the vesting period if achievement of the performance criteria is deemed probable, with the amount of the expense recognized based on the best estimate of the ultimate achievement level.

Fair Value of Financial Instruments:

The carrying amounts of accounts receivable and accounts payable approximate fair value because of the short maturity of these instruments.

Contingencies:

Provisions for legal settlements are accrued when payment is considered probable and the amount of loss is reasonably estimable in accordance with the authoritative guidance on *Accounting for Contingencies*. If the best estimate of cost can only be identified within a range and no specific amount within that range can be determined more likely than any other amount within the range, and the loss is considered probable, the minimum of the range is accrued. Legal and related professional services costs to defend litigation are expensed as incurred.

Use of Management Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company’s management to make estimates and assumptions that affect its reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent liabilities. The Company bases its estimates on historical experience and other various assumptions that it believes are reasonable under the circumstances. Estimates and assumptions are reviewed periodically. Actual results could differ materially from estimates.

Fiscal Year:

The Company's fiscal year ends on the last Sunday in June. The fiscal years ended June 25, 2023 and June 26, 2022 each contained 52 weeks.

NOTE B – PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS:

Property and equipment consist of the following (in thousands):

	Estimated Useful Lives	June 25 2023	June 26, 2022
Equipment, furniture and fixtures	3 - 7 yrs	$ 1,114	$ 1,080
Software	5 yrs	—	792
Leasehold improvements	10 yrs or lease term, if shorter	472	472
		1,586	2,344
Less: accumulated depreciation/amortization		(1,328)	(1,979)
		$ 258	$ 365

Depreciation and amortization expense for property and equipment was approximately $141 thousand and $140 thousand for the fiscal years ended June 25, 2023 and June 26, 2022, respectively.

Intangible assets consist of the following (in thousands):

		June 25, 2023			June 26, 2022		
	Estimated Useful Lives	Acquisition Cost	Accumulated Amortization	Net Value	Acquisition Cost	Accumulated Amortization	Net Value
Trademarks and tradenames	10 years	$ 278	$ (248)	$ 30	$ 279	$ (233)	$ 46
Name change	15 years	70	(39)	31	70	(35)	35
Prototypes	5 years	339	(72)	267	170	(19)	151
		$ 687	$ (359)	$ 328	$ 519	$ (287)	$ 232

Amortization expense for intangible assets was approximately $73 thousand and $47 thousand for the fiscal years ended June 25, 2023 and June 26, 2022, respectively.

NOTE C - ACCRUED EXPENSES:

Accrued expenses consist of the following (in thousands):

	June 25, 2023	June 26, 2022
Compensation	$ 776	$ 875
Other	21	118
Professional fees	93	89
	$ 890	$ 1,082

NOTE D - CONVERTIBLE NOTES:

On March 3, 2017, the Company completed a registered shareholder rights offering of its 4% Convertible Senior Notes Due 2022 ("Notes"). Shareholders exercised subscription rights to purchase all 30,000 of the Notes at the par value of $100 per Note, resulting in gross offering proceeds to the Company of $3.0 million.

The Notes bore interest at the rate of 4% per annum on the principal or par value of $100 per note, payable annually in arrears on February 15 of each year, commencing February 15, 2018. Interest was payable in cash or, at the Company's discretion, in shares of Company common stock. The Notes were secured by a pledge of all outstanding equity securities of our two primary direct operating subsidiaries. During the fiscal year ended June 26, 2022, no Notes were converted to common shares. The Notes matured on February 15, 2022, at which time all principal and unpaid interest was paid in cash. Therefore, as of June 25, 2023 and June 26, 2022, there were no Notes outstanding.

NOTE E - EMPLOYEE RETENTION CREDIT:

On December 27, 2020, the Consolidated Appropriations Act of 2021 (the "CAA") was signed into law. The CAA expanded eligibility for an employee retention credit for companies impacted by the COVID-19 pandemic with fewer than five hundred employees and at least a twenty percent decline in gross receipts compared to the same quarter in 2019, to encourage retention of employees. This payroll tax credit was a refundable tax credit against certain federal employment taxes. For the fiscal year ended June 26, 2022, the Company recorded $0.7 million of other income for the employee retention credit. As of June 25, 2023, $0.6 million has been received and $0.1 million is still outstanding.

NOTE F - INCOME TAXES:

Provision for income taxes from continuing operations consists of the following (in thousands):

	Fiscal Year Ended	
	June 25, 2023	**June 26, 2022**
Current - Federal	$ —	$ —
Current - State	(107)	(115)
Deferred - Federal	(394)	5,537
Deferred - State	(36)	235
Provision for income taxes	$ (537)	$ 5,657

The effective income tax rate varied from the statutory rate for the fiscal years ended June 25, 2023 and June 26, 2022 as reflected below (in thousands):

	June 25, 2023	**June 26, 2022**
Federal income taxes based on a statutory rate of 21%	$ (452)	$ (496)
State income taxes (net of federal benefit)	(119)	127
Permanent adjustments	(7)	—
Return to provision	49	—
Change in valuation allowance	—	6,052
Other	(8)	(26)
Provision for income taxes	$ (537)	$ 5,657

The tax effects of temporary differences that give rise to the net deferred tax assets consisted of the following (in thousands):

	June 25, 2023	**June 26, 2022**
Allowance for bad debt	$ 13	$ 6
Deferred fees	49	45
Other reserves and accruals	619	652
Operating lease liabilities	330	444
Credit carryforwards	156	156
Net operating loss carryforwards	4,521	4,987
Total gross deferred tax asset	5,688	6,290
Valuation allowance	—	—
Total deferred tax assets	$ 5,688	$ 6,290
Right-of-use asset	(285)	(387)
Other deferred tax liabilities	(61)	(131)
Total deferred tax liabilities	$ (346)	$ (518)
Net deferred tax asset	**$ 5,342**	**$ 5,772**

For the year ended June 25, 2023, the Company recorded an income tax expense of $0.5 million. The federal and state tax expense was $0.4 million and $0.1 million, respectively. The Company utilized net operating losses to offset federal taxes. As of June 25, 2023, the Company had federal net operating loss carryforwards totaling $21 million that are available to reduce future taxable income and will begin to expire in 2035. For the year ended June 26, 2022, the Company recorded an income tax benefit of $5.7 million including federal deferred tax benefit of $5.5 million and current/deferred state tax benefit of $0.2 million. As of June 26, 2022, the Company had net operating loss carryforwards totaling $23.1 million that are available to reduce future taxable income and will begin to expire in 2032, of which $1.8 million are limited to 80% and do not expire. Under the Tax Cuts and Jobs Act, approximately $1.4 million of the loss carryforwards are limited to 80% and do not expire. Tax years that remain subject to examination by the IRS are the years ended June 28, 2020 through June 26, 2022. Tax years that remain subject to examination by state authorities are the years ended June 30, 2019 through June 26, 2022.

The Company continually reviews the realizability of its deferred tax assets, including an analysis of factors such as future taxable income, reversal of existing taxable temporary differences, and tax planning strategies. In assessing the need for the valuation allowance, the Company considers both positive and negative evidence related to the likelihood of realization of deferred tax assets. Future sources of taxable income are also considered in determining the amount of the recorded valuation allowance. Based on this analysis, the Company reversed the full amount of the established valuation allowance as of June 26, 2022.

There are no uncertain tax positions. Management's position is that all relevant requirements are met and necessary returns have been filed, and therefore the tax positions taken on the tax returns would be sustained upon examination.

NOTE G - LEASES:

The Company leases its 19,576 square foot corporate office facility with average annual lease payments of approximately $18.00 per square foot. This lease began on January 2, 2017 and has a ten-year term. The Company amended its lease agreement in June 2020 and has elected to defer one-half of the monthly base rent for the period from June 2020 through May 2021.

The Company determines if an arrangement is a lease at inception of the arrangement. To the extent that it can be determined that an arrangement represents a lease, it is classified as either an operating lease or a finance lease. The Company does not currently have any finance leases. The Company capitalizes operating leases on the Consolidated Balance Sheets through a right of use asset and a corresponding lease liability. Right of use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Short-term leases that have an initial term of one year or less are not capitalized. The Company does not presently have any short-term leases.

Operating lease right of use assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. In addition to the present value of lease payments, the operating lease right of use asset also includes any lease payments made to the lessor prior to lease commencement less any lease incentives and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Nature of Leases

The Company leases certain office space, restaurant space, and information technology equipment under non-cancelable leases to support its operations. A more detailed description of significant lease types is included below.

Office Agreements

The Company rents office space from third parties for its corporate location. Office agreements are typically structured with non-cancelable terms of one to 10 years. The Company has concluded that its office agreements represent operating leases with a lease term that equals the primary non-cancelable contract term. Upon completion of the primary term, both parties have substantive rights to terminate the lease. As a result, enforceable rights and obligations do not exist under the rental agreements subsequent to the primary term.

Restaurant Space Agreements

The Company rents restaurant space from third parties for its Company-owned restaurants. Restaurant space agreements are typically structured with non-cancelable terms of one to 10 years. The Company has concluded that its restaurant agreements represent operating leases with a lease term that equals the primary non-cancelable contract term. Upon completion of the primary term, both parties have substantive rights to terminate the lease. As a result, enforceable rights and obligations do not exist under the rental agreements subsequent to the primary term.

The Company also subleases some of its restaurant space to third parties. The Company's two subleases have terms that end in 2023 and 2025. The sublease agreements are noncancelable through the end of the term and both parties have substantive rights to terminate the lease when the term is complete. Sublease agreements are not capitalized and are recorded as rental income in the period that rent is received.

As of June 25, 2023 and June 26, 2022, the Company had no Company-owned restaurants.

Information Technology Equipment

The Company rents information technology equipment, primarily printers and copiers, from a third party for its corporate office location. Information technology equipment agreements are typically structured with non-cancelable terms of one to five years. The Company has concluded that its information technology equipment commitments are operating leases.

Discount Rate

Leases typically do not provide an implicit interest rate. Accordingly, the Company is required to use its incremental borrowing rate in determining the present value of lease payments based on the information available at the lease commencement date. The Company's incremental borrowing rate reflects the estimated rate of interest that it would pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments in a similar economic environment. The Company uses the implicit rate in the limited circumstances in which that rate is readily determinable.

Lease Guarantees

The Company has guaranteed the financial responsibilities of certain franchised store leases. These guaranteed leases are not considered operating leases because the Company does not have the right to control the underlying asset. If the franchisee abandons the lease and fails to meet the lease's financial obligations, the lessor may assign the lease to the Company for the remainder of the term. If the Company does not expect to assign the abandoned lease to a new franchisee within 12 months, the lease will be considered an operating lease and a right-of-use asset and lease liability will be recognized.

Future minimum rental payments for guaranteed leases with initial or remaining terms of one year or more at June 25, 2023 were as follows (in thousands):

	Guaranteed Leases
2024	$ 333
2025	252
2026	108
2027	87
2028	87
Thereafter	—
	$ 867

Practical Expedients and Accounting Policy Elections

Certain lease agreements include lease and non-lease components. For all existing asset classes with multiple component types, the Company has utilized the practical expedient that exempts it from separating lease components from non-lease components. Accordingly, the Company accounts for the lease and non-lease components in an arrangement as a single lease component.

In addition, for all existing asset classes, the Company has made an accounting policy election not to apply the lease recognition requirements to short-term leases (that is, a lease that, at commencement, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the Company is reasonably certain to exercise). Accordingly, we recognize lease payments related to our short-term leases in our income statements on a straight-line basis over the lease term which has not changed from our prior recognition. To the extent that there are variable lease payments, we recognize those payments in our income statements in the period in which the obligation for those payments is incurred.

The components of total lease expense for the fiscal years ended June 25, 2023 and June 26, 2022, the majority of which is included in general and administrative expense in the accompanying Consolidated Statements of Income, are as follows (in thousands):

	Fiscal Year Ended June 25, 2023	Fiscal Year Ended June 26, 2022
Operating lease cost	$ 494	$ 498
Sublease income	(186)	(186)
Total lease expense, net of sublease income	$ 308	$ 312

Supplemental cash flow information related to operating leases is included in the table below (in thousands):

	Fiscal Year Ended June 25, 2023	Fiscal Year Ended June 26, 2022
Cash paid for amounts included in the measurement of lease liabilities	$ 558	$ 551

Supplemental balance sheet information related to operating leases is included in the table below (in thousands):

	Fiscal Year Ended June 25, 2023	Fiscal Year Ended June 26, 2022
Operating lease right of use asset, net	$ 1,227	$ 1,664
Operating lease liabilities, current	463	490
Operating lease liabilities, net of current portion	958	1,421

Weighted average remaining lease term and weighted average discount rate for operating leases are as follows:

	Fiscal Year Ended June 25, 2023	Fiscal Year Ended June 26, 2022
Weighted average remaining lease term	2.1 Years	3.1 Years
Weighted average discount rate	4.0%	4.0%

Operating lease liabilities with enforceable contract terms that are greater than one year mature as follows (in thousands):

	Operating Leases
2024	$ 511
2025	433
2026	382
2027	191
2028	—
Thereafter	—
Total operating lease payments	$ 1,517
Less: imputed interest	$ (96)
Total operating lease liability	$ 1,421

Premises previously occupied by Company-owned restaurants were leased for initial terms of five to ten years, and each has multiple renewal terms. Certain lease agreements contain either a provision requiring additional rent if sales exceed specified amounts or an escalation clause based upon a predetermined multiple.

Future minimum sublease rental income under active non-cancelable leases with initial or remaining terms of one year or more at June 25, 2023 were as follows (in thousands):

	Sublease Rental Income
2024	$ 128
2025	53
	$ 181

Rental expense consisted of the following (in thousands):

	Fiscal Year Ended	
	June 25, 2023	June 26, 2022
Minimum rentals	$ 494	$ 498
Sublease rentals	(186)	(186)
	$ 308	$ 312

NOTE H - EMPLOYEE BENEFITS:

The Company has a tax advantaged savings plan that is designed to meet the requirements of Section 401(k) of the Internal Revenue Code (the "Code"). Employees who have completed three months of service and are at least 21 years of age are eligible to participate in the plan. The plan provides that participating employees may elect to have between 1% and 15% of their compensation deferred and contributed to the plan subject to certain IRS limitations. The Company has a discretionary matching contribution. Separate accounts are maintained with respect to contributions made on behalf of each participating employee. Employer matching contributions and earnings thereon are invested in the same investments as each participant's employee deferral. The plan is subject to the provisions of the Employee Retirement Income Security Act, as amended, and is a profit-sharing plan as defined in Section 401(k) of the Code.

For the fiscal years ended June 25, 2023 and June 26, 2022, total matching contributions to the tax advantaged savings plan by the Company on behalf of participating employees were approximately $24 thousand and $33 thousand, respectively.

NOTE I - STOCK BASED COMPENSATION PLANS:

In June 2005, the 2005 Employee Incentive Stock Option Award Plan (the "2005 Employee Plan") was approved by the Company's shareholders with a plan effective date of June 23, 2005. Under the 2005 Employee Plan, officers and employees of the Company were eligible to receive options to purchase shares of the Company's common stock. Options were granted at market value of the stock on the date of grant, were subject to various vesting and exercise periods as determined by the Compensation Committee of the board of directors and could be designated as non-qualified or incentive stock options. A total of 1,000,000 shares of common stock were authorized for issuance under the 2005 Employee Plan. The 2005 Employee Plan expired by its terms on June 23, 2015.

The shareholders also approved the 2005 Non-Employee Directors Stock Award Plan (the "2005 Directors Plan") in June 2005, to be effective as of June 23, 2005. Directors not employed by the Company were eligible to receive stock options under the 2005 Directors Plan. Options for common stock equal to twice the number of shares of common stock acquired during the previous fiscal year, up to 40,000 shares per year, were automatically granted to each non-employee director on the first day of each fiscal year. Options were granted at market value of the stock on the first day of each fiscal year, with vesting periods beginning at a minimum of six months and with exercise periods up to ten years. A total of 650,000 shares of Company common stock were authorized for issuance pursuant to the 2005 Directors Plan. The 2005 Directors Plan expired by its terms on June 23, 2015.

The 2015 Long Term Incentive Plan (the "2015 LTIP") was approved by the Company's shareholders on November 18, 2014 and became effective June 1, 2015. Officers, employees and non-employee directors of the Company are eligible to receive awards under the 2015 LTIP. A total of 3,000,000 shares of common stock are authorized for issuance under the 2015 LTIP. Awards authorized under the 2015 LTIP include incentive stock options, non-qualified stock options, restricted shares, restricted stock units and rights (either with or without accompanying options). The 2015 LTIP provides for options to be granted at market value of the stock on the date of grant and have exercise periods determined by the Compensation Committee of the board of directors. The Compensation Committee may also determine the vesting periods, performance criteria and other terms and conditions of all awards under the 2015 LTIP. The Compensation Committee has adopted resolutions under the 2015 LTIP automatically granting to each non-employee director on the first day of each fiscal year options to purchase twice the number of shares of common stock acquired during the previous fiscal year, up to a maximum of 40,000 shares. Such options are exercisable at the market value of the stock on the first day of the fiscal year, vest six months from the date of grant and expire 10 years from the date of grant.

Stock based compensation expense is included in general and administrative expense in the accompanying Consolidated Statements of Income.

Stock Options:

A summary of stock option transactions under all of the Company's stock option plans and information about fixed-price stock options is as follows:

	Fiscal Year Ended		Fiscal Year Ended	
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022
	Shares	Shares	Weighted-Average Exercise Price	Weighted-Average Exercise Price
Outstanding at beginning of year	111,750	166,750	$ 6.67	$ 5.49
Granted	40,000	—	1.06	—
Exercised	—	—	—	—
Forfeited/Canceled/Expired	—	(55,000)	—	3.11
Outstanding at end of period	151,750	111,750	$ 5.19	$ 6.67
Exercisable at end of period	111,750	111,750	$ 6.67	$ 6.67

The intrinsic value of options outstanding at June 25, 2023 was $33 thousand.

The following table provides information on options outstanding and options exercisable as of June 25, 2023:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Options Outstanding at June 25, 2023	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Shares Exercisable at June 25, 2023	Weighted-Average Exercise Price
$1.00 - 1.90	40,000	9.01	$ 1.06	—	$ —
$3.31 - 3.95	50,000	3.01	$ 3.95	50,000	$ 3.95
$5.51 - 5.74	8,664	0.02	$ 5.74	8,664	$ 5.74
$5.95 - 6.25	28,800	1.01	$ 6.23	28,800	$ 6.23
$6.26 - 13.11	24,286	2.02	$ 13.11	24,286	$ 13.11
	151,750	3.88	$ 5.19	111,750	$ 6.67

We determine fair value following the authoritative guidance as follows:

Valuation and Amortization Method. We estimate the fair value of share-based awards granted using the Black-Scholes option valuation model. We amortize the fair value of all awards on a straight-line basis over the requisite service periods, which are generally the vesting periods.

Expected Life. The expected life of awards granted represents the period of time that they are expected to be outstanding. Unless a life is specifically stated, we determine the expected life using the "simplified method" in accordance with Staff Accounting Bulletin No. 110 since we do not have sufficient historical share option exercise experience.

Expected Volatility. Using the Black-Scholes option valuation model, we estimate the volatility of our common stock at the date of grant based on the historical volatility of our common stock.

Risk-Free Interest Rate. We base the risk-free interest rate used in the Black-Scholes option valuation model on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent remaining term equal to the expected life of the award.

Expected Dividend Yield. We have not paid any cash dividends on our common stock in the last ten years and we do not anticipate paying any cash dividends in the foreseeable future. Consequently, we use an expected dividend yield of zero in the Black-Scholes option valuation model.

Expected Forfeitures. We use historical data to estimate pre-vesting option forfeitures. We record stock-based compensation only for those awards that are expected to vest.

The following weighted average assumptions were used for options granted during fiscal 2023:

Fiscal Year Ended	June 25, 2023
Expected life (in years)	5.5
Expected volatility	79.6%
Risk-free interest rate	2.9%
Expected forfeiture rate	48.8%

At June 25, 2023, 111,750 of the stock options that the Company had granted were vested. $15 thousand stock compensation expense related to stock options was recognized in fiscal 2023. No stock compensation expense related to stock options was recognized in fiscal 2022. There were 40,000 of the stock options that were unvested at June 25, 2023. 40,000 of the stock options vested on June 27, 2023 and, therefore, there was zero unamortized stock compensation expense at June 25, 2023.

Restricted Stock Units:

Restricted stock units awarded under the 2015 LTIP represent the right to receive shares of common stock upon the satisfaction of vesting requirements, performance criteria and other terms and conditions. During fiscal 2023 and 2022, zero and 362,500 performance-based restricted stock units, respectively, were granted to certain employees. For the years ended June 25, 2023 and June 26, 2022, the Company had stock compensation expense of $329 thousand and $169 thousand, respectively, related to RSUs. As of June 25, 2023, there was $212 thousand and $36 thousand unamortized stock compensation expense related to RSUs, which should be recognized during fiscal years 2024 and 2025, respectively.

The restricted stock units granted to each recipient are allocated among performance criteria pertaining to various aspects of the Company's business, as well as its overall operations, measured based on the second fiscal year following the date of grant. Achievement of the various performance criteria entitles the recipient to receive shares of common stock in amounts ranging from 50% to 150% of the number of restricted stock units granted. Grantees of restricted stock units do not have any rights of a stockholder, and do not participate in any distributions on our common stock, until the award fully vests upon satisfaction of the vesting schedule, performance criteria and other conditions set forth in their award agreement. Contingent unvested restricted stock units are considered participating securities under ASC 260, "*Earnings Per Share*," and are included in the calculation of diluted earnings per share.

Compensation cost is measured as an amount equal to the fair value of the restricted stock units on the date of grant and is expensed over the vesting period if achievement of the performance criteria is deemed probable, with the amount of the expense recognized based on the best estimate of the ultimate achievement level.

A summary of the status of restricted stock units as of June 25, 2023 and June 26, 2022, and changes during the fiscal years then ended is presented below:

	June 25, 2023	**June 26, 2022**
Unvested at beginning of year	885,687	545,600
Granted during the year	—	362,500
Vested during the year	—	—
Forfeited during the year	—	(22,413)
Unvested at end of year	885,687	885,687

NOTE J - SHAREHOLDERS' EQUITY:

On April 22, 2009, the board of directors of the Company amended the stock repurchase plan first authorized on May 23, 2007, and previously amended on June 2, 2008, by increasing the aggregate number of shares of common stock the Company may repurchase under the plan to a total of 3,016,000 shares.

On June 28, 2022, the Company's board of directors again amended the stock repurchase plan to increase the number of shares of common stock the Company may repurchase by 5,000,000 shares to a total of 8,016,000 shares. During fiscal 2023, 3,356,977 shares were repurchased and, as of June 25, 2023, there were 1,997,974 shares available to be repurchased under the plan. Subsequent to fiscal 2023, the Company has not repurchased any additional outstanding shares of its common stock.

NOTE K - COMMITMENTS AND CONTINGENCIES:

On January 6, 2020, the Company's former Chief Executive Officer, Scott Crane, filed suit in the U.S. District Court for the Eastern District of Texas alleging various claims in connection with the Company's termination of his employment in July 2019. In general, the suit asserted that the Company terminated Crane for the purpose of depriving him of certain equity compensation that otherwise would have been due to him on October 15, 2019. The Company asserted that Crane failed to meet the contractual qualifications for the equity, as well as other defenses. The matter proceeded to trial which resulted in a verdict in favor of Crane, and the trial court entered judgment in Crane's favor. The Company appealed the judgment to the Fifth Circuit Court of Appeals, which on May 31, 2023 issued an opinion reversing the trial court and rendering judgment in favor of the Company on all claims brought by Crane, and returning the matter to the trial court for consideration of costs and attorney fees to be awarded to the Company as the prevailing party in the litigation.

The Company is subject to other various claims and contingencies related to employment agreements, franchise disputes, lawsuits, taxes, food product purchase contracts and other matters arising out of the normal course of business. Management believes that any such claims and actions currently pending are either covered by insurance or would not have a material adverse effect on the Company's annual results of operations or financial condition if decided in a manner that is unfavorable to the Company.

NOTE L - EARNINGS PER SHARE:

The Company computes and presents earnings per share ("EPS") in accordance with ASC 260 *Earnings Per Share*. Basic EPS excludes the effect of potentially dilutive securities while diluted EPS reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised, converted or resulted in the issuance of common stock that then shared in the earnings of the Company.

The following table shows the reconciliation of the numerator and denominator of the basic EPS calculation to the numerator and denominator of the diluted EPS calculation (in thousands, except per share amounts).

	Fiscal Year Ended	
	June 25, 2023	**June 26, 2022**
Net income available to common shareholders	$ 1,613	$ 8,022
Interest saved on convertible notes at 4%	$ —	$ 40
Adjusted net income	$ 1,613	$ 8,062
BASIC:		
Weighted average common shares	15,323	17,993
Net income per common share	$ 0.11	$ 0.45
DILUTED:		
Weighted average common shares	15,323	17,993
Dilutive restricted stock units	588	—
Dilutive stock options	—	—
Weighted average common shares outstanding	15,911	17,993
Income from continuing operations per common share	$ 0.10	$ 0.45

We had 151,750 and 111,750 shares of common stock potentially issuable upon exercise of employee stock options for years ended June 25, 2023 and June 26, 2022, respectively, which were excluded from the weighted average number of shares outstanding on a diluted basis because they had an intrinsic value of zero. These options expire at varying times from fiscal 2024 through fiscal 2032. We had 271,825 and 859,501 restricted stock units for years ended June 25, 2023 and June 26, 2022, respectively, which were excluded from the weighted average number of shares outstanding on a diluted basis because the performance criteria had not been met and vesting was not probable.

NOTE M– SEGMENT REPORTING:

The Company has three reportable operating segments as determined by management using the “management approach” as defined by ASC 280 *Disclosures about Segments of an Enterprise and Related Information*: (1) Pizza Inn Franchising, (2) Pie Five Franchising and (3) Company-Owned Restaurants. These segments are a result of differences in the nature of the products and services sold. Corporate administration costs, which include, but are not limited to, general accounting, human resources, legal and credit and collections, are partially allocated to the three operating segments. Other revenue consists of nonrecurring items.

The Pizza Inn and Pie Five Franchising segments establish franchisees, licensees and territorial rights. Revenue for these segments are derived from franchise royalties, franchise fees, sale of area development and foreign master license rights and incentive payments from third party suppliers and distributors. Assets for these segments include equipment, furniture and fixtures.

The Company-Owned Restaurants segment includes sales and operating results for all Company-owned restaurants. Assets for this segment include equipment, furniture and fixtures for the Company-Owned restaurants. As of June 25, 2023 and June 26, 2022, the Company did not operate any Company-Owned restaurants.

Corporate administration and other assets primarily include cash and short-term investments, as well as furniture and fixtures located at the corporate office and trademarks and other intangible assets. All assets are located within the United States.

Summarized in the following tables are net operating revenues, depreciation and amortization expense, and income before taxes for the Company's reportable segments as of and for the fiscal years ended June 25, 2023 and June 26, 2022 (in thousands):

	Fiscal Year Ended	
	June 25, 2023	**June 26, 2022**
Net sales and operating revenues:		
Pizza Inn Franchising	$ 9,810	$ 8,535
Pie Five Franchising	1,893	1,967
Company-Owned Restaurants	—	—
Corporate administration and other	186	190
Consolidated revenues	$ 11,889	$ 10,692
Depreciation and amortization:		
Pizza Inn Franchising	$ —	$ —
Pie Five Franchising	—	—
Company-Owned Restaurants	—	—
Combined	—	—
Corporate administration and other	214	187
Depreciation and amortization	$ 214	$ 187
Income before taxes:		
Pizza Inn Franchising	$ 6,751	$ 6,222
Pie Five Franchising	996	996
Company-Owned Restaurants	—	(3)
Combined	7,747	7,215
Corporate administration and other	(5,597)	(4,850)
Income before taxes	$ 2,150	$ 2,365

The following table provides information on our foreign and domestic revenues:

Geographic information (revenues):		
United States	$ 11,627	$ 10,399
Foreign countries	262	293
Consolidated total	$ 11,889	$ 10,692

NOTE N - SUBSEQUENT EVENTS:

In preparation of its financial statements, the Company considered subsequent events through September 21, 2023 which was the date the Company's financial statements were available to be issued.

The Company terminated its master licensee of Pizza Inn in Saudi Arabia in September 2023. This termination resulted in the closure of 12 international units. These locations represented approximately $0.1 million in revenue during fiscal 2023.

RAVE RESTAURANT GROUP, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
Rave Restaurant Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Rave Restaurant Group, Inc and subsidiaries (the "Company") as of June 30, 2024 and June 25, 2023, and the related consolidated statements of income, shareholders' equity, and cash flows for the fiscal years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and June 25, 2023, and the results of their operations and their cash flows for the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosures to which it relates.

Assessment of Realizability of Deferred Tax Assets

Critical Audit Matter Description

As disclosed in Note A and Note E to the consolidated financial statements, the Company recognizes deferred income taxes for tax attributes and for differences between the financial statement and tax carrying amounts of assets and liabilities at enacted statutory tax rates in effect for the years in which the deferred tax liability or asset are expected to be settled or realized. The Company continually reviews the realizability of its deferred tax assets, including an analysis of factors such as future taxable income, reversal of existing taxable temporary differences, and tax planning strategies. In assessing the need for the valuation allowance, the Company considers both positive and negative evidence related to the likelihood of realization of deferred tax assets. Future sources of taxable income are also considered in determining the amount of the recorded valuation allowance. As of June 30, 2024, the Company has deferred tax assets of approximately $4.8 million. Auditing management’s assessment of recoverability of deferred tax assets involved subjective estimation and complex auditor judgment in determining whether sufficient future taxable income, including projected pre-tax income, will be generated to support the realization of the existing deferred tax assets before expiration.

How We Addressed the Matter

We evaluated the assumptions used by the Company to develop projections of future taxable income, including the pre-tax income, by income tax jurisdiction and tested the completeness and accuracy of the underlying data used in the projections. For example, we compared the projections of pre-tax income with the actual results of prior periods, as well as management’s consideration of current industry and economic trends. We also compared the projections of future pre-tax income with other forecasted financial information prepared by the Company.

With the assistance of our income tax specialists, we evaluated the methodology and models used in management’s forecasting of the reversal of deferred income tax assets and liabilities in order to determine such methodologies were consistent with GAAP, including management’s consideration of definite-lived deferred income tax balances and indefinite-lived deferred income tax balances.

We have served as the Company’s auditor since 2023.

/s/ Whitley Penn LLP

Plano, Texas
September 26, 2024

RAVE RESTAURANT GROUP, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	Fiscal Year Ended	
	June 30, 2024	**June 25, 2023**
REVENUES	$ 12,150	$ 11,889
COSTS AND EXPENSES		
General and administrative expenses	5,267	5,490
Franchise expenses	3,656	3,956
Impairment of long-lived assets and other lease charges	—	5
Provision for credit losses	69	73
Interest (income) expense	(153)	1
Depreciation and amortization expense	219	214
Total costs and expenses	9,058	9,739
INCOME BEFORE TAXES	3,092	2,150
Income tax expense	(619)	(537)
NET INCOME	$ 2,473	$ 1,613
INCOME PER SHARE OF COMMON STOCK - BASIC	$ 0.17	$ 0.11
INCOME PER SHARE OF COMMON STOCK - DILUTED	$ 0.17	$ 0.10
Weighted average common shares outstanding - basic	14,446	15,323
Weighted average common shares outstanding - diluted	14,630	15,911

See accompanying Notes to Consolidated Financial Statements.

RAVE RESTAURANT GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	June 30, 2024	June 25, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,886	$ 5,328
Short term investments	4,945	—
Accounts receivable, less allowance for credit losses of $57 and $58, respectively	1,411	1,145
Notes receivable, current	68	105
Assets held for sale	33	19
Deferred contract charges, current	26	33
Prepaid expenses and other current assets	167	204
Total current assets	9,536	6,834
LONG-TERM ASSETS		
Property and equipment, net	182	258
Operating lease right of use assets, net	817	1,227
Intangible assets definite-lived, net	252	328
Notes receivable, net of current portion	79	28
Deferred tax asset, net	4,756	5,342
Deferred contract charges, net of current portion	197	220
Total assets	$ 15,819	$ 14,237
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	$ 359	$ 502
Accrued expenses	915	890
Operating lease liabilities, current	402	464
Deferred revenues, current	343	342
Total current liabilities	2,019	2,198
LONG-TERM LIABILITIES		
Operating lease liabilities, net of current portion	555	958
Deferred revenues, net of current portion	543	690
Total liabilities	3,117	3,846
COMMITMENTS AND CONTINGENCIES (SEE NOTE I)		
SHAREHOLDERS' EQUITY		
Common stock, $0.01 par value; authorized 26,000,000 shares; issued 25,522,171 and 25,090,058 shares, respectively; outstanding 14,586,566 and 14,154,453 shares, respectively	255	251
Additional paid-in capital	37,563	37,729
Retained earnings	4,912	2,439
Treasury stock, at cost		
Shares in treasury: 10,935,605 and 10,935,605 respectively	(30,028)	(30,028)
Total shareholders' equity	12,702	10,391
Total liabilities and shareholders' equity	$ 15,819	$ 14,237

See accompanying Notes to Consolidated Financial Statements.

RAVE RESTAURANT GROUP, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)

	Common Stock		Additional Paid-in	Retained	Treasury Stock		
	Shares	Amount	Capital	Earnings	Shares	Amount	Total
Balance, June 26, 2022	**25,090**	**$ 251**	**$ 37,384**	**$ 826**	**(7,579)**	**$ (25,049)**	**$ 13,412**
Stock compensation expense	—	—	345	—	—	—	345
Purchase of treasury stock	—	—	—	—	(3,357)	(4,979)	(4,979)
Net income	—	—	—	1,613	—	—	1,613
Balance, June 25, 2023	**25,090**	**$ 251**	**$ 37,729**	**$ 2,439**	**(10,936)**	**$ (30,028)**	**$ 10,391**

	Common Stock		Additional Paid-in	Retained	Treasury Stock		
	Shares	Amount	Capital	Earnings	Shares	Amount	Total
Balance, June 25, 2023	**25,090**	**$ 251**	**$ 37,729**	**$ 2,439**	**(10,936)**	**$ (30,028)**	**$ 10,391**
Stock compensation expense	—	—	149	—	—	—	149
Issuance of vested restricted stock units, net of shares withheld for taxes	432	4	(315)	—	—	—	(311)
Net income	—	—	—	2,473	—	—	2,473
Balance, June 30, 2024	**25,522**	**$ 255**	**$ 37,563**	**$ 4,912**	**(10,936)**	**$ (30,028)**	**$ 12,702**

See accompanying Notes to Consolidated Financial Statements.

RAVE RESTAURANT GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Year Ended	
	June 30, 2024	**June 25, 2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 2,473	$ 1,613
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization of discount on short term investment	(50)	—
Impairment of long-lived assets and other lease charges	—	5
Stock-based compensation expense	149	345
Depreciation and amortization	135	141
Amortization of operating right of use assets	410	437
Amortization of intangible assets definite-lived	84	73
Non cash lease expense	46	—
Provision for credit losses	69	73
Deferred income tax	586	430
Changes in operating assets and liabilities:		
Accounts receivable	(335)	763
Notes receivable	(119)	28
Deferred contract charges	30	7
Prepaid expenses and other current assets	37	(58)
Accounts payable - trade	(143)	(167)
Accrued expenses	25	(272)
Operating lease liabilities	(511)	(490)
Deferred revenues	(146)	(299)
Cash provided by operating activities	2,740	2,629
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of short term investments	(10,115)	—
Maturities of short term investments	5,220	—
Payments received on notes receivable	105	212
Proceeds from sale of assets	3	7
Purchase of intangible assets definite-lived	(8)	(169)
Purchase of property and equipment	(76)	(65)
Cash used in investing activities	(4,871)	(15)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury stock	—	(4,979)
Taxes paid on issuance of restricted stock units	(311)	—
Payments on short term loan	—	(30)
Cash used in financing activities	(311)	(5,009)
Net decrease in cash and cash equivalents	(2,442)	(2,395)
Cash and cash equivalents, beginning of year	5,328	7,723
Cash and cash equivalents, end of year	$ 2,886	$ 5,328
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest	$ —	$ 1
Income taxes (net of refunds)	$ 5	$ 87

See accompanying Notes to Consolidated Financial Statements

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of Business:

Rave Restaurant Group, Inc., and its subsidiaries (collectively referred to as the “Company”, or in the first person notations of “we”, “us” and “our”) franchise pizza buffet, delivery/carry-out, express restaurants and ghost kitchens domestically and internationally under the trademark “Pizza Inn” and franchise domestic fast casual restaurants under the trademarks “Pie Five Pizza Company” or “Pie Five”. The Company also licenses pizza kiosks under the "Pizza Inn" trademark. We facilitate the procurement and distribution of food, equipment and supplies to our domestic and international system of restaurants through agreements with third party distributors.

As of June 30, 2024, we had 126 franchised Pizza Inn restaurants, 20 franchised Pie Five Units, and three licensed Pizza Inn Express, or PIE, kiosks (“PIE Units”). The 102 domestic franchised Pizza Inn restaurants were comprised of 78 pizza buffet restaurants (“Buffet Units”), six delivery/carry-out restaurants (“Delco Units”), 17 express restaurants (“Express Units”), and one ghost kitchen ("Pizza Inn Ghost Kitchen Units"). As of June 30, 2024, there were 24 international franchised Pizza Inn restaurants. Domestic Pizza Inn restaurants and kiosks were located predominantly in the southern half of the United States, with Texas, North Carolina, Arkansas and Mississippi accounting for approximately 23%, 16%, 14% and 10%, respectively, of the total number of domestic units.

Principles of Consolidation:

The consolidated financial statements include the accounts of Rave Restaurant Group, Inc. and its subsidiaries, all of which are wholly owned. All appropriate inter-company balances and transactions have been eliminated.

Cash and Cash Equivalents:

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Short Term Investments:

The Company holds short term investments in treasury bills, classified as trading securities. Accordingly, interest income is recorded through the Consolidated Statements of Income, when earned. Management has elected to classify all treasury bills as short-term, regardless of their maturity dates, as these are readily available to fund current operations and can be liquidated at any time at the discretion of the Company. As of June 30, 2024 and June 25, 2023, the Company held treasury bills valued at $4.9 million and zero, respectively, which are included within short term investments on the accompanying Consolidated Balance Sheets. Interest income is reflected in the accompanying Consolidated Statements of Income and Cash Flows. For the years ended June 30, 2024 and June 25, 2023, interest income recognized on the treasury bills was $151 thousand and zero, respectively.

Fair Value Measurements:

Assets and liabilities carried at fair value are categorized based on the level of judgment associated with the inputs used to measure their fair value. Authoritative guidance for fair value measurements establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into the following three levels:

Level 1: Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Inputs (other than quoted prices included in Level 1) that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument’s anticipated life.

Level 3: Inputs are unobservable and therefore reflect management’s best estimate of the assumptions that market participants would use in pricing the asset or liability.

The fair value of the Company’s investments in U.S. Treasury bills at June 30, 2024 and June 25, 2023, was determined using level 1 observable inputs. Management believes the carrying amounts of other financial instruments at June 30, 2024 and June 25, 2023, including cash, accounts receivable, accounts payable, and accrued expenses are representative of their fair values due to their short term maturities.

The following table summarizes the Company's financial assets and financial liabilities measured at fair value at June 30, 2024:

Fair Value Measurements	Level 1	Level 2	Level 3	Total
U.S. Treasury bills	$ 4,944,929	$ —	$ —	$ 4,944,929
	$ 4,944,929	$ —	$ —	$ 4,944,929

The Company did not have any financial assts or liabilities at June 25, 2023 that were measured at fair value. The Company has no financial assets or liabilities classified within Level 3 of the valuation hierarchy.

These items are classified in their entirety based on the lowest priority level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement of assets and liabilities within the levels of the fair value hierarchy.

Concentration of Credit Risk:

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents. Balances in accounts are insured up to Federal Deposit Insurance Corporation ("FDIC") limits of $250 thousand per institution. At June 30, 2024 and June 25, 2023, the Company had cash and cash equivalent balances in excess of FDIC insurance coverage of approximately $2.4 million and $5.1 million, respectively. We do not believe we are exposed to any significant credit risk on cash and cash equivalents.

The Company invests in U.S. Treasury bills, which are considered short term investments. While U.S. Treasury bills are not insured by the FDIC, they are backed by the full faith and credit of the United States government. As a result, the Company believes the credit risk associated with these investments is minimal.

Notes receivable, which potentially subject the Company to concentrations of credit risk, consist primarily of promissory notes from franchise agreements and structured Company-financed sales of assets. At June 30, 2024 and June 25, 2023, and at various times during the fiscal years then ended, the Company had concentrations of credit risk with four franchisees on notes receivables with both short and long term maturities. As of June 30, 2024, the Company had one short term notes receivable and three long term notes receivable with four franchisees. The financed asset sales were executed with a weighted average interest rate of 4.8%. Principal payments are due monthly and mature from January 1, 2025 to January 1, 2027.

Property and Equipment:

Property and equipment are stated at cost less accumulated depreciation and amortization. Repairs and maintenance are charged to operations as incurred while major renewals and betterments are capitalized. Upon the sale or disposition of any property or equipment, the asset and the related accumulated depreciation or amortization are removed from the accounts and the gain or loss is included in operations. The Company capitalizes interest on borrowings during the active construction period of major capital projects. Capitalized interest is added to the cost of the underlying asset and amortized over the estimated useful life of the asset.

Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets or, in the case of leasehold improvements, over the term of the lease including any reasonably assured renewal periods, if shorter. The useful lives of the assets range from three to ten years.

Impairment of Long-Lived Asset and other Lease Charges:

The Company reviews long-lived assets for impairment when events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is evaluated based on the sum of undiscounted estimated future cash flows expected to result from use and eventual disposition of the assets compared to their carrying value. If impairment is indicated, the carrying value of an impaired asset is reduced to its fair value, based on discounted estimated future cash flows. The Company recognized, pre-tax, non-cash impairment charges of zero and $5 thousand during fiscal 2024 and 2023, respectively. The Company had $0.1 million and $0.2 million in sublease income during fiscal 2024 and 2023, respectively.

Accounts Receivable and Allowance for Credit Losses:

Accounts receivable consist primarily of receivables generated from franchise royalties and supplier concessions. The Company records an allowance for credit losses to allow for any amounts that may be unrecoverable based upon an analysis of the Company's prior collection experience, customer creditworthiness and current economic trends. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Finance charges may be accrued at a rate of 18% per year, or up to the maximum amount allowed by law, on past due receivables. The interest income recorded from finance charges is immaterial.

The Company monitors franchisee receivable balances and adjusts credit terms when necessary to minimize the Company's exposure to high risk accounts receivable. Provision for credit losses decreased by $4 thousand to $69 thousand in fiscal 2024 compared to $73 thousand in fiscal 2023 primarily related to collectability concerns on international accounts receivable.

Changes in the allowance for credit losses from continuing operations consisted of the following (in thousands):

	June 30, 2024	June 25, 2023
Beginning balance	$ 58	$ 27
Provision for credit losses	69	73
Amounts written off	(70)	(42)
Ending balance	$ 57	$ 58

Notes Receivable:

Notes receivable primarily consist of promissory notes arising from franchisee agreements and structured Company-financed sales of assets. The majority of amounts and terms are evidenced by formal promissory notes and personal guarantees. All notes allow for early payment without penalty. Fixed principal payments are due monthly. Notes receivable mature at various dates through 2027 and bore interest at a weighted average rate of 4.8% at June 30, 2024.

Notes receivable are reported at original issue amount less principal repaid, reduced by an allowance for credit losses. An allowance for expected credit losses is determined based on a specific assessment of all notes that are delinquent or determined to be doubtful to be collected. Notes are considered delinquent if the repayment terms are not met. All amounts deemed to be uncollectible are charged against the allowance for credit losses in the period that determination is made.

The allowance for credit losses for notes receivable incorporates an estimate of lifetime expected credit losses and is recorded on each note upon asset origination. The starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. An assessment of whether a borrower is experiencing financial difficulty is made on the date of a modification. As of June 30, 2024 and June 25, 2023, there were no modifications to notes receivable.

In evaluating the notes receivable, the Company determines that the notes are pooled based on historical collections and write-offs for purposes of determining its allowance for credit losses related to notes receivable. These notes have an amortized cost of approximately $147 thousand and $133 thousand at June 30, 2024 and June 25, 2023, respectively. Historical loss information for notes receivable at the Company shows a 0% loss rate over the contractual term.

As of June 30, 2024 and June 25, 2023, the Company has not recorded any allowance for credit losses related to the notes receivable balances. Additionally, as of June 30, 2024 and June 25, 2023, the Company did not have any notes receivable with past due or non-accrual status. The total amount of write-offs of notes receivable were zero for the fiscal years ended June 30, 2024 and June 25, 2023.

The expected principal collections on notes receivable for the next two years are as follows as of June 30, 2024 (in thousands):

	Notes Receivable
2025	$ 68
2026	79
	$ 147

Income Taxes:

Income taxes are accounted for using the asset and liability method pursuant to the authoritative guidance on ASC 740 *Accounting for Income Taxes*. Deferred taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement and carrying amounts and the tax bases of existing assets and liabilities. The effect on deferred taxes for a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes future tax benefits to the extent that realization of such benefits is more likely than not.

The Company continually reviews the realizability of its deferred tax assets, including an analysis of factors such as future taxable income, reversal of existing taxable temporary differences, and tax planning strategies. In assessing the need for a valuation allowance, the Company considers both positive and negative evidence related to the likelihood of realization of deferred tax assets. Future sources of taxable income are also considered in determining the amount of any required valuation allowance.

There are no material uncertain tax positions. Management's position is that all relevant requirements are met and necessary returns have been filed, and therefore the tax positions taken on the tax returns would be sustained upon examination.

Under ASC 740, we recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. From time to time, the Company may be assessed interest and penalties by taxing authorities. In those cases, the charges are recorded as income tax expense, as incurred, in the Consolidated Statements of Income.

Revenue Recognition:

Revenue is measured based on consideration specified in contracts with customers and excludes incentives and amounts collected on behalf of third parties, primarily sales tax. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction that are collected by the Company from a customer are excluded from revenue.

The following describes principal activities, separated by major product or service, from which the Company generates its revenues:

Franchise Revenues

Franchise revenues consist of 1) franchise royalties, 2) supplier and distributor incentive revenues, 3) franchise license fees, 4) area development exclusivity fees and foreign master license fees, 5) advertising funds, and 6) supplier convention funds.

Franchise royalties, which are based on a percentage of franchise restaurant sales, are recognized as sales occur.

Supplier and distributor incentive revenues are recognized when title to the underlying commodities transfer.

Franchise license fees are typically billed upon execution of the franchise agreement and amortized over the term of the franchise agreement, which typically range from five to 20 years. Fees received for renewal periods are amortized over the life of the renewal period. In the event of a closed franchise or defaulted development agreement, the remaining balance of unamortized license fees will be recognized in entirety as of the date of the closure or default.

Area development exclusivity fees and foreign master license fees are typically billed upon execution of the area development and foreign master license agreements. Area development exclusivity fees are included in deferred revenue in the accompanying Consolidated Balance Sheets and allocated on a pro rata basis to all stores opened under that specific development agreement as the stores are opened. Area development exclusivity fees that include rights to sub-franchise are amortized as revenue over the term of the contract.

Advertising fund contributions for Pizza Inn and Pie Five units represent contributions collected where we have control over the activities of the fund. Contributions are based on a percentage of net retail sales. We have determined that we are the principal in these arrangements, and advertising fund contributions and expenditures are, therefore, reported on a gross basis in the Consolidated Statements of Income. In general, we expect such advertising fund contributions and expenditures to be largely offsetting and, therefore, do not expect a significant impact on our reported income before income taxes. Our obligation related to these funds is to develop and conduct advertising activities. Pizza Inn and Pie Five marketing fund contributions are billed and collected weekly or monthly.

Supplier convention funds are deferred until the obligations of the agreement are met and the event takes place.

Rental income is income from our subleasing of some of our restaurant space to third parties.

Total revenues consist of the following (in thousands):

	Fiscal Year Ended	
	June 30, 2024	**June 25, 2023**
Franchise royalties	$ 4,844	$ 4,978
Supplier and distributor incentive revenues	4,833	4,418
Franchise license fees	281	152
Area development exclusivity fees and foreign master license fees	15	18
Advertising funds contributions	1,814	1,943

Supplier convention funds	217	172
Rental income	131	186
Other	15	22
	$ 12,150	$ 11,889

The opening balance of accounts receivable on June 26, 2022 was $2.0 million. The opening balance of deferred revenues on June 26, 2022 was $1.3 million. Revenue recognized in fiscal 2024 that was in the deferred revenue balance at June 25, 2023 was $0.5 million.

Stock-Based Compensation:

The Company accounts for stock options using the fair value recognition provisions of the authoritative guidance on stock-based payments. The Company uses the Black-Scholes formula to estimate the value of stock-based compensation for options granted to employees and directors and expects to continue to use this acceptable option valuation model in the future. The authoritative guidance also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow.

RSUs represent the right to receive shares of common stock upon the satisfaction of vesting requirements, performance criteria and other terms and conditions. Compensation cost for RSUs is measured as an amount equal to the fair value of the RSUs on the date of grant and is expensed over the vesting period if achievement of the performance criteria is deemed probable, with the amount of the expense recognized based on the best estimate of the ultimate achievement level.

Fair Value of Financial Instruments:

The carrying amounts of accounts receivable and accounts payable approximate fair value because of the short maturity of these instruments.

Contingencies:

Provisions for legal settlements are accrued when payment is considered probable and the amount of loss is reasonably estimable in accordance with the authoritative guidance on ASC 450 *Accounting for Contingencies*. If the best estimate of cost can only be identified within a range and no specific amount within that range can be determined more likely than any other amount within the range, and the loss is considered probable, the minimum of the range is accrued. Legal and related professional services costs to defend litigation are expensed as incurred.

Use of Management Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company’s management to make estimates and assumptions that affect its reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent liabilities. The Company bases its estimates on historical experience and other various assumptions that it believes are reasonable under the circumstances. Estimates and assumptions are reviewed periodically. Actual results could differ materially from estimates.

Fiscal Year:

The Company's fiscal year ends on the last Sunday in June. The fiscal year ended June 30, 2024 contained 53 weeks and the fiscal year ended June 25, 2023 contained 52 weeks.

Recently Adopted Accounting Guidance:

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU" or "standard") 2016-13, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. Subsequently, the FASB issued several clarifying standard updates to clarify and improve the ASU. These ASUs significantly change how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model that will be based on an estimate of current expected credit loss ("CECL"). Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in Topic 326 were trade accounts receivable and notes receivable.

The Company adopted the standard effective June 26, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

NOTE B – PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS:

Property and equipment consist of the following (in thousands):

	Estimated Useful Lives	June 30 2024	June 25, 2023
Equipment, furniture and fixtures	3 - 7 yrs	$ 1,173	$ 1,114
Leasehold improvements	10 yrs or lease term, if shorter	472	472
		1,645	1,586
Less: accumulated depreciation/amortization		(1,463)	(1,328)
		$ 182	$ 258

Depreciation and amortization expense for property and equipment was approximately $135 thousand and $141 thousand for the fiscal years ended June 30, 2024 and June 25, 2023, respectively.

Intangible assets consist of the following (in thousands):

		June 30, 2024			June 25, 2023		
	Estimated Useful Lives	Acquisition Cost	Accumulated Amortization	Net Value	Acquisition Cost	Accumulated Amortization	Net Value
Trademarks and tradenames	10 years	$ 278	$ (258)	$ 20	$ 278	$ (248)	$ 30
Name change	15 years	70	(44)	26	70	(39)	31
Prototypes	5 years	347	(141)	206	339	(72)	267
		$ 695	$ (443)	$ 252	$ 687	$ (359)	$ 328

Amortization expense for intangible assets was approximately $84 thousand and $73 thousand for the fiscal years ended June 30, 2024 and June 25, 2023, respectively.

NOTE C - ACCRUED EXPENSES:

Accrued expenses consist of the following (in thousands):

	June 30, 2024	June 25, 2023
Compensation	$ 771	$ 776
Professional fees	127	93
Other	17	21
	$ 915	$ 890

NOTE D - EMPLOYEE RETENTION CREDIT:

On December 27, 2020, the Consolidated Appropriations Act of 2021 (the “CAA”) was signed into law. The CAA expanded eligibility for an employee retention credit for companies impacted by the COVID-19 pandemic with fewer than five hundred employees and at least a twenty percent decline in gross receipts compared to the same quarter in 2019, to encourage retention of employees. This payroll tax credit was a refundable tax credit against certain federal employment taxes. For the fiscal year ended June 26, 2022, the Company recorded $0.7 million of other income for the employee retention credit. As of June 30, 2024, $0.6 million has been received and $0.1 million is still outstanding and included within accounts receivable on the accompanying Consolidated Balance Sheets.

NOTE E - INCOME TAXES:

Provision for income taxes from continuing operations consists of the following (in thousands):

	Fiscal Year Ended	
	June 30, 2024	June 25, 2023
Current - Federal	$ —	$ —
Current - State	(33)	(107)

Deferred - Federal	(530)	(394)
Deferred - State	(56)	(36)
Provision for income taxes	$ (619)	$ (537)

The effective income tax rate varied from the statutory rate for the fiscal years ended June 30, 2024 and June 25, 2023 as reflected below (in thousands):

	June 30, 2024	June 25, 2023
Federal income taxes based on a statutory rate of 21%	$ (649)	$ (452)
State income taxes (net of federal benefit)	(82)	(119)
Permanent adjustments	128	(7)
Return to provision	(16)	49
Other	—	(8)
Provision for income taxes	$ (619)	$ (537)

The tax effects of temporary differences that give rise to the net deferred tax assets consisted of the following (in thousands):

	June 30, 2024	June 25, 2023
Allowance for bad debt	$ 13	$ 13
Deferred fees	58	49
Other reserves and accruals	475	619
Operating lease liabilities	222	330
Credit carryforwards	156	156
Net operating loss carryforwards	4,057	4,521
Total deferred tax assets	$ 4,981	$ 5,688
Right-of-use asset	(190)	(285)
Other deferred tax liabilities	(35)	(61)
Total deferred tax liabilities	$ (225)	$ (346)
Net deferred tax asset	$ 4,756	$ 5,342

The Company utilized net operating losses to offset federal taxes. At the end of tax year June 30, 2024, the Company had federal net operating loss carryforwards totaling $18.9 million that are available to reduce future taxable income and will begin to expire in 2035. Under the Tax Cuts and Jobs Act, approximately $1.3 million of the loss carryforwards are limited to 80% and do not expire. Tax years that remain subject to examination by the IRS are the years ended June 28, 2021 through June 25, 2023. Tax years that remain subject to examination by state authorities are the years ended June 30, 2020 through June 25, 2023.

The Company continually reviews the realizability of its deferred tax assets, including an analysis of factors such as future taxable income, reversal of existing taxable temporary differences, and tax planning strategies. In assessing the need for a valuation allowance, the Company considers both positive and negative evidence related to the likelihood of realization of deferred tax assets. Future sources of taxable income are also considered in determining the amount of any required valuation allowance. As of June 30, 2024 and June 25, 2023, the Company determined that no valuation allowance was necessary.

There are no material uncertain tax positions. Management's position is that all relevant requirements are met and necessary returns have been filed, and therefore the tax positions taken on the tax returns would be sustained upon examination.

NOTE F - LEASES:

The Company leases its 19,576 square foot corporate office facility with average annual lease payments of approximately $18.00 per square foot. This lease began on January 2, 2017 and has a ten-year term. The Company amended its lease agreement in June 2020 and has elected to defer one-half of the monthly base rent for the period from June 2020 through May 2021.

The Company determines if an arrangement is a lease at inception of the arrangement. To the extent that it can be determined that an arrangement represents a lease, it is classified as either an operating lease or a finance lease. The Company does not currently have any finance leases. The Company capitalizes operating leases on the Consolidated Balance Sheets through a right of use asset and a corresponding lease liability. Right of use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Short-term leases that have an initial term of one year or less are not capitalized. The Company does not presently have any short-term leases.

Operating lease right of use assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. In addition to the present value of lease payments, the operating lease right of use asset also includes any lease payments made to the lessor prior to lease commencement less any lease incentives and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Nature of Leases

The Company leases certain office space, restaurant space, and information technology equipment under non-cancelable leases to support its operations. A more detailed description of significant lease types is included below.

Office Agreements

The Company rents office space from third parties for its corporate location. Office agreements are typically structured with non-cancelable terms of one to 10 years. The Company has concluded that its office agreements represent operating leases with a lease term that equals the primary non-cancelable contract term. Upon completion of the primary term, both parties have substantive rights to terminate the lease. As a result, enforceable rights and obligations do not exist under the rental agreements subsequent to the primary term.

Restaurant Space Agreements

The Company subleases some of its restaurant space to a third party. The Company's sublease has terms that end in 2025. The sublease agreement is noncancelable through the end of the term and both parties have substantive rights to terminate the lease when the term is complete. Sublease agreements are not capitalized and are recorded as rental income in the period that rent is received.

Information Technology Equipment

The Company rents information technology equipment, primarily printers and copiers, from a third party for its corporate office location. Information technology equipment agreements are typically structured with non-cancelable terms of one to five years. The Company has concluded that its information technology equipment commitments are operating leases.

Discount Rate

Leases typically do not provide an implicit interest rate. Accordingly, the Company is required to use its incremental borrowing rate in determining the present value of lease payments based on the information available at the lease commencement date. The Company's incremental borrowing rate reflects the estimated rate of interest that it would pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments in a similar economic environment. The Company uses the implicit rate in the limited circumstances in which that rate is readily determinable.

Lease Guarantees

The Company has guaranteed the financial responsibilities of certain franchised store leases. These guaranteed leases are not considered operating leases because the Company does not have the right to control the underlying asset. If the franchisee abandons the lease and fails to meet the lease's financial obligations, the lessor may assign the lease to the Company for the remainder of the term. If the Company does not expect to assign the abandoned lease to a new franchisee within 12 months, the lease will be considered an operating lease and a right-of-use asset, and lease liability will be recognized.

Future minimum rental payments for guaranteed leases with initial or remaining terms of one year or more at June 30, 2024 were as follows (in thousands):

	Guaranteed Leases
2025	$ 252
2026	108
2027	87
2028	87
	$ 534

Practical Expedients and Accounting Policy Elections

Certain lease agreements include lease and non-lease components. For all existing asset classes with multiple component types, the Company has utilized the practical expedient that exempts it from separating lease components from non-lease components. Accordingly, the Company accounts for the lease and non-lease components in an arrangement as a single lease component.

In addition, for all existing asset classes, the Company has made an accounting policy election not to apply the lease recognition requirements to short-term leases (that is, a lease that, at commencement, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the Company is reasonably certain to exercise). Accordingly, we recognize lease payments related to our short-term leases in our income statements on a straight-line basis over the lease term which has not changed from our prior recognition. To the extent that there are variable lease payments, we recognize those payments in our income statements in the period in which the obligation for those payments is incurred.

The components of total lease expense for the fiscal years ended June 30, 2024 and June 25, 2023, where operating lease cost is included in general and administrative expense and sublease income is included in revenues in the accompanying Consolidated Statements of Income, are as follows (in thousands):

	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 25, 2023
Operating lease cost	$ 447	$ 494
Sublease income	(131)	(186)
Total lease expense, net of sublease income	$ 316	$ 308

Supplemental cash flow information related to operating leases is included in the table below (in thousands):

	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 25, 2023
Cash paid for amounts included in the measurement of lease liabilities	$ 511	$ 558

Weighted average remaining lease term and weighted average discount rate for operating leases are as follows:

	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 25, 2023
Weighted average remaining lease term	1.5 Years	2.1 Years
Weighted average discount rate	4.0%	4.0%

Operating lease liabilities with enforceable contract terms that are greater than one year mature as follows (in thousands):

	Operating Leases
2025	$ 433
2026	382
2027	191
Total operating lease payments	$ 1,006
Less: imputed interest	$ (49)
Total operating lease liability	$ 957

Premises previously occupied by Company-owned restaurants were leased for initial terms of five to ten years, and each has multiple renewal terms. Certain lease agreements contain either a provision requiring additional rent if sales exceed specified amounts or an escalation clause based upon a predetermined multiple.

Future minimum sublease rental income under active non-cancelable leases with initial or remaining terms of one year or more at June 30, 2024 were as follows (in thousands):

	Sublease Rental Income
2025	$ 53
	$ 53

NOTE G - EMPLOYEE BENEFITS:

The Company has a tax advantaged savings plan that is designed to meet the requirements of Section 401(k) of the Internal Revenue Code (the “Code”). Employees who have completed three months of service and are at least 21 years of age are eligible to participate in the plan. The plan provides that participating employees may elect to have between 1% and 100% of their compensation deferred and contributed to the plan subject to certain IRS limitations. The Company has a discretionary matching contribution. Separate accounts are maintained with respect to contributions made on behalf of each participating employee. Employer matching contributions and earnings thereon are invested in the same investments as each participant’s employee deferral. The plan is subject to the provisions of the Employee Retirement Income Security Act, as amended, and is a profit-sharing plan as defined in Section 401(k) of the Code.

For the fiscal years ended June 30, 2024 and June 25, 2023, total matching contributions to the tax advantaged savings plan by the Company on behalf of participating employees were approximately $21 thousand and $24 thousand, respectively.

NOTE H - STOCK-BASED COMPENSATION PLANS:

In June 2005, the 2005 Employee Incentive Stock Option Award Plan (the “2005 Employee Plan”) was approved by the Company’s shareholders with a plan effective date of June 23, 2005. Under the 2005 Employee Plan, officers and employees of the Company were eligible to receive options to purchase shares of the Company’s common stock. Options were granted at market value of the stock on the date of grant, were subject to various vesting and exercise periods as determined by the Compensation Committee of the board of directors and could be designated as non-qualified or incentive stock options. A total of 1,000,000 shares of common stock were authorized for issuance under the 2005 Employee Plan. The 2005 Employee Plan expired by its terms on June 23, 2015.

The shareholders also approved the 2005 Non-Employee Directors Stock Award Plan (the “2005 Directors Plan”) in June 2005, to be effective as of June 23, 2005. Directors not employed by the Company were eligible to receive stock options under the 2005 Directors Plan. Options for common stock equal to twice the number of shares of common stock acquired during the previous fiscal year, up to 40,000 shares per year, were automatically granted to each non-employee director on the first day of each fiscal year. Options were granted at market value of the stock on the first day of each fiscal year, with vesting periods beginning at a minimum of six months and with exercise periods up to ten years. A total of 650,000 shares of Company common stock were authorized for issuance pursuant to the 2005 Directors Plan. The 2005 Directors Plan expired by its terms on June 23, 2015.

The 2015 Long Term Incentive Plan (the “2015 LTIP”) was approved by the Company’s shareholders on November 18, 2014 and became effective June 1, 2015. Officers, employees and non-employee directors of the Company are eligible to receive awards under the 2015 LTIP. A total of 3,000,000 shares of common stock are authorized for issuance under the 2015 LTIP. Awards authorized under the 2015 LTIP include incentive stock options, non-qualified stock options, restricted shares, restricted stock units and rights (either with or without accompanying options). The 2015 LTIP provides for options to be granted at market value of the stock on the date of grant and have exercise periods determined by the Compensation Committee of the board of directors. The Compensation Committee may also determine the vesting periods, performance criteria and other terms and conditions of all awards under the 2015 LTIP. The Compensation Committee has adopted resolutions under the 2015 LTIP automatically granting to each non-employee director on the first day of each fiscal year options to purchase twice the number of shares of common stock acquired during the previous fiscal year, up to a maximum of 40,000 shares. Such options are exercisable at the market value of the stock on the first day of the fiscal year, vest six months from the date of grant and expire 10 years from the date of grant.

Stock-based compensation expense is included in general and administrative expense in the accompanying Consolidated Statements of Income.

Stock Options:

A summary of stock option transactions under all of the Company’s stock option plans and information about fixed-price stock options is as follows:

	Fiscal Year Ended		Fiscal Year Ended	
	June 30, 2024	June 25, 2023	June 30, 2024	June 25, 2023
	Shares	Shares	Weighted-Average Exercise Price	Weighted-Average Exercise Price
Outstanding at beginning of year	151,750	111,750	$ 5.19	$ 6.67
Granted	—	40,000	—	1.06
Exercised	—	—	—	—
Forfeited/Canceled/Expired	(37,464)	—	(6.12)	—

Outstanding at end of year	114,286	151,750	$ 4.89	$ 5.19
Exercisable at end of year	114,286	111,750	$ 4.89	$ 6.67

The intrinsic value of options outstanding at June 30, 2024 was $37 thousand.

The following table provides information on options outstanding and options exercisable as of June 30, 2024:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	**Options Outstanding at June 30, 2024**	**Weighted-Average Remaining Contractual Life (Years)**	**Weighted-Average Exercise Price**	**Shares Exercisable at June 30, 2024**	**Weighted-Average Exercise Price**
$1.00 - 1.90	40,000	7.99	$ 1.06	40,000	$ 1.06
$3.31 - 3.95	50,000	1.99	$ 3.95	50,000	$ 3.95
$6.26 - 13.11	24,286	1.01	$ 13.11	24,286	$ 13.11
	114,286	3.88	$ 4.89	114,286	$ 4.89

The following assumptions were used to estimate the fair value of stock options for the years ended:

	June 30, 2024	June 25, 2023
Fair value of awards	$ —	$ 1.06
Risk-free interest rate	0.0%	2.9%
Dividend yield	$ —	$ —
Volatility factor	0.0%	79.6%
Expected life	0.0 Years	5.5 Years

We determine fair value following the authoritative guidance as follows:

Valuation and Amortization Method. We estimate the fair value of share-based awards granted using the Black-Scholes option valuation model. We amortize the fair value of all awards on a straight-line basis over the requisite service periods, which are generally the vesting periods.

Expected Life. The expected life of awards granted represents the period of time that they are expected to be outstanding. Unless a life is specifically stated, we determine the expected life using the “simplified method” in accordance with Staff Accounting Bulletin No. 110 since we do not have sufficient historical share option exercise experience.

Expected Volatility. Using the Black-Scholes option valuation model, we estimate the volatility of our common stock at the date of grant based on the historical volatility of our common stock.

Risk-Free Interest Rate. We base the risk-free interest rate used in the Black-Scholes option valuation model on the implied yield currently available on U.S. Treasury zero-coupon issues with an equivalent remaining term equal to the expected life of the award.

Expected Dividend Yield. We have not paid any cash dividends on our common stock in the last ten years and we do not anticipate paying any cash dividends in the foreseeable future. Consequently, we use an expected dividend yield of zero in the Black-Scholes option valuation model.

Expected Forfeitures. We use historical data to estimate pre-vesting option forfeitures. We record stock-based compensation only for those awards that are expected to vest.

No stock compensation expense related to stock options was recognized in fiscal 2024. $15 thousand of stock compensation expense related to stock options was recognized in fiscal 2023. There were no stock options that were unvested at June 30, 2024. 40,000 of the stock options vested on June 27, 2023 and, therefore, there was zero unamortized stock compensation expense at June 30, 2024.

Restricted Stock Units:

Restricted stock units awarded under the 2015 LTIP represent the right to receive shares of common stock upon the satisfaction of vesting requirements, performance criteria and other terms and conditions. During fiscal 2024 and 2023, 131,460 and zero performance-based RSUs, respectively, were granted to certain employees. For the years ended June 30, 2024 and June 25, 2023, the Company had stock compensation expense of $149 thousand and $329 thousand, respectively, related to RSUs. As of June 30, 2024, there was $145 thousand, $91 thousand and $27 thousand unamortized stock compensation expense related to RSUs, which should be recognized during fiscal years 2025, 2026 and 2027, respectively.

The restricted stock units granted to each recipient are allocated among performance criteria pertaining to various aspects of the Company's business, as well as its overall operations, measured based on the second fiscal year following the date of grant. Achievement of the various performance criteria entitles the recipient to receive shares of common stock in amounts ranging from 50% to 150% of the number of restricted stock units granted. Grantees of restricted stock units do not have any rights of a stockholder, and do not participate in any distributions on our common stock, until the award fully vests upon satisfaction of the vesting schedule, performance criteria and other conditions set forth in their award agreement. Contingent unvested restricted stock units are considered participating securities under ASC 260, "*Earnings Per Share*," and are included in the calculation of diluted earnings per share at the beginning of the most recent quarterly period when the performance targets and vesting are probable to be met.

Compensation cost is measured as an amount equal to the fair value of the restricted stock units on the date of grant and is expensed over the vesting period if achievement of the performance criteria is deemed probable, with the amount of the expense recognized based on the best estimate of the ultimate achievement level.

A summary of the status of restricted stock units as of June 30, 2024 and June 25, 2023, and changes during the fiscal years then ended is presented below:

	June 30, 2024	June 25, 2023
Unvested at beginning of year	885,687	885,687
Performance adjustment	(58,035)	—
Granted during the year	131,460	—
Vested during the year	(588,589)	—
Forfeited during the year	(101,460)	—
Unvested at end of year	269,063	885,687

NOTE I - COMMITMENTS AND CONTINGENCIES:

The Company is subject to various claims and contingencies related to employment agreements, franchise disputes, lawsuits, taxes, food product purchase contracts and other matters arising out of the normal course of business. Management believes that any such claims and actions currently pending are either covered by insurance or would not have a material adverse effect on the Company's annual results of operations or financial condition if decided in a manner that is unfavorable to the Company.

NOTE J - EARNINGS PER SHARE:

The Company computes and presents earnings per share ("EPS") in accordance with ASC 260 *Earnings Per Share*. Basic EPS excludes the effect of potentially dilutive securities while diluted EPS reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised, converted or resulted in the issuance of common stock that then shared in the earnings of the Company.

The following table shows the reconciliation of the numerator and denominator of the basic EPS calculation to the numerator and denominator of the diluted EPS calculation (in thousands, except per share amounts):

	Fiscal Year Ended	
	June 30, 2024	June 25, 2023
Net income available to common shareholders	$ 2,473	$ 1,613
Adjusted net income	$ 2,473	$ 1,613
BASIC:		
Weighted average common shares	14,446	15,323
Net income per common share	$ 0.17	$ 0.11

DILUTED:		
Weighted average common shares	14,446	15,323
Dilutive stock options and restricted stock units	184	588
Weighted average common shares outstanding	14,630	15,911
Net income per common share	$ 0.17	$ 0.10

We had 94,769 and 151,750 shares of common stock potentially issuable upon exercise of employee stock options for years ended June 30, 2024 and June 25, 2023, respectively, which were excluded from the weighted average number of shares outstanding on a diluted basis because they had an intrinsic value of zero. These options expire at varying times from fiscal 2025 through fiscal 2032. We had 105,000 and 271,825 restricted stock units for years ended June 30, 2024 and June 25, 2023, respectively, which were excluded from the weighted average number of shares outstanding on a diluted basis because the performance criteria had not been met and vesting was not probable.

NOTE K - SEGMENT REPORTING:

The Company has three reportable operating segments as determined by management using the "management approach" as defined by ASC 280 *Disclosures about Segments of an Enterprise and Related Information*: (1) Pizza Inn Franchising, (2) Pie Five Franchising and (3) Corporate administration and other. These segments are a result of differences in the nature of the products and services sold. Corporate administration costs, which include, but are not limited to, general accounting, human resources, legal and credit and collections, are partially allocated to the three operating segments.

The Pizza Inn and Pie Five Franchising segments establish franchisees, licensees and territorial rights. Revenue for these segments are derived from franchise royalties, franchise fees, sale of area development and foreign master license rights and incentive payments from third party suppliers and distributors. Assets for these segments include equipment, furniture and fixtures.

Corporate administration and other assets primarily include cash and short term investments, as well as furniture and fixtures located at the corporate office and trademarks and other intangible assets. All assets are located within the United States.

Summarized in the following tables are net operating revenues, depreciation and amortization expense, and income before taxes for the Company's reportable segments as of and for the fiscal years ended June 30, 2024 and June 25, 2023 (in thousands):

	Fiscal Year Ended	
	June 30, 2024	**June 25, 2023**
Net sales and operating revenues:		
Pizza Inn Franchising	$ 10,295	$ 9,810
Pie Five Franchising	1,724	1,893
Corporate administration and other	131	186
Consolidated revenues	$ 12,150	$ 11,889
Depreciation and amortization:		
Corporate administration and other	$ 219	$ 214
Depreciation and amortization	$ 219	$ 214
Income before taxes:		
Pizza Inn Franchising	$ 7,310	$ 6,751
Pie Five Franchising	1,053	996
Combined	8,363	7,747
Corporate administration and other	(5,271)	(5,597)
Income before taxes	$ 3,092	$ 2,150

The following table provides information on our foreign and domestic revenues:

Geographic information (revenues):		
United States	$ 11,940	$ 11,627
Foreign countries	210	262
Consolidated revenues	$ 12,150	$ 11,889

EXHIBIT G

PIZZA INN, INC.

CONFIDENTIALITY AGREEMENT

CONFIDENTIALITY AND NONCOMPETITION AGREEMENT FOR FRANCHISE APPLICANT

This Confidentiality And Noncompetition Agreement ("Agreement") is made between Pizza Inn, Inc. ("Company") and the person whose name appears on the signature block below, both individually and on behalf of the corporate entity, if applicable, appearing in the signature block (collectively the "Applicant") on the date appearing below ("Effective Date"). Applicant and Company may be jointly referred to as the "Parties."

WHEREAS, Company possesses certain proprietary and confidential information, including, but not limited to, methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the operation and franchising of Pizza Inn restaurants, and other information that is identified or treated by the Company as confidential or proprietary (the "Confidential Information"). The Confidential Information may be contained in certain operations manuals ("Operating Manuals") or in other written, spoken, electronic, visual or audio/visual form; and

WHEREAS, Applicant has applied, or intends to apply, to become a franchisee of the Company, and in connection therewith, Applicant desires to have access to the Confidential Information; and

WHEREAS, Company agrees to allow Applicant limited access to the Confidential Information only to the extent and upon the terms and conditions set forth herein below.

NOW, THEREFORE, in consideration of the foregoing and mutual covenants set forth in this Agreement, the Parties agree as follows:

1. Applicant acknowledges and agrees that as a result of viewing and acquiring the Confidential Information, Applicant stands in a confidential and fiduciary relationship with Company. Company, at all times, will fully retain all proprietary rights and interest in the Confidential Information, and Applicant shall acquire no rights in or license to the Confidential Information.

2. Applicant covenants and agrees that Applicant shall hold the Confidential Information in strict confidence and trust, and shall not communicate, divulge, disclose or disseminate any of the Confidential Information in any form or by any means or method, to any person, organization or entity without the Company's express prior written consent, except to the extent absolutely necessary for the proper and efficient performance of Applicant's obligations in connection with the ownership and/or operation of a Pizza Inn restaurant.

3. Applicant covenants and agrees that if Applicant's relationship with Company terminates: (a) Applicant shall immediately deliver all Confidential Information in Applicant's possession or control to Company, (b) Any reconstruction of the Confidential Information regardless of method, including but not limited to electronically, mechanically, by memory, or used in any form or context not specifically permitted by this Agreement is strictly prohibited.

INT: ____

4. If Applicant enters into a franchise agreement ("Franchise Agreement") with Company, the terms and conditions of the Franchise Agreement shall supersede this Agreement, and Applicant shall thereafter be bound by the confidentiality and non-competition covenants contained in the Franchise Agreement.

5. Following Company's disclosure of the Confidential Information to Applicant, if Applicant does not enter into a Franchise Agreement with Company, Applicant agrees that, for a period of six (6) months from the Effective Date, Applicant (a) will not, directly or indirectly, enter into any business relationship with, or the employment of, any other person, partnership, association, corporation or other entity engaged in the same or a substantially similar business of Company, including the pizza restaurant business ("Competing Business"), (b) will not engage in any Competing Business for Applicant's own account, provide consulting or advisory services, or come to own an interest in such a business directly or indirectly, or as an individual, partner, member, or stockholder (except in the case of any publicly held corporation, the stock of which is traded on a major stock exchange), director, officer, principal, agent, trustee, receiver, or in any other relation, position or capacity.

6. Notwithstanding anything contained herein to the contrary and provided that Applicant shall have first obtained the Company's written consent, the restrictions on Applicants disclosure and use of the Confidential Information shall not apply to (i) information, processes or techniques which are or become generally known in the pizza restaurant industry, other than through disclosure (whether deliberate or inadvertent) by Applicant, or (ii) disclosure of Confidential Information in administrative or judicial proceedings to the extent Applicant is legally compelled to disclose such information.

7. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. Applicant covenants and agrees that if Applicant fails or refuses to comply fully with the terms of this Agreement for whatever reason, Applicant shall pay all costs, fees (including reasonable attorney's fees) and expenses incurred by the Company in enforcing the terms of this Agreement. Company's failure to enforce any provision of this Agreement shall not be deemed a waiver by the Company of any rights or remedies herein stated.

IN WITNESS WHEREOF, the Parties have entered into this Agreement on this, the _____ day of _______________, 20___.

Applicant: ________________	Pizza Inn, Inc.
______________________________	______________________________
Signature of Authorized Agent	Signature of Authorized Agent
______________________________	______________________________
Print Name/Title (if applicable)	Print Name/Title

EXHIBIT H

PIZZA INN, INC.

OPERATING MANUAL
TABLE OF CONTENTS

Pizza Inn Operations Manual

Table of Contents:

EXHIBIT I

PIZZA INN, INC.

FRANCHISEE LISTS

LIST OF CURRENT FRANCHISEES BUFFET RESTAURANTS - FY 2024					
FRANCHISEE	**ADDRESS**	**CITY**	**ST**	**ZIP**	**PHONE #**
Clairday, Bobby	1208 S. Caraway Blvd.	Jonesboro	AR	72401	(870) 932-1010
Clairday, Bobby	358 Southwest Dr	Jonesboro	AR	72401	(870) 932-1011
Clairday, Bobby	2406 W. Kings Hwy	Paragould	AR	72450	(870) 236-1300
Wyatt, Seth	1035 E. Main St.	Blytheville	AR	72315	(870) 824-2660
Bethel, George & Julie Meyers, Eric & Heidi	220 E. Main St.	Mt. View	AR	72560	(870) 269-7992
Brake, Scott	10800 Bass Pro Pkwy Ste D	Little Rock	AR	72210	501-455-7435
Middleton, Keith	3461 Cypress Mill Rd.	Brunswick	GA	31520	(912) 265-2899
Middleton, Keith	1003 Sunset Blvd	Jesup	GA	31545	(912) 385-2165
Dhar, Hemi	501 City Blvd	Waycross	GA	31501	(912) 809-2411
Mehrizi, Mahmoud	100 Brighton Park	Frankfort	KY	40601	(502) 695-4102
Rust, Larry	1001 Joe Clifton Dr.	Paducah	KY	42001	(270) 442-7105
Singh, Bob	1611 Washington St.	Franklinton	LA	70438	(985) 839-6305
Jewell, Russel E	396 County Rd 362	Thayer	MO	65791	(417) 264-3800
Tetley, Danny	1905 E. Malone Ave.	Sikeston	MO	63801	(573) 471-8590
Pfeifer, Bruce /Drury SW	196 Drury Lane	Jackson	MO	63755	(251) 645-2444
Hicks, Jeffrey	1915 N. Westwood Blvd.	Poplar Bluff	MO	63901	(573) 686-1191
Hicks, Jeffrey	1108 S. Main Street	Salem	MO	65560	(573) 729-8585
Hicks, Jeff	1805 Bruce Smith Pkwy.	West Plains	MO	65775	417-596-9800
Singh, Jason	924 Hwy. 82 West	Greenwood	MS	38930	(662) 455-2734
Singh, Bob	429 Broad Street	Monticello	MS	39654	(601) 587-4041
Yanez, Zeke	1503 Beulah Ave	Tylertown	MS	39667	(601) 876-2003
Singh, Bob	1463 Sunset Dr.	Grenada	MS	38901	(662) 226-3330
Cooley, James F.	902A Mississippi Dr.	Waynesboro	MS	39367	(601) 735-5600
Yanez, Zeke	530 W. Central Ave	Wiggins	MS	39577	(601) 928-9000
Dees, Aaron	411 Summit St.	Winona	MS	38967	(662) 283-4801
Michel Thakur	4102 East Clay St.	Vicksburg	MS	39183	(601) 638-5061
Fountain, Martha & Ford	405 Main St.	Leakesville	MS	39451	(601) 394-2999
Poythress, Jill	707 Norwood Ave.	Goldsboro	NC	27534	(919) 736-2185
Broome, Tom	1227 S. Main St.	Laurinburg	NC	28352	(910) 276-6565
Broome, Tom	1352 E. Broad Ave.	Rockingham	NC	28379	(910) 997-5696
Page, Bill	1509 Carolina Ave.	Washington	NC	27889	(252) 946-0149
Copeland, Ed Sr, Glover, Mike;	2211 Saint Andrew St.	Tarboro	NC	27886	(252) 823-1018
Copeland Jr., Ed	101 Jersey St.	Ahoskie	NC	27910	(252) 332-5036
Firooznia, Dion	1250 Coble Blvd.	Henderson	NC	27536	(252) 492-2144
Stancil, Steve	1473 Hunter Hill Rd.	Rocky Mount	NC	27804	(252) 937-2323
Hale, Susan	1103 Sunset Ave.	Clinton	NC	28328	(910) 590-3100
Richard, Shane	127 E. Dixon Blvd.	Shelby	NC	28152	(704) 482-2441

LIST OF CURRENT FRANCHISEES BUFFET RESTAURANTS - FY 2024					
FRANCHISEE	**ADDRESS**	**CITY**	**ST**	**ZIP**	**PHONE #**
Harrington, Troy	3906 N. Duke St.	Durham	NC	27704	(919) 294-6700
Johnson, Kenneth	1138 W. Broad St.	Dunn	NC	28334	(910) 892-7151
Johnson, Kenneth	1441 S. Pollock St.	Selma	NC	27576	(919) 965-4400
Johnson, Kenneth	700 Ward Blvd.	Wilson	NC	27893	(252) 291-2105
Solanki, Prakashkumar	475 N Generals Blvd	Lincolnton	NC	28092	(904) 240-8888
Firooznia, Dion	1216 E. Dixie Dr.	Asheboro	NC	27203	(336) 200-8770
Acevedo, Brandon	1943 N. Grimes St.	Hobbs	NM	88240	(575) 397-0505
Ramirez, Ruben	1210 W. Pierce St.	Carlsbad	NM	88220	(575) 887-7566
Ramirez, Ruben	3005 Natl Pks Hwy.	Carlsbad	NM	88220	(575) 887-5049
Mosteller, Gabe	1107 N. York St.	Muskogee	OK	74403	(918) 682-3407
Clark, Charlie	415 Westside Dr.	Durant	OK	74701	(580) 380-4268
Nemer, Tony	702 E. Main St	Enid	OK	73701	(580) 238-4999
Broome, Tom	1404 Church St.	Conway	SC	29526	(843) 248-9216
Broome, Tom	1107 N. Main St.	Lancaster	SC	29720	(803) 283-3357
Acker, Daven	502 Ann St., Ste. V	Pickens	SC	29671	(864) 878-7918
Cartagine, Keith	515 Roe Center Court	Travelers Rest	SC	29690	(864) 834-1090
Cartagine, Keith	2001 Woodruff Rd.	Greenville	SC	29607	(864) 281-0929
Acker, Daven	1517 E. Main St.	Duncan	SC	29334	(864) 433-8447
Acker, Daven	1108 Asheville Hwy	Spartanburg	SC	29303	(864) 585-4281
Acker, Daven	2225 E. Main St.	Spartanburg	SC	29307	(864) 579-1115
Acker, Daven	115 W. Wade Hampton	Greer	SC	29650	(864) 877-7779
Overholt, Eddie	1586 N. Broad St.	Tazewell	TN	37879	(423) 626-7258
Brown, Jamey	5420 Clinton Hwy	Knoxville	TN	37912	(865) 357-7499
Coker, Scott	1501 Oak Ridge Tpk	Oak Ridge	TN	37830	865-482-5656
Moore, Kyle	275 E. A Johnson Hwy.	Greeneville	TN	37745	(423) 638-2000
Holt, Dan	2762 Huntsville Hwy	Fayetteville	TN	37344	(931) 433-3828
Firooznia, Dion	101 Hudson Dr.	Elizabethton	TN	37643	704-839-5560
Baenisch, Jim	6900 Boulevard 26,	Richland Hills	TX	76180	(817) 284-9359
Foroudi, Hamid	1801 Mangum Rd.	Houston	TX	77092	(713) 861-2389
Herrley, Keith	3907 College Ave.	Snyder	TX	79549	(325) 573-3542
Herrley, Keith	700 E. FM 700	Big Spring	TX	79720	(432) 263-1381
Hemani, Abdul	3003 N. Galloway Ave.	Mesquite	TX	75150	(972) 686-7861
Broussard, Jerrod	1501 Magnolia Ave.	Port Neches	TX	77651	(409) 722-4600
Strate, Travis	1320 Mockingbird Ln.	Sulphur Springs	TX	75482	(903) 885-1549
Crouch, Robert (Mike)	624 W. Broadway St.	Winnsboro	TX	75494	(903) 342-9192
Hussain, Ijaz	4304 Live Oak St.	Dallas	TX	75204	(214) 826-8855
Koopman, Patrick	310 N. Hwy 67	Midlothian	TX	76065	(972) 775-5511
Clark, Charlie	2121 N. Heritage Pkwy	Sherman	TX	75092	903-892-1513

LIST OF CURRENT FRANCHISEES BUFFET RESTAURANTS - FY 2024					
FRANCHISEE	**ADDRESS**	**CITY**	**ST**	**ZIP**	**PHONE #**
Clark, Charlie	109 Murphy Rd.	Murphy	TX	75094	972-423-3354
Arbuckle, Stuart	190 N. Franklin St.	Christiansburg	VA	24073	(540) 382-4989

LIST OF CURRENT FRANCHISEES EXPRESS RESTAURANTS - FY 2024					
FRANCHISEE	**ADDRESS**	**CITY**	**ST**	**ZIP**	**PHONE #**
Bullock, Daniel (GPM Southeast, LLC.)	1114 Hwy 77 South	Marion	AR	72364	(870) 735-4496
Blackmon, Ethan	104 1st Street	Glenwood	AR	71943	(870) 356-7466
Bullock, Daniel (GPM Southeast, LLC.)	988 South Falls Blvd.	Wynne	AR	72396	(870) 238-3714
Blackmon, Ethan	104 E. 13th Street	Murphreesboro	AR	71958	(870) 285-4146
Bullock, Daniel (GPM Southeast, LLC.)	50 Hwy 62 & US 167	Ash Flat	AR	72513	(870) 994-7441
Blackmon, Ethan	101 S. Elm St.	Gurdon	AR	71743	(870) 353-2888
Bullock, Daniel (GPM Southeast, LLC.)	816 S Main St.	Rector	AR	72461	(870) 595-3871
Blackmon, Ethan	859 N. Cedar St.	Bearden	AR	71720	(870) 687-2030
Singh, Vikramjeet	1935 W State Line Rd	Southaven	MS	38671	(662) 510-2866
Bajaj, Manoj	102 West South Ave.	Mendenhall	MS	39114	
Engineer, Habib	8605 Memorial Dr.	Houston	TX	77024	(713) 686-3758
Mouri, Foad	915 Early Blvd.	Early	TX	76802	(325) 646-0801
Wimmer, Wes	203 East Division	Muenster	TX	76252	(940) 759-2923
Almufti, Sam or Alex Barakat	5355 FM 1565	Caddo Mills	TX	75135	(903) 527-5820
Sidhu, Sonny	801 S. Main St.	Anahuac	TX	77514	(409) 267-6151
Naqvi, Tony	13309 Hwy 21 W	North Zulch	TX	77872	(936)399-2356
Naqvi, Tony	506 W. Broad St.	Oakwood	TX	75855	(903) 545-1954

LIST OF CURRENT FRANCHISEES DELCO RESTAURANTS - FY 2024					
FRANCHISEE	**ADDRESS**	**CITY**	**ST**	**ZIP**	**PHONE #**
Solanki, Prakashkumar	6638 W. Hwy 27	Vale	NC	28168	(704) 244-1666
Alyousef, Hatem	11003 Antoine Dr.	Houston	TX	77086	(281) 586-8299
Gonzalez, Dave	204 W. Viggie St.	Hebbronville	TX	78361	(361) 527-3513
Calderon, Alex & Iris	114 N. Cedar Ridge Dr	Duncanville	TX	75116	(972) 296-5258
Silva, Jeanne & Joshua	6911 FM 521	Arcola	TX	77583	(281) 972-9498
Cockerham, Danny	US Hwy. 58 & I-77	Hillsville	VA	24343	(276) 728-2799

The following is a list of the name, city and state, and current business telephone number (or if unknown, the last known home telephone number) of each franchisee that had a Restaurant terminated, canceled or not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during fiscal year 2024; or have not communicated with us within 10 weeks of the issuance date of this disclosure document.

BUFFET RESTAURANTS

FRANCHISEE	CITY	ST	PHONE NO
Rao, Arvind	Mountain Home	AR	(870) 701-5061
Simmons, Bill	Shelby	NC	(704) 482-2441
Moore, Michael & Carabeth	Carlsbad	NM	(575) 887-7566
Moore, Michael & Carabeth	Carlsbad	NM	(575) 887-5049
Moore, Michael	Hobbs	NM	(575) 397-0505
Nemer, Tony	Blackwell	OK	(580) 262-5021

EXPRESS RESTAURANTS

FRANCHISEE	CITY	ST	PHONE NO
Patel, Dineshkumar (Roy Patel)	Mobile	AL	(251) 633-7164
Patel, Ritesh	Mobile	AL	(251) 645-2444
Bullock, Daniel (GPM Southeast, LLC.)	Marion	AR	(870) 739-5646
Joshi, Kishor	Cave City	AR	(870) 283-5696
Bullock, Daniel (GPM Southeast, LLC.)	Trumann	AR	(870) 483-1918
Bullock, Daniel (GPM Southeast, LLC.)	Brinkley	AR	(870) 734-3120
Sardar Fahad Ali Khan	Searcy	AR	(501) 305-2676
Joshi, Kishor	Batesville	AR	(870) 805-4575
Aman, Anwar	Osceola	AR	(870) 563-4928
Bullock, Daniel (GPM Southeast, LLC.)	Monette	AR	(870) 486-2739
Bullock, Daniel (GPM Southeast, LLC.)	Walnut Ridge	AR	(870) 886-5129
Bullock, Daniel (GPM Southeast, LLC.)	Evening Shade	AR	(870) 266-3030
Bullock, Daniel (GPM Southeast, LLC.)	Jonesboro	AR	(870) 933-0516
Jalal, Noor	Turrell	AR	(870) 343-8748
Blackmon, David	Danville	AR	(479) 495-7499
Bullock, Daniel (GPM Southeast, LLC.)	Clarkton	MO	(573) 448-3737
Patel, Yash	Allendale	SC	(803) 584-1616
Khawja, Nooruddin	Tomball	TX	(281) 499-4149

DELCO RESTAURANTS

FRANCHISEE	CITY	ST	PHONE NO
Parikh, Nimesh	Emerald Isle	NC	(252) 354-4468

EXHIBIT J

PIZZA INN, INC.

STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(213) 576-7500

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

Illinois
Office of Attorney General
500 S. Second Street
Springfield, Illinois 62706
(217) 782-4465

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

Maryland
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-7042

Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Bldg., 1st Floor
Lansing, Michigan 48913
(517) 373-7117

Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1600

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

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

Oregon
Division of Consumer and Business Services
350 Winter St. N.E. Labor & Industries Bldg., Rm 21
Salem, Oregon 97310
(503) 378-4387

Rhode Island
Department of Business Regulation
Securities Division
1511 Pontiac Avenue, Bldg. 69-1
Cranston, Rhode Island 02920
(401) 462-9527

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

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

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

Wisconsin
Division of Securities
Department of Financial Institutions
345 W. Washington Street, 4th Floor
Madison, WI 53703
(608) 266-8559

EXHIBIT K

PIZZA INN, INC.

STATE EFFECTIVE DATES

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

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L

PIZZA INN, INC.

RECEIPTS

RECEIPT

This Disclosure Document summarizes provisions of the license agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Pizza Inn, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Pizza Inn, Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20590 or the appropriate state agency listed in Exhibit J.

Franchise Seller Name: Chris Cochran, Sr. Director of Franchise Sales and Development

Address: 3551 Plano Parkway

The Colony, Texas 75056

Telephone Number: (469) 384-5000

Issuance Date: October 28, 2024

I have received a Disclosure Document issued on October 28, 2024. This Disclosure Document included the following exhibits:

A	Franchise Agreement	G	Confidentiality Agreement
B	Multi-Store Development Agreement	H	Operating Manual Table of Contents
C	ACH Authorization Form	I	Franchisee List
D	Guaranty	J	List of State Administrators
E	General Release	K	State Effective Dates
F	Financial Statements	L	Receipts

Date: ______________________________

____
Name of entity
(if applicable)

____
Signature

____
State where entity was formed (if applicable)

____
Print Name/Title

PLEASE SIGN AND RETURN THIS COPY TO US

RECEIPT

This Disclosure Document summarizes provisions of the license agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Pizza Inn, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If Pizza Inn, Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20590 or the appropriate state agency listed in Exhibit J.

Franchise Seller Name: Chris Cochran, Sr. Director of Franchise Sales and Development

Address: 3551 Plano Parkway

The Colony, Texas 75056

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C	ACH Authorization Form	I	Franchisee List
D	Guaranty	J	List of State Administrators
E	General Release	K	State Effective Dates
F	Financial Statements	L	Receipts

Date: ______________________________ ____________________________________

Name of entity
(if applicable)

____________________________________ ____________________________________

Signature State where entity was formed (if applicable)

____

Print Name/Title

PLEASE SIGN AND KEEP THIS COPY FOR YOUR RECORDS