



Franchise Disclosure Document
2024

**FRANCHISE DISCLOSURE DOCUMENT
(OHIO)**



LAROSA'S, INC.
(An Ohio Corporation)
2334 Boudinot Avenue
Cincinnati, Ohio 45238
(513) 347-5660
www.larosas.com

The Franchisee will develop, construct, own, and operate a pizzeria restaurant featuring Italian style food under the trade name and service mark "LaRosa's" and "LaRosa's Pizzeria".

The total investment necessary to begin the operation of a LaRosa's franchise ranges from \$1,431,000 to \$2,595,000. This includes an initial Franchise Fee and an initial One Number Fee which total \$35,000 that must be paid directly to us.

This disclosure document summarizes certain provisions of your license 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 licensor or an affiliate in connection with the proposed license sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to review your franchise disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Michelle McMahan, Executive Vice President of Operations, at 2334 Boudinot Avenue Cincinnati Ohio 45238, 513-347-5695.

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 contracts carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

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

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

The effective date of this disclosure document is April 10, 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 B.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only LaRosa's, Inc. business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a LaRosa's, Inc. franchisee?	Item 20 or Exhibit B 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.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments to 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 litigation in Ohio. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with a franchisor in Ohio than in your home 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.

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ITEM 1.

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we” and “our” and “LaRosa’s” mean, LaRosa’s, Inc., the franchisor. “You” means the person or business entity who buys the franchise and is the “Franchisee” for purposes of the Franchise Agreement. If the Franchisee is a corporation, limited liability company or partnership, certain provisions of the Franchise Agreement and related agreements apply to your shareholders, members, partners, officers, and directors. Those provisions are noted.

We were formed as an Ohio corporation on May 21, 1965. We do business under the name of LaRosa’s. Our principal business address is 2334 Boudinot Avenue, Cincinnati, Ohio 45238. Our agent for service of process in the State of Ohio is FBT Ohio, Inc. (301 E. 4th St., Ste. 3300, Cincinnati, OH 45202).

We sell franchises that operate LaRosa’s Pizzeria Restaurants selling Italian style food products for on-premise and off-premise consumption and delivery. LaRosa’s competes with numerous other restaurants offering a variety of food items in a wide variety of service formats. In particular, your competitors include other restaurants and carry-out and delivery operations serving pizza and Italian style food. Our menu emphasizes a variety of pizzas and pasta entrees, such as lasagna, spaghetti, and ravioli, as well as hoagie sandwiches. A typical franchise can be expected to earn a majority of its weekly sales volume on Friday, Saturday and Sunday. While a significant portion of sales comes from the dining room, additional sales are derived from carry-out orders and delivery orders. You are required to provide delivery service to homes and businesses for delivery orders.

As an operator of a LaRosa’s franchise, you must comply with laws and regulations specific to the restaurant and retail business, including the laws of your jurisdiction. Also, you must comply with all local, state, and federal laws for the operation of any business. You are responsible for independently inquiring about these laws.

We have operated Italian-style food restaurants since 1954, beginning as the unincorporated entity “Papa Ginos” and taking the form of LaRosa’s in 1956. We have offered LaRosa’s franchises since 1967. As of December 31, 2023, nine (9) LaRosa’s restaurants are owned by LaRosa’s, Inc. A restaurant is deemed owned by LaRosa’s, Inc. if LaRosa’s, Inc. owns seventy percent (70%) or more of the controlling interest in the restaurant. We have offered the One Number telecommunications and point of sale system since 1991. Other than the wholesale and retail sale of certain food products, we have not engaged in any other line of business or offered franchises in any other line of business.

ITEM 2.

BUSINESS EXPERIENCE

The business experience of each of our current directors and executive officers is as follows:

Chairman Emeritus: Donald S. LaRosa

Donald S. LaRosa, is the founder, and has served as Chairman Emeritus since March 2008. Previously, he was Chairman of the Board from May 1986 to March 2008. He also previously served as President and a Director. He began operating the pizza business in 1954, incorporating it as LaRosa's, Inc. in 1965.

*** Chairman of the Board and Chief Executive Officer: Michael T. LaRosa**

Michael T. LaRosa has been Chief Executive Officer since March 2008. Previously, he served as President from May 1986 to March 2008 and also served as Chief People Officer from September 1997 to January 2006. Mr. LaRosa is a shareholder and a Director of LaRosa's Holding Company (the sole shareholder of LaRosa's, Inc.). He has been with LaRosa's, Inc. since 1972.

***President and Chief Culinary Officer: Mark A. LaRosa**

Mark A. LaRosa has been President and Chief Culinary Officer since August 2008. Previously, he served as Executive Vice President of Food-Research and Development from September 1997 to August 2008. Mr. LaRosa is a shareholder and a Director of LaRosa's Holding Company (the sole shareholder of LaRosa's, Inc.). He has been with LaRosa's, Inc. since 1974.

***Executive Vice President of Marketing: Peter M. Buscani Jr.**

Peter M. Buscani Jr. has been Executive Vice President, Marketing since March 2000. Prior to working for LaRosa's, he served the LaRosa's account as Vice President, Account Supervisor for the Northlich, Stolley, LaWarre advertising agency. He has been with LaRosa's, Inc. since 2000.

***Executive Vice President of Operations: Michelle I. McMahan**

Michelle I. McMahan has been Executive Vice President of Operations since October 2021. Previously, Ms. McMahan served as Vice President of Franchise Relationships from March 2018 to October 2021. She has been with LaRosa's, Inc. since 1985.

*Executive Vice President of Operations: Brian T. Cundiff

Brian T. Cundiff has been Executive Vice President of Operations since September 2013. Previously, Mr. Cundiff served as Vice President of Operations from March 2010 to September 2013. He has been with LaRosa's since 1987.

*Chief Financial Officer: Suzanne L. Pfeiffer

Suzanne L. Pfeiffer has been the Chief Financial Officer since March 2021. Previously, Ms. Pfeiffer served as Vice President of Finance from October 2014 to March 2021. She has been with LaRosa's, Inc. since 2003

*Executive Vice President of Strategy & Business Intelligence: Nicholas LaRosa

Nicholas LaRosa has been Executive Vice President of Strategy & Business Intelligence since October 2021. Previously, Mr. LaRosa served as Vice President of Business Intelligence from 2018 to March 2021. He has been with LaRosa's since 1996.

*Chief People Officer: Steven J. Browne

Steven J. Browne has been Chief People Officer since March 2021. Previously, Mr. Browne served as the Vice President of Human Resources from March 2018 to March 2021. He has been with LaRosa's since 2006.

*Denotes a member of Executive Management Team.

All of the foregoing executive officers are based out of our corporate headquarters in Cincinnati, Ohio.

ITEM 3.

LITIGATION

No litigation is currently required to be disclosed in this Item.

ITEM 4.

BANKRUPTCY

No bankruptcies are currently required to be disclosed in this Item.

ITEM 5.

INITIAL FRANCHISE FEE

You must pay us an initial fee of \$35,000 (\$25,000 initial franchise fee and \$10,000 initial One Number fee). This fee is payable in one lump sum in cash or certified or cashier's checks. This initial fee is non-refundable in consideration for our services prior to the execution of the Franchise Agreement.

ITEM 6.

OTHER FEES

FEE^{1,2}	AMOUNT	DUE DATE	REMARKS
Royalty fee	4% of net sales ^{3,4}	Payable within 2 weeks of invoice submitted by Franchisor on each Wednesday for sales made during previous week (ending on a Sunday) ⁵	Consideration for use of Franchisor's trademarks and continued assistance during Term of Franchise Agreement
Marketing fee/local advertising requirement	4% of net sales ^{3,4}	Payable within 2 weeks of invoice submitted by Franchisor on each Wednesday for sales made during previous week (ending on a Sunday) ⁵	Applied toward marketing and administration costs
Technology Enterprise Fee	3.5% of pickup and delivery net sales	Payable within 2 weeks of invoice submitted by Franchisor on each Wednesday for sales made during previous week	Covers the balance of the POS. Cloud services (including server hosting, credit card processing and end-to-end encryption, online and mobile ordering apps, and any new software development needs) in

		(ending on a Sunday) ⁵	addition to the operation of the Guest Service Center (GSC) and associated customer recovery efforts, among other overhead items.
Audit fees	Cost of audit	Upon notice by Franchisor	Payable only if audit reveals Franchisee has understated net sales by 2% or more
Transfer fee	\$1,000	Upon assignee's execution of Franchise Agreement	Payable by transferee of any approved assignment
Renewal fee	\$500	At least 6 months prior to expiration date of Franchise Agreement	Payable upon renewal of Franchise Agreement for an additional 10-year term
Insurance we buy	Cost of insurance plus reasonable expenses	Immediately upon notice by Franchisor	Payable if Franchisee does not buy insurance required per Franchise Agreement
POS Software Subscription	\$220 weekly	Payable within 2 weeks of invoice submitted by Franchisor on each Wednesday for sales made during previous week (ending on a Sunday)	To have access to our proprietary software and help desk access
Late fees	18% on overdue amounts or highest legally allowed rate	Within 10 days of written demand	Franchisee pays all reasonable, incurred accounting & attorneys' fees and court costs arising from default under Franchise Agreement

¹ All fees and advertising expenditures which you are obligated to make are payable directly to LaRosa's, Inc. All such fees are non-refundable.

² We require franchisees to take steps to enable us to have all obligatory fees electronically debited, or automatically collected, from their financial institution when due.

³ "Net sales" is defined for the purposes of the Franchise Agreement and this Franchise Disclosure Document as the amount received from the franchise location from the sale of all products, including beer, wine, and other beverages, or performance of services in the operation of the franchised restaurant, whether such sale or performance occurs on or off the premises (including catering). Net sales exclude sales tax or any similar taxes which are required by law to be specially computed and paid by the customer. Net sales also exclude the value of coupons and other retail promotional discounts that are specifically approved for use under the Franchise Agreement.

⁴ Paid by pre-authorized electronic debit from your bank account based upon your Net Sales for a given week.

⁵ Franchise fees and marketing fees are based upon the Net Sales for one week.

ITEM 7.

ESTIMATED INITIAL INVESTMENT

Expenditure	Estimated Amount	Method of Payment	When Due	Payable To	Refundable?
Initial Franchise Fee	\$25,000	Lump Sum	Upon signing	LaRosa's Inc.	Non-refundable
Initial One Number Fee	\$10,000	Lump sum	Upon signing	LaRosa's Inc.	Non-refundable
Training Expenses (travel & lodging)	\$1,000 to \$5,000	Lump sum	As incurred	Suppliers of lodging and travel services	Depends on terms Franchisee negotiates with vendor.
Real Property	\$400,000 to \$900,000 <i>See Note 2</i>	<i>See Note 2</i>	Before opening	<i>See Note 2</i>	<i>See Note 2</i>
Equipment, fixtures, fixed assets, construction remodeling & leasehold improvements	\$750,000 to \$1,500,000 <i>See Note 3</i>	Lump Sum	Before opening	Local suppliers	Depends on terms Franchisee negotiates with vendor.
Opening Inventory	\$15,000	Lump Sum	Before opening	Local suppliers	Depends on terms Franchisee negotiates with vendor.
Additional funds (initial 3 months) <i>See Note 4</i>	\$100,000	As incurred	As incurred	Employees, suppliers, utilities	Depends on terms Franchisee negotiates with vendor.

Insurance	\$30,000 to \$40,000 <i>See Note 5</i>	Depends on policy	Depends on policy	Insurance Companies	Depends on policy
TOTAL	\$1,431,000 to \$2,595,000 <i>See Note 6</i>				

NOTES:

- 1) LaRosa's Inc. does not offer any direct or indirect financing for any expenditure.
- 2) Franchisees may locate their Restaurant in either endcap/inline strip center space or in a free-standing building. Strip center locations are typically between 4,000 and 5,500 square feet. For free-standing locations, the lot size is typically 35,000 to 45,000 square feet and the building size is 3,500 to 6,000 square feet. We prefer all new sites that can accommodate a pickup window.

Strip center space is generally not available for purchase and must be leased. Your cost of leasing a 4,000 to 5,500 square foot shopping center unit for use as an outlet can be expected to run from \$14.00 to \$25.00 per square foot, plus a portion of the maintenance, insurance, property tax and administrative expenses associated with the shopping center. The lease rate plus your share of these expenses is negotiated directly between you and your landlord.

The cost of purchasing the real property on which to build a free-standing restaurant will be approximately \$400,000 to \$900,000. If you contract with a landlord to lease land and a building for a free-standing design, the average rental can be expected to run between \$4,050 and \$6,500 per month, depending on size and location, plus real estate taxes and insurance as an addition to rent. The lease rate will be negotiated directly between you and your landlord.

- 3) We have a standard architectural plan for endcap/in-line strip center units. The average cost for constructing a franchised restaurant at such a location will be approximately \$750,000 to \$850,000, not including architectural services, which would cost approximately \$10,000 to \$50,000.

We also have a standard architectural plan available for a free-standing building. The average cost for constructing a building of this design will be approximately \$850,000 to

\$1,500,000, not including architectural services, which would cost approximately \$10,000 to \$50,000.

The costs for restaurant improvements will vary depending on several factors, including the geographic location of your franchised restaurant, the size of the premises, the condition of the land, the availability of utilities, and planning and zoning regulations.

- 4) This estimates your expenses during the first three months of operating your franchise. These expenses include payroll costs. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our product; the prevailing wage rate; competition; and the sales level reached during the initial period.
- 5) You will be required to purchase commercial general liability insurance (including product liability insurance and liquor liability insurance) which we estimate will cost approximately \$8,000 per year. You must also purchase property insurance, which we estimate will cost approximately \$8,000 per year, and automobile insurance for vehicles owned and hired, which we estimate will cost \$11,500 per year. You must also purchase other insurance as required by the applicable laws in your territory, such as workers' compensation and employers' liability insurance. These insurance costs may vary depending on the location and size of your franchised restaurant, the number of employees, the value of your equipment, your claims history, and other factors, and may change due to changes in insurance rates.
- 6) We have relied on our experience in the pizzeria business since 1954 (incorporated as LaRosa's, Inc. in 1965) to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We require you to equip, maintain, staff and operate the restaurant in strict conformity with the requirements prescribed in the Franchise Agreement and our Manual of Operations and to install at your expense all fixtures, furnishings, signs and equipment required by us. Furthermore, we require you to operate the restaurant in strict conformity with the uniform methods, recipes, standards and specifications set forth in the Franchise Agreement and our Manual of Operations, to maintain a sufficient supply of all food and other required supplies and products, and to use only recipes, products, materials, ingredients, supplies and paper products which conform with our standards and specifications. These standards and specifications relate to, for example, the freshness, wholesomeness and uniform taste of food supplies. Our Manual of Operations and

the recipes, products, materials, ingredients and supplies specified in the Manual of Operations may be changed, altered or revised by us at any time without your consultation or approval.

To satisfy these requirements, you are required to purchase from approved suppliers listed in our Manual of Operations all food and beverage products and inventory necessary for the operation of the franchise. Also, you are required to purchase certain furniture, fixtures, signage, paper products, equipment, a Point of Sale (POS) system, credit card processing services, central renewal and gift card processing services, architectural services, insurance, etc. from the suppliers listed in our Manual of Operations or from suppliers which are otherwise acceptable to us.

If you desire to purchase any of these required items from an unapproved supplier, or to use an unapproved item, you must submit a written request for approval to us, which approval we may withhold in our sole discretion. We do not make our criteria for approval of alternative suppliers public. As a condition of our review for possible approval, we may require that samples from the supplier or the product be delivered to us or to a designated laboratory for testing at your expense. We will notify you in writing of the approval or disapproval of any supplier or product, as well as the revocation of any previously granted approval. Our review is typically completed in 30 to 60 days. We do not provide specifications and standards for our approved products to our franchisees or approved suppliers.

Performance Foodservice is currently the only approved supplier for all food, retail, paper and other products that are required to be served at our franchised restaurant (but not for beverages). We have contracted with Performance Foodservice to serve as the distributor of all the aforementioned products to our franchisees, but we reserve the right to use additional distributors in the future.

LaRosa's Royalty Limited Liability Company ("Royalty Company"), our affiliate, receives a royalty on all purchases of items considered LaRosa's Family Recipe products, which includes LaRosa's recipe pizza sauce, diablo sauce, salad dressing and spaghetti sauce. This royalty is paid by Performance Foodservice which passes it through to our franchisees and company stores, as applicable.

For the fiscal year 2023, our total revenues were \$52,241,672. LaRosa's Holding Company and Subsidiaries revenues from required purchases by franchisees were \$5,433,193. For the fiscal year 2023, the revenues received from all required purchases by franchisees from us were 10% of our total revenue.

Except for the royalties paid to Royalty Company described above, unless we receive a rebate from a supplier, we do not receive any revenue if items are purchased from suppliers other than us. Suppliers currently providing rebates, the items for which rebates are provided and a description of the rebates are listed below:

<u>Company</u>	<u>Item</u>	<u>Description of Rebate</u>
Coca Cola Fountain	Syrup	\$1.00 per gallon purchased, plus other marketing rebates* paid to us

Coca Cola Bottler	Can/Bottle Products	\$0.65 per case soda purchased
	Gold Pea & Fairlife Milk	\$0.40 per case purchased
	Juice Boxes	\$1.50 - \$3.00 per case on Minute Maid

* when we are paid marketing rebates by Coca Cola, we credit 100% of the payment to our general advertising account, which is used solely to promote the LaRosa's brand.

In some instances, the companies that we require you to engage for advertising services will pay rebates to us. When such a payment is made, we credit 100% of the payment to our general advertising account, which is used solely to promote the LaRosa's brand.

If you are outside the geographic area in which the One Number System's local telephone service is available, we will provide a number which is toll-free for callers, but for which we pay a fee on a per-call basis to a third-party supplier of telephone services. The actual cost for these calls is paid by LaRosa's and provided at no cost to the franchise locations.

We have the right to require you to enter into a regional advertising cooperative, although currently, no such cooperatives exist (See Item 11).

We estimate that the cost of the required purchases described in this Item 8 will constitute approximately 90-97% of all purchases by the Franchisee of goods and services in establishing and operating the franchise.

We have negotiated purchasing arrangements with all of our approved suppliers for the benefit of our franchisees. We do not provide material benefits to our franchisees based upon their use or non-use of approved suppliers.

ITEM 9.

FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT AND OTHER AGREEMENTS. IT WILL HELP YOU TO FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

Obligation	Numbered Section(s) in Franchise Agreement	Numbered Item(s) in Franchise Disclosure Document
a. Site selection and acquisition/lease	6(b)-(c)	7,11
b. Pre-opening purchases/leases	6(c)	7,8
c. Site development and other pre-opening requirements	6(a)-(h)	6,7,11
d. Initial and ongoing training	11	7,11
e. Opening	6	11
f. Fees	3	5,6,7
g. Compliance with standards & policies/Manual of Operations	1, 7, 8, 10 & 13	11
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ITEM 10.

FINANCING

Neither we nor any affiliate offer direct or indirect financing to you, nor do we 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 to you.

Pre-Opening Assistance:

Before the opening of the franchised business, we will:

- 1) approve or disapprove of the location of the Franchised Restaurant (*See* FA, §6(b)).
- 2) approve or disapprove the opening of the Franchised Restaurant (*See* FA, §6(f)-(h)).
- 3) designate your protected territory (*See* FA, §1(b), §4 & Exhibit A).
- 4) approve or disapprove of your lease if you will operate the Franchised Restaurant on leased premises (*See* FA, §6(c)). We may require, as a condition of approval, that your lease contains the lease terms specified in Section 6(c) of the Franchise Agreement.
- 5) provide to you standard plans and specifications to be utilized in the construction of the Franchised Restaurant (*See* FA, §6(a)).

- 6) provide initial management training for you and up to two members of your management team. Successful completion of management training is mandatory for the opening of the business. The training takes between 6 and 8 weeks. Management training is conducted by on-the-job store training at a designated location in Greater Cincinnati. During the initial management training, we focus on your duties under the Manual of Operations and the Franchise Agreement and also provide hands-on training in operating the restaurant. The initial management training is provided at no charge to you or your personnel, except that you are responsible for all expenses related to the travel, room and board of each of your trainees. Furthermore, during the week prior to opening the Franchised Restaurant and during the initial opening week one of our experienced supervisors will provide additional training for you and your personnel at the Franchised Restaurant at no charge to you (*See* FA, §11).
- 7) grant you a limited, revocable license to access and utilize (which may be accomplished by granting internet access to) our confidential Manual of Operations (*See* FA, §13).

Post-Opening Assistance

During the operation of the franchised business:

- 1) We may conduct periodic inspections of the Franchised Restaurant and provide evaluation of the products and services sold at the Franchised Restaurant (*See* FA, §8).
- 2) We will make available training for your employees who require it, at your expense, as we deem appropriate (*See* FA, §§11).

Advertising and Promotion

- 1) You will generally be required to pay us a marketing fee of 4% of your Franchised Restaurant's net sales. Our Company-owned restaurants are required to contribute the same marketing fee to us. We will expend all amounts collected as marketing fees for media, advertising and promotional activities, and general supervision. Advertising materials are created through the use of in-house advertising staff and the utilization of Brunner, a national advertising agency. You may not publish or use any advertising, publicity, signs or decorations without our prior approval (*See* FA, §§ 8(e) & 15(a)). The media through which advertising is distributed is a combination of print, radio, digital, social, and television. This media targets the Greater Cincinnati, Dayton and Columbus regional areas in Ohio and Northern Kentucky, and Louisville in Kentucky. On an annual basis, we will provide to you an accounting of the expenditure of the marketing fees collected from you with reference to media and advertising expenditures (*See* FA, §3(c)). We do not utilize any of the marketing fees for advertising, that is principally a solicitation or sale of franchises. Unless we require you to spend a percentage of your net sales in an advertising cooperative, you are not required to spend any amount on advertising in the area where your franchise is located. We are also not required to spend any

amounts on advertising in your Territory. While not required, it is recommended you spend no less than one percent (1%) of the total net sales of the Franchised Restaurant for local media and advertising (*See* FA, §15(f)).

- 2) We have the right to require you to enter into a regional advertising cooperative, although currently, no such cooperatives exist (*See* FA, §15(g)). Membership in these cooperatives will be mandatory for all franchisees and company-owned restaurants that fall within the geographical area of the cooperative. Any amounts that you may be required to contribute to an advertising cooperative will be credited against your marketing fee obligation such that your combined payments of our marketing fee, required local advertising expenditures, and cooperative fees will never exceed 4% of your net sales, as adjusted pursuant to your Franchise Agreement. The cooperatives will be administered as determined by the members of the cooperative under our guidance. Cooperatives will not be required to produce periodic financial statements but must operate under written governing documents that will detail the recordkeeping requirements of the cooperative. These documents will be available to all franchisees upon request. We will retain the power to establish, merge or dissolve any advertising cooperative (*See* FA, §15(g)).
- 3) LaRosa's Corporate Marketing and Finance ("Marketing") manages all online directory advertising, including placing and billing, for all company-owned and franchised restaurants (*See* FA, §15(h)).

Computer Systems

You must purchase a Point of Sale system for use in your Franchised Restaurant System to use in the operation of your business and to communicate with the One Number System and our Online / Mobile Ordering platforms from our designated supplier, PartnerTech, who is currently the only approved supplier. We reserve the right to use additional suppliers in the future. (*See* FA, §7(h)). The One Number System will communicate directly with your franchised business through the Point of Sale system in the areas of order reception, entry, and processing. We maintain a call center and our Online / Mobile Ordering platforms to receive orders placed by customers through the One Number System. The Point of Sale system allows you to seamlessly integrate your order intake and execution operations with the One Number System. The Point of Sale system consists of certain equipment currently supplied by PartnerTech and must be purchased prior to the opening of a franchised restaurant. We will provide you with a nonexclusive license to use any required software, supplied by pointofsale.cloud, that is necessary to operate the Point of Sale system. You must use us or our designated supplier to obtain maintenance services for designated computer hardware and software during the term of the franchise. We typically require you to perform significant upgrades every 5 to 7 years on the hardware you use to run the One Number system, which we estimate will cost approximately \$15,000 to \$20,000 per upgrade.

Manual of Operations

The table of contents of the Manual of Operations as of the fiscal year ending December 31, 2023, is attached as Exhibit A to this Franchise Disclosure Document. You are required to maintain the confidentiality of the Manual of Operations (*See* FA, §§ 13 & 14).

Site selection

We do not select sites for restaurants to be opened by you, however we must approve the site that you choose (*See* FA, §6(b)). Our restaurants are generally located in economically developed areas close to residential neighborhoods.

Opening of franchised business

Based on our experience, the typical length of time between the execution of a Franchise Agreement and the opening of your restaurant will be approximately 240 days. You must have your restaurant constructed and open for business, in conformity and compliance with all our requirements, within 12 months from the date of the Franchise Agreement (*See* FA, §6(f)). Factors that may affect this length of time are the ability to obtain a lease or property and financing or building permits, zoning and landlord issues, weather conditions, shortages, and delayed installation of equipment, fixtures and signs.

Training

Either you or your designated representative, and up to four additional managers, must complete our initial training to our satisfaction (*See* FA, §11). There is no charge for initial training, but you must pay the travel, lodging, and meal expenses for your trainees, as well as their salaries. During the training program, we will focus on your duties under the Manual of Operations and Franchise Agreement while providing on-the-job training in an operating restaurant. Our typical instructor for the training program is one of our employees with an extensive retail operations background and a minimum 2-3 years' experience with us in the area of franchisee training and on-line consultation covering retail operations matters.

TRAINING PROGRAM

Subject	Hours of Classroom Training*	Hours of On-the-Job Training	Location
Food Preparation and Serving	24	240	Training Pizzeria**
Equipment Operation	8	24	Training Pizzeria and Franchised Restaurant
Labor and Food Cost Controls	24	24	Training Pizzeria
Inventory Ordering and Procedures	8	16	Training Pizzeria
Accounting Principles	8	8	Training Pizzeria
Customer Relations	16	120	Training Pizzeria
Basic Managerial Techniques	40	120	Training Pizzeria

* Much of what we consider “Classroom Training” is typically rolled into our on-the-job training at your Franchised Restaurant. We designate passive and on-site learning as “Classroom Training” for the purpose of the chart above.

** The “Training Pizzeria” is typically a company-owned restaurant in the Greater Cincinnati area that we designate.

ITEM 12.

TERRITORY

We grant you a protected territory for your franchise. We will approve and grant you your protected territory before you sign the franchise agreement. You are restricted to sales from your specified franchised location, and you may not, without explicit authorization from us, open or operate another outlet. However, you are permitted to make deliveries to any residence or place of business provided the order for such delivery was received at your franchise location

and is carried out according to the requirements and specifications of the Franchise Agreement and the Manual of Operations. Furthermore, we or any other franchisee may make deliveries within your protected territory pursuant to the criteria in the preceding sentence.

We will agree not to sell another LaRosa's Pizzeria Franchise within the protected territory specified in your Franchise Agreement so long as you are in full compliance with the Franchise Agreement; provided that the Franchise Agreement allows us to establish "special purpose outlets" in your protected territory. Special purpose outlets are non-traditional outlets, such as restaurants or kiosks located in shopping malls, hospitals, airports, college campuses, amusement parks, sports arenas, military bases, national parks, casinos, hotels or similar establishments. A map or description of your protected area will be included as an exhibit in the Franchise Agreement.

Although we will not sell another LaRosa's Pizzeria Franchise within your protected territory, we may establish other franchised or company owned outlets under a different trade name or trademark within your designated geographical area, although we currently have no plans to do so. We may also offer for retail sale products bearing the LaRosa's name from grocery or specialty stores located within your designated area. As described above, 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.

Your protected territory may be altered upon your renewal of the Franchise Agreement.

You have no option, right of first refusal or any similar right to acquire additional franchises within your protected territory or any other area.

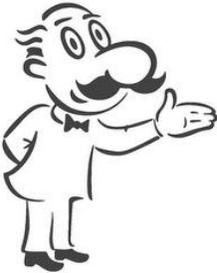
ITEM 13.

TRADEMARKS

We grant you the non-exclusive right to use the trademark, service mark, and trade name, "LaRosa's," and other trademarks, service marks, trade names, logos, trade dresses, and commercial symbols ("our trademarks"). You may not use any of our trademarks as part of your firm or corporate name. You may not use any of our trademarks to sell unauthorized products or services, or in any manner we do not authorize in writing. We own all rights in and goodwill from the use of our trademarks.

Federal Registrations and Applications

We are the owner of the following service or trademarks, which are registered (or for which application has been made where noted) on the Principal Register in the United States Patent and Trademark Office under the trademark laws of the United States:

Mark	Registration Date	Registration Number	Status
LAROSA'S FAMILY PIZZERIA	June 6, 2017	5,218,640	Registered
LAROSA'S FAMILY RECIPE	August 25, 2020	6,134,483	Registered
	May 27, 2008	3,435,715	Registered
	February 9, 2021	6,267,769	Registered
	August 7, 2018	5,533,746	Registered
	August 4, 2009	3,662,975	Registered
	June 23, 2009	3,642,540	Registered

	August 4, 2009	3,662,947	Registered
CLASSIC SPECIALTY PIZZAS	August 10, 2010	3,831,839	Registered
BUDDY CARD	September 20, 2005	2,996,745	Registered
LARO TO GO	July 12, 2022	6,790,947	Registered
	July 12, 2022	6,791,022	Registered

APPLICATIONS

There are no applications at this time.

We have filed and intend to file all required affidavits for the marks. Where applicable, we intend to file renewal applications for the Marks.

Determinations

There are no known presently effective determinations of the United States Patent and Trademark Office, the trademark administrator of any state or any court, any pending interference, opposition or cancellation proceeding, and any pending material litigation involving such registered trademarks, service marks, trade names, logotypes or other commercial symbols and which is relevant to their use in this state or the state in which the franchise business is to be located.

Agreements

There are no agreements in effect that would tend to limit your rights to use or license the use of the trademarks, service marks, trade names, logotypes or other commercial symbols.

Protection of Your Rights

You are obligated to immediately notify us if any claim or litigation is instituted by any person relating to any of our trademarks. We are not obligated by the Franchise Agreement to protect your right to use the trademarks against claims of infringement or unfair competition or to protect you against claims of infringement or unfair competition with respect to the same. Also, we are not obligated by the Franchise Agreement to indemnify you for any liability or costs you incur in connection with defending our trademarks. You must modify or discontinue the use of a trademark if we modify or discontinue it. If this occurs, we have no obligation to indemnify you for any cost or expense you incur for compliance. Furthermore, under the Franchise Agreement you agree not to contest, directly or indirectly, our ownership, title, right or interest in our trademarks. In addition, you agree not to contest our sole right to register, use or license others to use our trademarks.

Infringing uses

There are no known infringing uses of the trademarks, service marks, trade names, logotypes or other commercial symbols.

ITEM 14.

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

No patents are material to this franchise.

Copyrights

We have a copyright on the illustrated LaRosa's menu. The LaRosa's menu was registered with the United States Copyright Office on April 24, 1978, under registration number VA2-672 for a 95 year term to expire on December 31, 2072 (the "copyright"). The Franchise Agreement grants you the right to use the copyrighted LaRosa's menu for the term of the Agreement. There are no agreements currently in effect that significantly limit your rights to use this copyright in any manner material to the franchised restaurant.

You are obligated to immediately notify us if any claim or litigation is instituted by any person relating to the copyright. We are not obligated by the Franchise Agreement to protect your right to use the copyright against claims of infringement or challenges to use or to protect you against claims of infringement or challenges to use with respect to the same. Also, we are not obligated by the Franchise Agreement to indemnify you for any liability or costs you incur in connection with defending our copyright. You must modify or discontinue use of the copyright if we modify or discontinue use of it. If this occurs, we have no obligation to indemnify you for any cost or expenses you incur for compliance.

Under the Franchise Agreement, you agree not to contest, directly or indirectly, our ownership, title, right or interest in the copyright and trade secrets, methods and procedures which are part of our

business. In addition, you agree not to contest our sole right to register, use or license others to use such copyright, trade secrets, methods and procedures.

There are no infringing uses actually known to us that could materially affect your use of the copyright in this state or any state in which the franchised business is to be located.

Proprietary Information

We have a proprietary, copyrighted, confidential Manual of Operations that includes proprietary guidelines, standards, and policies for the operation of the franchised business. You may not reproduce, lend or show this manual to any person outside the LaRosa's business.

At our request you must have your supervisory employees and independent contractors sign confidentiality agreements in the form set forth in the confidential Manual of Operations.

ITEM 15.

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, you or your designated representative must devote your, or in the case of a designated representative, his or her, full time and effort to the operation of the Franchised Restaurant. If you are a business entity (e.g., a corporation, limited liability company, partnership), your designated representative must devote his or her full time and efforts to the operation of the franchised restaurant. Any designated representative must be approved, in writing, by us.

As a franchisee, your relationship with LaRosa's shall be that of an independent contractor, and nothing contained in the Franchise Agreement or elsewhere is intended to constitute you or LaRosa's as the agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other and neither party may bind or obligate the other in any manner whatsoever, except as may otherwise be expressly provided in the Franchise Agreement.

ITEM 16.

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale only products and services we approve (*See* FDD, Item 8). We provide you with lists of approved supplies and suppliers in the Manual of Operations.

You must offer for sale all approved products and services, refrain from deviating from our specifications for approved products and services without our written consent and must discontinue offering any items that we disapprove of in writing. You may not make sales of the food items and supplies purchased to operate the LaRosa's Pizzeria other than in the form on the approved

LaRosa's menu.

You must maintain in full force and effect at all times an alcoholic beverage license allowing you to sell beer and wine at your dine in Franchised Restaurant, provided that Special Purpose Outlets and delivery carryout locations shall not be required to maintain such a license.

You must provide carryout and delivery service in conformity with the requirements set forth in the Manual of Operations.

You are not limited under any provision of the Franchise Agreement as to the retail customers with whom you may do business. However, pursuant to the terms of the Franchise Agreement, you may only operate from your designated franchise location. You may not relocate your restaurant without our prior written consent (*See FDD, Items 11 & 12*). In return, we will not sell another LaRosa's Pizzeria franchise within your protected territory (other than special purpose outlets). We also will not establish in your protected territory another franchise or LaRosa's-owned restaurant under the LaRosa's trade name or trademark.

ITEM 17.

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Franchise Disclosure Document

Provision	Section in Franchise Agreement	Summary
a. Length of Term	2(a)	Initial Term is 10 years.
b. Renewal or Extension	2(a)-(b)	Option for 10-year Renewal if no breaches or default during Initial Term and Franchisee satisfies all requirements and conditions set forth in FA §2(a)-(b)
c. Requirements for Renewal	2(a)-(b)	No breach or default during Initial Term <i>and</i> must provide written notice of intent to renew at least 6 months before expiration of Initial Term; execute then-current Franchise Agreement appropriately modified to reflect renewal and any other ancillary agreements including a general release; pay \$1,000 Renewal Fee upon execution of renewal documents; complete any required renovations including relocation if necessary.
d. Termination by Franchisee	None	n/a
e. Termination by	None	n/a

Franchisor Without Cause

f. Termination by Franchisor With Cause	18(a)-(c)	Franchisor can terminate with cause if Franchisee: is convicted of felony or crime involving fraud, theft, dishonesty or moral turpitude; becomes insolvent or adjudicated bankrupt; ceases or abandons operations; fails to cure breach or deficiency within specified time period; attempts to assign or transfer without Franchisor's prior written consent; fails to pay Franchisor amounts when due; suspends operations per governmental order arising from failure to comply with safety/health statutes, regulations, rules, standards, orders or directives; repeatedly commits acts of default; fails to maintain requisite insurance coverage; falsifies reports or records; misrepresents material facts relating to acquisition of Franchised Business; misuses or uses Marks/System without authorization; materially impairs Franchisor's goodwill; discloses or divulges Franchisor's trade secrets or confidential/proprietary information without authorization
g. "Cause" Defined-Curable Defaults	18(c)(i)-(vi)	Franchisee can cure the following acts of default within 30 days of receipt of written notice from Franchisor: failure to submit contractually required financial/other information to Franchisor; failure to obtain contractually required prior written approval/consent from Franchisor; default of any lease or sublease pertaining to Franchised Restaurant premises; failure to comply with Manual of Operations; failure to comply with any contractual provisions that do not otherwise provide for immediate/automatic termination; breach of affiliate agreements
h. "Cause" Defined-Non Curable Defaults	18(a) & 18(b)(i)-(xii)	The following acts of default are not curable: Franchisee (or Franchisee's officer, director or manager) convicted of felony or crime involving fraud, theft, dishonesty or moral turpitude; insolvency or bankruptcy; ceasing or abandoning operations; failing to cure breach or deficiency within contractually specified time period; attempting to assign or transfer without Franchisor's prior written consent; failure to pay Franchisor amounts when due; suspending operations per governmental order arising from failure to comply with safety/health statutes, regulations, rules, standards, orders or directives; repeatedly committing the same act of default; failure to maintain requisite insurance coverage; falsification of reports or records; misrepresentation of material facts relating to acquisition of Franchised Business; misuse or unauthorized use of Marks/System; material impairment of Franchisor's goodwill; unauthorized disclosure of Franchisor's trade secrets or confidential/proprietary information
i. Franchisee's Obligations Upon	19(a)-(e)	All rights, privileges and licenses granted by Franchisor immediately cease; Franchisee must immediately discontinue all use of Marks and

Termination or Non-Renewal		remove signs, structures, furnishings, fixtures, uniforms, and advertising which include or are associated with Marks; Franchisee must comply with covenants set forth in FA Sections 14 and 16; Franchisee must immediately return all copies of Manual of Operations; Immediate payment of all sums owed to Franchisor/affiliates.
j. Transfer or Assignment by Franchisor	17(a)	Franchisor has the right to transfer or assign all or any part of its interest to any person/entity provided that transferee/assignee must agree in writing to assume all of Franchisor's obligations under Franchise Agreement
k. "Transfer" by Franchisee Defined	17(b)(ii)-(iii)	Includes any attempt to sell, assign, transfer, give away, pledge, mortgage or otherwise encumber any interest in the Franchised Business; if Franchisee is a corporation/LLC/other business entity, includes any transfer (or series of transfers) which in the aggregate comprise(s) 20% or more of the legal or beneficial ownership of the entity.
l. Franchisor Approval of Franchisee Transfer	17(b)	Transfer by Franchisee requires prior written consent from Franchisor; Franchisor must not unreasonably withhold consent; Purported assignments or transfers without prior written consent are null and void and constitute material breach of Franchise Agreement; Franchisee must incorporate into governing documents any necessary provisions/restrictions to ensure compliance with Franchisor's approval rights
m. Conditions for Franchisor Approval of Transfer	17(b)(vi)(1)-(8)	Franchisee must satisfy accrued monetary obligations owed under Franchise Agreement, execute General Release, agree to remain obligated under post-termination obligation clauses; Transferee must meet Franchisor's managerial and business standards and possess good moral character, business reputation, and credit rating; Transferee must execute written assumption in a form satisfactory to Franchisor; Transferee must execute then-current Franchise Agreement; Transferee must require managers/representatives to complete Franchisor's training
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business	17(c)-(d)	If Franchisee desires to accept a signed, bona fide offer from third party to acquire the Franchised Business, Franchisee must notify Franchisor in writing of each such offer and all terms thereof, and Franchisor shall have the right and option within 30 days of receipt of notification of offer and terms to notify Franchisee that it intends to purchase the Franchised Business on same terms and conditions as offered by third party.
o. Franchisor's Option to	19(b)	After termination of Franchise Agreement, Franchisor has the right,

Purchase Franchised Business		but is not obligated, to purchase FF&E used by Franchisee in the Franchised Restaurant
p. Franchisee Death or Disability	17(e)-(g)	If Franchisee or any person with minimum 20% ownership interest in Franchised Business dies or becomes disabled, his or her executor, administrator or personal representative must apply to Franchisor for approval of any proposed transfer.
q. Non Competition Covenants During Term of Franchise Agreement	16(a)	During the term (including renewals) of the Franchise Agreement, Franchisee must not directly, indirectly or in any capacity, own, operate, manage, engage in, be employed by, or have an interest in any restaurant, food service, food, or restaurant marketing business without prior written consent of Franchisor and such consent shall not be unreasonably withheld.
r. Non Competition Covenants After Termination or Expiration of Franchise Agreement	16(a)(i)-(iii)	For a period of 2 years after termination or expiration of Franchise Agreement, Franchisee and any of its Principals must not directly, indirectly or in any capacity own, operate, manage, engage in, be employed by, or have an interest in any restaurant that is primarily a sit-down casual restaurant or pizzeria (or that serves a similar menu to LaRosa's Pizzeria restaurants) within a 5-mile radius of the Franchised Restaurant and/or any other LaRosa's Pizzeria restaurant (whether owned by Franchisor or another franchisee)
s. Modification of Franchise Agreement	20(c)	Amendments, changes or variations from the Franchise Agreement must be in writing, mutually agreed upon and signed by both parties; note however that the Manual of Operations and Franchisor's advertising and marketing materials and related policies may be freely amended by Franchisor without Franchisee's consent.
t. Integration/Merger Clause	20(c)	The Franchise Agreement, documents referenced therein, and exhibits attached thereto constitute the complete agreement between Franchisor and Franchisee concerning the Franchised Business
u. Dispute Resolution by Arbitration or Mediation	None	There is no required or mandatory arbitration or mediation clause in the Franchise Agreement
v. Choice of Forum	20(e)	Any litigation pertaining to the Franchise Agreement must be brought in the state or federal courts located in Hamilton County, Ohio
w. Choice of Law	20(d)	The Franchise Agreement is governed by Ohio law

The Franchise Agreement provides that, if any provisions of the Franchise Agreement call for notice periods less than those required by applicable law, or provide for termination, cancellation, or

non-renewal other than in accordance with applicable law, then any such provisions will not be effective and will instead conform with any applicable law pertaining to the same.

ITEM 18.

ARRANGEMENTS WITH PUBLIC FIGURES

LaRosa's does not use any public figures to promote its business.

ITEM 19.

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance of company owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Michelle McMahon, Executive Vice President of Operations, (mmcmahon@larosas.com, (513)-347-5660), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.

OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
Systemwide Outlet Summary
For Years 2021 to 2023**

Outlet Type	Year	Outlets at the start of the year	Outlets at the end of the year	Net Change
Franchised	2023	57	55	-2
	2021	56	57	+1
	2021	55	56	+1
Company-Owned	2023	8	9	+1
	2022	10	8	-2
	2021	9	10	+1
Total Outlets	2023	65	64	-1
	2022	66	65	-1
	2021	64	66	+2

**Table No. 2
Transfers of Outlets from Franchise Owners (other than Franchisor)
For Years 2021 to 2023**

State	Year	Number of Transfers
Indiana	2023	0
	2022	0
	2021	1
Kentucky	2023	0
	2022	0
	2021	0
Ohio	2023	4
	2022	3
	2021	3
Tennessee	2023	0

	2022	0
	2021	0
Total	2023	4
	2022	3
	2021	4

Table No. 3*
Status of Franchised Outlets
For Years 2021 to 2023

State	Year	Outlets at the start of the year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Purchased from Franchisor	Ceased Operations - Other Reasons	Outlets at the end of the year
Indiana	2023	1	-	-	-	-	-	-	1
	2022	1	-	-	-	-	-	-	1
	2021	1	-	-	-	-	-	-	1
Kentucky	2023	14	1	-	-	-	-	3	12
	2022	15	-	-	-	-	-	1	14
	2021	13	2	-	-	-	-	-	15
Ohio	2023	42	1	-	-	1	-	-	42
	2022	40	-	-	-	-	2	-	42
	2021	41	-	-	-	-	1	-	40
Tennessee	2023	0	-	-	-	-	-	-	0
	2022	0	-	-	-	-	-	-	0
	2021	0	-	-	-	-	-	-	0
Total	2023	57	2	-	-	1	-	3	55
	2022	56		-	-	-	2	1	57
	2021	55	2	-	-	-	1	-	56

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

Table No. 4

**Status of Company-Owned Outlets
For Years 2021 to 2023**

State	Year	Outlets at the start of the year	Outlets Opened	Reacquired from Franchisee	Outlets Closed	Outlets sold to Franchisee	Outlets at the end of the year
Indiana	2023	1	-	-	-	-	1
	2022	1	-	-	-	-	1
	2021	1	-	-	-	-	1
Kentucky	2023	0	-	-	-	-	0
	2022	0	-	-	-	-	0
	2021	0	-	-	-	-	0
Ohio	2023	7	-	+1	-	-	8
	2022	9	-	-	-	2	7
	2021	8	-	+1	-	-	9
Total	2023	8	-	+1	-	-	9
	2022	10	-	-	-	2	8
	2021	9	-	+1	-	-	10

Table No. 5

Projected Openings as of December 31, 2023

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Indiana	0	0	0
Kentucky	0	0	0
Ohio	0	0	0
Tennessee	0	0	0
TOTAL	0	0	0

See Exhibit B to this Disclosure Document for the names of all of our franchisees and the addresses and telephone numbers of their outlets. Also, Exhibit B contains the same information regarding

each outlet owned by us. No franchisees have had an outlet terminated, canceled, not renewed or have otherwise ceased to do business during the most recently completed fiscal year.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. 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.

ITEM 21.

FINANCIAL STATEMENTS

Exhibit C includes our financial statements for the following:

- 1) Audited Consolidated Balance Sheet as of December 31, 2023, and the related audited Consolidated Statements of Operations, Changes in Stockholders' Equity, and Cash Flows for the year then ended, and the related Notes to the Consolidated Statements
- 2) Audited Consolidated Balance Sheet as of December 25, 2022, and the related audited Consolidated Statements of Operations, Changes in Stockholders' Equity, and Cash Flows for the year then ended, and the related Notes to the Consolidated financial statements.
- 3) Audited Consolidated Balance Sheet as of December 26, 2021, and the related audited Consolidated Statements of Operations, Changes in Stockholders' Equity, and Cash Flows for the year then ended, and the related Notes to the Consolidated financial statements.

ITEM 22.

CONTRACTS

Attached are the contracts we currently utilize in connection with the sale of the franchise: (i) the Franchise Agreement (Exhibit D hereto); and (ii) the Personal Guaranty (Exhibit E, hereto).

ITEM 23.

RECEIPT

See the last page of this Disclosure Document for the receipt.

EXHIBIT A

TO

FRANCHISE DISCLOSURE DOCUMENT

**MANUAL OF OPERATIONS
TABLE OF CONTENTS**

Operations Manual – Table of Contents 2023

- 1. Introduction to Managing Your Pizzeria**
 - A. Welcome to Our Family
 - B. Corporate Contacts & Communication Systems
 - C. *SLICE* - Point of Sale System

- 2. Human Resource Policies**
 - A. Introduction
 - B. Required Postings
 - C. Employment of Minors
 - D. Hiring and On-Boarding
 - E. Delivery Drivers
 - F. Social Media Guidelines
 - G. Team Member Relations

- 3. Food Safety**
 - A. Food Safety

- 4. Team Member Training**
 - A. Training Materials & Food Manual
 - B. Menu Overview & Abbreviations
 - C. Front of House - Server Training Manual
 - D. Front of House – Bartender Training Manual
 - E. Front of House – Host & Cashier Training Manual
 - F. Back of House – Cook & Salad Training Manual
 - G. Back of House – Driver Training Manual
 - H. Back of House – Delivery Management

- 5. Daily Operations**
 - A. Manager Responsibilities
 - B. Websites and Vendors
 - C. Operational Standards Audits

- 6. Guest Experience**
 - A. Setting Expectations, Tracking Performance & Guest Recovery
 - B. LaRosa’s Guest Service Center

- 7. Workplace Safety**
 - A. OSHA, Best Practices and Recommendations
 - B. Safety Net and Robbery Deterrence

C. Emergencies and Crisis Management

8. Controlling Costs

- A. Cost of Goods Sold
- B. Managing Labor Costs

9. Marketing & Sales

- A. My LaRosa's Marketing.com
- B. Neighborhood Sales Building & Support
- C. LaRosas.com
- D. Traditional Media
- E. Brand Partners
- F. Events

10. Production Line Equipment and Smallwares

- A. Production Line Equipment – Operation & Cleaning
- B. Smallwares Maintenance & Cleaning

11. Master Checklists & Forms

- A. Master Form List

12. SLICE POS Information

- A. SLICE POS Information
- B. SLICE Credit Card and Gift Card Information
- C. SLICE Troubleshooting Computers
- D. Cleaning Maintenance Procedures for NCR SLICE Terminals

EXHIBIT B

TO

FRANCHISE DISCLOSURE DOCUMENT

LIST OF COMPANY-OWNED AND FRANCHISED RESTAURANTS AS OF 4/10/2024

COMPANY-OWNED RESTAURANTS

Note: If 70% or more of a restaurant is owned by LaRosa's, Inc., that restaurant is considered "Company-owned." All others are considered "franchised."

Batesville	104 ST RT 46E Batesville, IN 47006	812-934-3924
Boudinot	2409 Boudinot Avenue Cincinnati, OH 45238	513-347-4723
Bridgetown	6607 Glenway Avenue Cincinnati, Ohio 45211	513-574-1324
Delhi Pike	4289 Delhi Pike Cincinnati, OH 45238	513-251-6911
Finneytown	891 W. Galbraith Road Cincinnati, OH 45231	513-931-4091
Harrison	316 Harrison Avenue Harrison, OH 45013	513-367-4132
Miami Heights	7680 Bridgetown Rd. North Bend, OH 45052	513-941-7214
Pleasant Ridge	3184 Woodford Road Cincinnati, OH 45216	513-531-2760
White Oak	5795 Cheviot Road Cincinnati, OH 45247	513-385-5481

FRANCHISED RESTAURANTS

Chase Daoud	Crescent Springs	2446 Anderson Road Crescent Springs, KY	859-331-6221
	Edgewood	579 Dudley Pike Road Edgewood, KY 41017	859-341-2615

	Florence	5880 Merchant Street Florence, KY 41042	859-371-1937
	Lakota	8178 Highland Pointe Dr West Chester, OH 45069	513-777-0857
	Liberty Township	4363 Hamilton Middletown Rd Liberty Township, OH 45011	513-863-4400
	Mason	6674 Tri-Way Drive Mason, OH 45040	513-398-0680
	Middletown	4900 Roosevelt Boulevard Middletown, OH 45044	513-217-5390
	Mt. Zion	280 Mt. Zion Road Florence, KY 41042	859-371-5015
	Centerville	291 E. Alex Bell Rd Centerville, Ohio 45469	937-439-5327
	Hebron	3065A North Bend Rd Hebron, KY 41048	859.334.7224
	Monroe	3291 Heritage Green Dr Monroe, Ohio 45050	513-360-7338
Sam David	Landen	3123 W. US 22/3 Maineville, OH 45039	513-683-6223
	Loveland	901 Loveland-Madeira Rd. Loveland, OH 45140	513-683-4899
Gregg Pancero II	Hyde Park	2684 Madison Road Cincinnati, OH 45208	513-321-1794
	Kenwood	7691 Montgomery Road Cincinnati, OH 45236	513-984-1140
	Hamilton	770 NW Washington Blvd. Hamilton, OH 45013	513-887-8668
	Newport	75 Carothers Road Newport, KY 41071	859-431-8909
	Norwood	4702 Montgomery Road Cincinnati, OH 45212	513-351-2316
Ed Meiners III	Forest Park	659 Northland Blvd. Cincinnati, OH 45240	513-825-0259

	Princeton	11711 Princeton Pike Cincinnati, OH 45246	513-671-0045
	Sharonville	11264 Lebanon Road Cincinnati, OH 45241	513-563-1285
	Seven Hills	11118 Hamilton Avenue Cincinnati, OH 45231	513-851-4551
	College Hill	5830 Hamilton Avenue Cincinnati, OH 45224	513-541-8221
	Dublin	7048 Hospital Drive Dublin, OH 43016	614-761-7783
Mark Flohn	Cold Springs	4757 Alexandria Pike Cold Spring, Ky 41076	859-635-0990
Todd Graff	Price Hill	4008 Glenway Avenue Cincinnati, OH 45205	513-921-1220
Jon Meyer	Covington	417 Madison Avenue Covington, KY 41011	859-291-1520
Keith Inderhees	Clifton	2717 Vine Street Cincinnati, OH 45219	513-861-7839
Chris Inderhees	St. Bernard	4601 Vine Street Cincinnati, OH 45217	513-242-1171
Nick Fucito	Amelia	3780 Buch-Baxton Road Amelia, OH 45102	513-943-9848
	Anderson	7756 Beechmont Avenue Cincinnati, OH 45255	513-232-8206
	Mt. Washington	2111 Beechmont Avenue Cincinnati, OH 45230	513-231-2323
	Jackson	966 E. Main Street Jackson, OH 45640	740-286-6190
	Eastgate	4450 Eastgate Blvd., #210 Cincinnati, Ohio 45245	513-528-6919
	Mariemont	6950 Madisonville Road Cincinnati, OH 45227	513-271-2133
Butch Stertz	Goshen	1397 SR 28 Loveland, OH 45140	513-575-0999

	Milford	975 Lila Avenue Milford OH 45150	513-248-0232
Rob Hall	Blue Ash	4836 Cooper Road Cincinnati, OH 45242	513-794-9282
Mike Hall	Lebanon	1871 Deerfield Road Lebanon, OH 45036	513-932-1560
Rick Sala	Delhi Rapid Run	5657 Rapid Run Road Cincinnati, OH 45238	513-451-1273
Mark A. LaRosa	Fairfield	5130 Camelot Drive Fairfield, OH 45014	513-829-4607
Randy Lipps	Roselawn	7617 Reading Road Cincinnati, OH 45237	513-821-8071
Rob Jones	Mount Healthy	2467 Compton Road Cincinnati, OH 45231	513-729-2153
	Colerain	3657 Stone Creek Blvd. Cincinnati, OH 45251	513-741-7442
Gayle Wright	Queensgate	1250 W. 8 th Street Cincinnati, OH 45203	513-721-1080
Rick Richter	Reading	410 Benson Street Cincinnati, OH 45215	513-761-3297
Tom Westendorf	Wyoming	1429 Springfield Pike Cincinnati, OH 45215	513-821-2692
Tim O'Hara	Mt. Orab	114 Glover Road Mt. Orab OH 45154	937-444-7900
	Hillsboro	589 Harry Sauner Rd Hillsboro, Ohio 45133	937-661-6062
Joel Engelhard	Oxford	21 Lynn Street Oxford, OH 45056	513-273-2092
Gary Holland	Dry Ridge	96C Blackburn Lane Dry Ridge, KY 41035	859-823-0390
	Taylor Mill	5128 Taylor Mill Rd Taylor Mill, KY 41051	859-491-4112

Independence	2047 Harris Pike Independence, KY 41051	859-356-3188
Louisville	10641 Fischer Park Dr, Louisville, KY 40241	502-410-5013
Greendale	1620 Flossie Drive Greendale, IN 47025	812-539-2266

SPECIAL PURPOSE OUTLETS

FC Cincinnati	TQL Stadium	1501 Central Parkway Cincinnati, Ohio 45214	513-977-5435
Cincinnati Zoo and Botanical Gardens	Cincinnati Zoo	3400 Vine Street Cincinnati, OH 45220	513-281-7309
Children's Hospital Medical Center	Children's Hospital Medical Center	3333 Burnet Avenue Cincinnati, OH 45219	513-636-4980
Cedar Fair	Kings Island	P.O. Box 908 Kings Mill, OH 45034	513-754-5784
Chip Perfect	Perfect North Slopes	1904 Perfect Place Lane Lawrenceburg, IN 47025	513-381-7517
Cincinnati Reds	Great American Ballpark	100 Joe Nuxhall Way Cincinnati, OH 45202	513-765-7000
MegaCorp	Mega Corp Pavilion	101 W 4th Street Newport, KY 41071	859- 900-2294

EXHIBIT C

TO

FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

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To the Board of Directors
LaRosa's Holding Company
and Subsidiaries
Cincinnati, Ohio

Independent Auditor's Report

Opinion

We have audited the consolidated financial statements of LaRosa's Holding Company and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023, December 25, 2022, and December 26, 2021, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, December 25, 2022, and December 26, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

GBQ Partners LLC

Cincinnati, Ohio
April 9, 2024

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LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023, December 25, 2022, and December 26, 2021

ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,457,911	\$ 1,726,441	\$ 2,640,105
Investments - available for sale	5,196,113	4,177,854	5,064,530
Trade and other accounts receivable, net	2,873,757	2,970,416	2,625,362
Employee retention tax credit receivable	-	4,316,650	4,068,983
Inventories	460,939	489,382	347,166
Prepaid expenses and other current assets	400,676	329,946	97,873
Finance receivables, current portion	96,000	98,700	146,700
Total current assets	11,485,396	14,109,389	14,990,719
Property and Equipment			
Buildings and improvements	1,975,411	1,975,411	1,975,411
Leasehold improvements	9,536,492	8,919,189	7,912,969
Furnishings and equipment	12,696,156	11,789,490	10,981,827
Vehicles	1,057,778	1,091,282	854,159
Construction in progress	1,250,789	10,374	38,518
	26,516,626	23,785,746	21,762,884
Less accumulated depreciation	15,275,200	13,735,989	13,776,191
Property and equipment, net	11,241,426	10,049,757	7,986,693
Operating Lease Assets, net	15,044,995	14,760,257	-
Other Assets			
Finance receivables, net of current portion	826,500	1,093,875	845,700
Insurance premiums receivable	1,812,159	1,780,300	1,744,043
Cash surrender value of life insurance	5,172,563	5,158,068	4,878,966
Other assets, net of current portion	102,675	70,750	74,810
Rabbi Trust assets	2,299,918	1,602,433	1,970,179
Investments - held to maturity	359,111	342,200	347,981
Goodwill, net	2,066,336	-	-
Intangible assets, net	-	-	33,150
Total other assets	12,639,262	10,047,626	9,894,829
TOTAL ASSETS	\$ 50,411,079	\$ 48,967,029	\$ 32,872,242

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

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Consolidated Balance Sheets (continued)

December 31, 2023, December 25, 2022, and December 26, 2021

	December 31, 2023	December 25, 2022	December 26, 2021
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Current installments of long-term debt	\$ 214,015	\$ 206,895	\$ 199,995
Current installments of lines of credit	742,278	6,000,000	-
Current portion of operating lease liabilities	972,996	834,942	-
Accounts payable	666,011	789,202	827,598
Accrued liabilities	1,701,012	907,577	955,207
Accrued distributions	-	467,437	1,560,000
Current installments of deferred compensation	176,599	169,311	175,891
Accrued payroll and related liabilities	850,468	863,374	925,419
Related party payables	117,641	-	-
Gift card liability, net	1,433,705	1,747,947	1,675,074
Current portion of deferred revenue	2,423	10,000	12,500
Total current liabilities	<u>6,877,148</u>	<u>11,996,685</u>	<u>6,331,684</u>
Long-Term Liabilities			
Long-term debt, less current installments	-	214,015	420,911
Long-term operating lease liabilities	14,367,775	14,154,058	-
Deferred compensation, less current installments	4,030,839	3,774,485	4,109,773
Deferred rent	-	-	356,910
Deferred revenue, less current portion	-	41,934	72,510
Lines of credit, less current installments	3,622,500	-	182,400
Total long-term liabilities	<u>22,021,114</u>	<u>18,184,492</u>	<u>5,142,504</u>
Total Liabilities	<u>28,898,262</u>	<u>30,181,177</u>	<u>11,474,188</u>
Stockholders' Equity			
Common stock	10,000	10,000	10,000
Additional paid-in capital	5,000	5,000	5,000
Retained earnings	21,162,063	18,505,076	21,041,903
Stockholders' equity attributable to LaRosa's Holding Company	<u>21,177,063</u>	<u>18,520,076</u>	<u>21,056,903</u>
Non-controlling interests	335,754	265,776	341,151
Total stockholders' equity	<u>21,512,817</u>	<u>18,785,852</u>	<u>21,398,054</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 50,411,079</u>	<u>\$ 48,967,029</u>	<u>\$ 32,872,242</u>

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

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Consolidated Statements of Operations For the Years Ended December 31, 2023, December 25, 2022, and December 26, 2021

	December 31, 2023	December 25, 2022	December 26, 2021
Revenues, net			
Food and beverage sales	\$ 35,214,905	\$ 33,873,889	\$ 32,028,121
Franchise fees	5,416,242	5,280,633	5,499,760
Transaction fees	4,431,507	4,035,470	4,395,296
Advertising fees	5,740,230	5,493,064	5,613,021
Other	1,438,788	1,097,887	757,973
Total net revenues	<u>52,241,672</u>	<u>49,780,943</u>	<u>48,294,171</u>
Operating Expenses			
Cost of food and beverage sales	12,733,060	12,960,244	11,516,253
Labor expenses	21,037,528	20,447,839	20,250,048
Controllable expenses	11,330,460	11,361,794	10,694,025
Non-controllable expenses	3,420,438	3,149,545	3,074,038
Depreciation and amortization	1,706,093	1,611,356	1,466,476
Loss on sale and disposal of property and equipment, net and impairment	4,273	105,286	361,009
Total operating expenses	<u>50,231,852</u>	<u>49,636,064</u>	<u>47,361,849</u>
Operating income	2,009,820	144,879	932,322
Other Income (Expense)			
Interest expense	(319,822)	(147,783)	(31,804)
Interest and dividend income	516,826	130,840	87,831
Net gain on sale of store	-	750,000	-
Net realized appreciation in the fair value of investments	784	43,353	127,841
Net unrealized appreciation (depreciation) in the fair value of investments	923,751	(1,080,035)	598,996
Gain on PPP loans forgiveness	-	-	3,776,757
Employee retention credit	-	-	4,068,983
Other income	666,564	191,611	274,897
Other income (expense), net	<u>1,788,103</u>	<u>(112,014)</u>	<u>8,903,501</u>
Income Before Income Taxes	3,797,923	32,865	9,835,824
Income tax expense	(134,958)	(153,044)	(80,888)
Net Income (Loss)	3,662,965	(120,179)	9,754,936
Less net income attributable to non-controlling interests	(105,978)	(68,472)	(267,673)
Net Income (Loss) Attributable to LaRosa's Holding Company	<u>\$ 3,556,987</u>	<u>\$ (188,651)</u>	<u>\$ 9,487,263</u>

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

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

For the Years Ended December 31, 2023, December 25, 2022, and December 26, 2021

	Common Stock		Additional Paid-in Capital	Retained Earnings	Non-controlling Interests	Total
Balance, December 27, 2020	120,000	\$ 10,000	\$ 5,000	\$ 14,614,643	\$ 181,236	\$ 14,810,879
Net income	-	-	-	9,487,263	267,673	9,754,936
Distributions	-	-	-	(3,060,000)	(107,761)	(3,167,761)
Balance, December 26, 2021	120,000	10,000	5,000	21,041,906	341,148	21,398,054
Net income (loss)	-	-	-	(188,651)	68,472	(120,179)
Opening equity for LaFour Enterprises, LLC (see Common Control Transaction note)	-	-	-	109,057	87,276	196,333
Deemed dividend related to LaFour Enterprises, LLC (see Common Control Transaction note)	-	-	-	(1,197,236)	-	(1,197,236)
Distributions	-	-	-	(1,260,000)	(231,120)	(1,491,120)
Balance, December 25, 2022	120,000	10,000	5,000	18,505,076	265,776	18,785,852
Net income	-	-	-	3,556,987	105,978	3,662,965
Distributions	-	-	-	(900,000)	(36,000)	(936,000)
Balance, December 31, 2023	120,000	\$ 10,000	\$ 5,000	\$ 21,162,063	\$ 335,754	\$ 21,512,817

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

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Consolidated Statements of Cash Flows For the Years Ended December 31, 2023, December 25, 2022, and December 26, 2021

	December 31, 2023	December 25, 2022	December 26, 2021
Cash Flows from Operating Activities			
Net income (loss)	\$ 3,662,965	\$ (120,179)	\$ 9,754,936
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Net realized gain on sale of investments	(784)	(43,353)	(127,841)
Gain on sale of store	-	(750,000)	-
Unrealized (gain) loss on investments	(935,410)	1,080,050	(631,410)
Depreciation and amortization	1,706,093	1,611,356	1,466,476
Non-cash operating lease expense	1,227,236	853,824	-
Gain on PPP loan forgiveness	-	-	(3,750,957)
Accretion of deferred revenue	(49,511)	(33,077)	(12,548)
(Gain) loss on sale and disposal of property and equipment, net and impairment	(4,273)	105,286	361,009
Deferred rent accretion, net	-	-	(1,711)
(Increase) decrease in:			
Trade and other accounts receivable, net	96,659	(97,386)	(414,212)
Employee retention tax credit receivable	4,316,650	(247,667)	(4,068,983)
Inventories	41,605	(114,145)	(93,804)
Prepaid expenses and other assets	(102,655)	(228,373)	33,842
Increase (decrease) in:			
Accounts payable	(123,191)	(68,564)	261,461
Accrued liabilities	320,998	(1,137,678)	(162,634)
Accrued payroll and related liabilities	(12,906)	(62,045)	(177,965)
Related party payables	117,641	-	(398,226)
Gift card liability, net	(322,124)	72,873	195,860
Deferred revenue	-	-	-
Deferred compensation	396,875	(189,405)	202,074
Change in operating lease liabilities	(1,160,203)	(812,347)	-
Net cash provided by (used in) operating activities	9,175,665	(180,830)	2,435,367
Cash Flows From Investing Activities			
Purchases of property and equipment	(2,560,105)	(3,406,116)	(2,908,599)
Purchase of LaFour Properties Inc.	-	(1,357,586)	-
Cash paid for for business acquisition	(2,400,000)	-	-
Net change in insurance premiums receivable	(31,859)	(36,257)	(35,450)
Change in cash surrender value of life insurance	(147,728)	(431,565)	(424,398)
Net change in Rabbi Trust assets	(697,485)	367,746	210,657
Issuance of notes receivable, related party	-	(431,750)	(810,000)
Collection of notes receivable, related party	228,075	321,175	34,136
Collection of notes receivable	42,000	134,400	-
Proceeds from sale of franchise agreements	-	-	50,000
Purchases of investments	(361,752)	(379,947)	(2,419,931)
Proceeds from sales of store	-	750,000	-
Proceeds from sales of investments	262,776	235,707	2,268,395
Net cash used in investing activities	(5,666,078)	(4,234,193)	(4,035,190)
Cash Flows From Financing Activities			
Net (payments) proceeds on line of credit	(1,635,222)	5,817,600	(34,136)
Repayment of long-term debt	(206,895)	(199,995)	(193,326)
Distributions to stockholders	(900,000)	(1,885,126)	(1,500,000)
Distributions to non-controlling interest stockholders	(36,000)	(231,120)	(107,760)
Net cash (used in) provided by financing activities	(2,778,117)	3,501,359	(1,835,222)
Net Increase (Decrease) in Cash and Cash Equivalents	731,470	(913,664)	(3,435,045)
Cash and Cash Equivalents – Beginning of Year	1,726,441	2,640,105	6,075,150
Cash and Cash Equivalents – End of Year	\$ 2,457,911	\$ 1,726,441	\$ 2,640,105

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

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued) For the Years Ended December 31, 2023, December 25, 2022, and December 26, 2021

	December 31, 2023	December 25, 2022	December 26, 2021
Supplemental Disclosure of Cash Flow Information			
Cash paid during the year for:			
Interest	\$ 319,826	\$ 184,733	\$ 32,232
Income taxes	6,361	210,489	83,290
Supplemental Disclosure of Non-Cash Investing and Financing Transactions			
Increase in deferred compensation liability resulting from cash surrender value life insurance increase	\$ 133,233	\$ 152,463	\$ 150,040
Issuance of note receivable in conjunction with sale of Centerville store assets	-	224,000	-
Related party note forgiveness from LaFour acquisition	-	(177,997)	-
Accrued distributions	-	467,437	1,092,563

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

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2023, December 25, 2022, and December 26, 2021

Nature and Scope of Business

LaRosa's Holding Company (an Ohio S-corporation) and Subsidiaries (the "Company") owns, operates, and franchises pizzeria restaurants in Ohio, Indiana, and Kentucky that operate under the name "LaRosa's" or "LaRosa's Pizzeria." There were nine, eight, and nine company-owned restaurants in operation as of December 31, 2023, December 25, 2022, and December 26, 2021, respectively. There were 55, 57, and 57 franchised restaurants in operation as of December 31, 2023, December 25, 2022, and December 26, 2021, respectively.

During 2023, the Company purchased a previously franchised store (see *Business Combination* note). During 2022, the Company sold two of its company-owned stores and acquired a franchise restaurant from related parties (see *Common Control Transaction* note). There were zero, zero, and two franchise store openings during 2023, 2022, and 2021, respectively. There were one, zero, and zero franchise store closures during 2023, 2022, and 2021, respectively.

The Company also operates a bakery, which sells frozen pizza shells to distributors and third parties. In addition, the Company owns and operates a centralized order-taking system for the restaurant system's pick-up and delivery sales.

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements (the financial statements) have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

Intercompany transactions and balances have been eliminated in consolidation.

The Company's subsidiaries and ownership shares as follows:

Subsidiary	Ownership Share		
	2023	2022	2021
LaRosa's, Inc.	100%	100%	100%
LaRosa's Properties, LLC	-	-	99%
LaRosa's Beaver creek, LLC	-	-	99%

LaRosa's Properties, LLC and LaRosa's Beaver creek, LLC are no longer in operation due to closure of its Beaver creek location and sale of related land and building during 2019. These entities were formally dissolved effective October 2022.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2023, December 25, 2022, and December 26, 2021

Summary of Significant Accounting Policies (continued)

Principles of Consolidation (continued)

LaRosa's, Inc., a wholly-owned subsidiary of the Company, has the following subsidiaries and ownership shares for each respective year-end as follows:

Subsidiary	Ownership Share		
	2023	2022	2021
Batesville LaRosa's Inc.	100%	100%	100%
* LaRosa's Centerville, LLC	-	-	99%
Kettering Pizzeria Partners, LLC	-	-	99%
Englewood Pizzeria Partners, LLC	-	-	99%
Delhi Partners, Inc.	70%	70%	70%
* Eastgate Pizzeria Partners, LLC	-	-	70%
LaFour Enterprises, Inc.	75%	75%	-

*Stores sold during year end 2022

Kettering Pizzeria Partner, LLC and Englewood Pizzeria Partners, LLC discontinued operations during 2020 and were formally dissolved effective October 2022. The Company sold the pizzeria operations of LaRosa's Centerville, LLC in May 2022 to an existing franchisee. The Company sold its majority interest ownership in Eastgate Pizzeria Partners, LLC to an existing franchisee in October 2022. The Company purchased a majority interest of LaFour Enterprises, Inc. during 2022 which operates the Bridgetown pizzeria from related parties (see *Common Control Transaction* note).

Reporting Period

The Company's fiscal year is the 52 or 53-week period ending on the last Sunday of December. The 2023 fiscal year ended on December 31, 2023 and included 53 weeks. The 2022 fiscal year ended on December 25, 2022 and included 52 weeks. The 2021 fiscal year ended on December 26, 2021 and included 52 weeks.

Use of Estimates

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

Variable Interest Entities

The Company has evaluated its business relationships with two related parties to identify potential variable interest entities and has concluded that consolidation of these entities is not required for the periods presented.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2023, December 25, 2022, and December 26, 2021



Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Company considers highly liquid investments with maturities of three months or less as cash equivalents. Cash and cash equivalents also includes \$386,597, \$193,397, and \$174,226, as of December 31, 2023, December 25, 2022, and December 26, 2021, respectively, of the amounts due from commercial credit card companies, such as Visa, MasterCard, Discover, and American Express, which are generally received within a few days of the related transactions. The Company places its temporary cash investments with financial institutions. At times, amounts may exceed federally insured limits.

Investments

The Company has classified its marketable securities as available-for-sale or held-to-maturity. Securities which management has the intent and ability to hold to maturity are classified as held-to-maturity and reported at amortized cost. Securities are classified as available-for-sale when they may be sold in response to, or in anticipation of, changes in the market value.

Available-for-sale securities are recorded at their fair value (as determined by quoted market price) and unrealized gains and losses are recorded in earnings. The Company uses the specific identification method to determine the cost of a security sold.

Inventories

Inventories consist primarily of perishable food products and alcoholic beverages and are stated at net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

Accounts Receivable

Accounts receivable consists primarily of franchisee related receivables, retail gift card receivables, and related party receivables. The carrying amount of receivables is reduced by a valuation allowance for expected credit losses, as necessary, that reflects management's best estimate of the amount that will not be collected. This estimation takes into consideration historical experience, current conditions and, as applicable, reasonable supportable forecasts. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to be uncollectible. Based on its assessment, management determined that the risk of credit loss was not material. The valuation allowance recorded was \$15,000 as of December 31, 2023, December 25, 2022, and December 26, 2021. Other accounts receivable is comprised of rebates receivable and other miscellaneous amounts due to the Company from third parties at year end.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Summary of Significant Accounting Policies (continued)

Accounts Receivable (continued)

Additionally, the CARES Act allows for a refundable Employee Retention Credit (ERC) to eligible employers equal to 50% of qualified wages paid to employees from March 13, 2020 to December 31, 2020, capped at \$10,000 per employee. Subsequently, the Consolidated Appropriations Act of 2021 (CAA), the American Rescue Plan Act of 2021 (ARPA) and the Infrastructure Investment and Jobs Act of 2021 were passed, which expanded the ERC by increasing the credit to 70% of qualified wages paid from January 1, 2021 through September 30, 2021, capped at \$10,000 per employee per quarter. For the year ended December 26, 2021, the Company recognized \$4,068,983 in ERC, which is presented with other income in the accompanying consolidated statements of operations. During 2023, the Company received its ERC refund payments. As of December 25, 2022 and December 26, 2021, \$4,316,650, and \$4,068,983, respectively, had not been received and are presented as a receivable in the accompanying consolidated balance sheets.

Finance Receivables

The Company's finance receivables consist of one note receivable with a related party and one note receivable with a third party. Financing receivables are carried at amortized cost, net of allowance for losses. Provisions for losses are charged to operations in amounts sufficient to maintain an allowance for losses at a level considered adequate to cover probable losses inherent in the Company's finance receivables. One note receivable with a related party incurs interest at rates equivalent to the Company's line of credit interest rate (7.06%, 6.13%, and 1.88% as of December 31, 2023, December 25, 2022 and December 26, 2021, respectively) and matures in January 2037. See *Related Party Transactions* note.

During May 2022, the Company entered into an unsecured note receivable agreement for \$224,000, with a third party related to the sale of its Centerville store to a franchisee. The note is in monthly installments of \$3,500 principal plus interest at the rate charged by the Company's bank on its line of credit plus 1% (6.47% as of December 31, 2023). The note matures September 15, 2027. Prepayments can be made at any time without penalty. The outstanding balance on the note was \$157,500 and \$199,500 as of December 31, 2023 and December 25, 2022, respectively. There was \$6,459 and \$6,459 of interest income recorded for this note during 2023 and 2022, respectively.

The allowance for losses is based on management's evaluation of the collectability of the loans, including the nature of the loan, credit concentrations, trends in historical loss experience, economic conditions, and other risks inherent with the loan. Allowance for impaired finance receivables is generally determined based on collateral values or the present value of estimated cash flows. If needed, the allowance is increased by a provision for losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Management believes that the notes receivable are fully collectible and therefore no allowance is recorded as of December 31, 2023, December 25, 2022, and December 26, 2021.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Summary of Significant Accounting Policies (continued)

Property and Equipment

Buildings and improvements are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 9 to 20 years. Leasehold improvements are stated at cost and are depreciated using the straight-line method over the lesser of the remaining term of the lease, including expected renewal options, or the estimated useful lives of the assets, which range from 3 to 20 years. Furnishings, equipment, and vehicles are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 years. The Company capitalizes construction costs during construction or remodel of a restaurant and begins depreciating them once the restaurant is open. Labor costs directly related to and interest costs incurred during a restaurant's construction or remodel period are capitalized. The Company capitalized \$101,057 of labor costs for the year ended December 31, 2023. There were no capitalized labor or interest costs for the years ended December 25, 2022 or December 26, 2021. Routine expenditures for repairs and maintenance are expensed as incurred.

Depreciation expense was \$1,606,109, \$1,577,846, and \$1,372,582 for the years ended December 31, 2023, December 25, 2022, and December 26, 2021, respectively, and is included on the accompanying consolidated statements of operations.

Leases

Pursuant to GAAP, a contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Leases with an initial term of 12 months or less are not recorded within the accompanying consolidated balance sheets.

Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities within the Company's accompanying consolidated balance sheets. The Company has no finance leases in the accompanying consolidated balance sheets.

ROU 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. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate when it is readily determinable. If the Company leases do not provide an implicit rate, the Company elected the practical expedient to utilize the risk-free rate to determine the present value of lease payments. Operating lease ROU assets also includes any lease payments made less any lease incentives paid or payable to the lessee. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Summary of Significant Accounting Policies (continued)

Leases (continued)

The Company has lease agreements with lease and non-lease components; however, the Company has elected the practical expedient to account for the lease and non-lease components as a single lease.

Impairment of Long-Lived Assets

The Company assesses the recoverability of the recorded value of its long-lived assets, such as property and equipment and operating lease assets, whenever events or changes in business circumstances indicate the carrying amount of the asset may not be fully recoverable. The assessment of recoverability is based on management's estimate of undiscounted future operating cash flows of its long-lived assets. If the assessment indicated that the undiscounted future operating cash flows do not exceed the net book value of the long-lived assets, then the difference between the net book value of the long-lived asset and the fair value of such assets is recorded as an expense in the consolidated statements of operations. The Company determined impairment of \$336,482 had occurred related to its Centerville store during the year ended December 26, 2021 and is included in the accompanying consolidated statements of operations. No impairment was recorded during the years ended December 31, 2023 and December 25, 2022.

Fair Value Measurements

The Company has adopted the authoritative guidance for fair value measurements of financial assets and financial liabilities and for fair value measurements of non-financial items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis, Accounting Standard Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Exit or Disposal Cost Obligations

The Company accounts for exit or disposal activities, including restaurant closures, in accordance with Financial Accounting Standards Board (FASB) ASC 420-10, *Exit or Disposal Cost Obligations*. Such costs include one-time termination benefits paid to employees and the cost of disposing of the assets and liabilities. These costs are generally expensed as incurred.

Prior to 2022 and the implementation of ASC 842 *Leases*, at the date the Company ceased using property under an operating lease, the Company recorded a liability for the net present value of any remaining lease obligations, net of estimated sublease income or any lease buyout amount agreed upon by the Company and lessor which would release the Company from any future lease obligations. Any subsequent adjustments to that liability, as a result of lease termination or changes in estimates of sublease income, are recorded in the period incurred.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2023, December 25, 2022, and December 26, 2021



Summary of Significant Accounting Policies (continued)

Goodwill

Goodwill represents the excess of purchase price over the fair value of net assets acquired. The Company has elected to amortize goodwill over a life of 10 years. In reviewing for potential impairment, management first reviews certain qualitative factors followed by quantitative factors at the Company level, when a triggering event, as defined by GAAP, occurs. An impairment loss is recognized to the extent the carrying value of the entity exceeds its fair value. Management determined that no impairment was required for 2023, 2022, and 2021.

During 2023, the Company recognized \$2,166,320 of goodwill related to the franchise store purchase (See *Business Combination* note).

Insurance Premiums Receivable

Insurance premiums receivable represents amounts paid by the Company as premiums on life insurance policies for its founder, stockholders and stockholders' spouses. These premiums are reimbursable to the Company upon the death of the insured.

Deferred Rent

Rent expense on non-cancelable leases containing known future scheduled rent increases or free rent periods was recorded on a straight-line basis over the respective lease term prior to 2022 and the implementation of ASC 842 *Leases*. The lease term begins when the Company has the right to control the use of the leased property and includes the initial non-cancelable lease term plus any periods covered by renewal options that the Company is reasonably assured of exercising. The difference between rent expense and rent paid was accounted for as deferred rent and was amortized over the lease term. See accounting policy for *Leases* as it relates to 2022 going forward.

Insurance Reserves

The Company self-insures a significant portion of expected losses under its workers' compensation insurance programs and self-insures its health insurance plan offered to most employees. The Company purchases workers' compensation insurance for individual claims that exceed \$400,000.

The Company's group health plan is a high-deductible health plan through a health savings account. The Company pays all claims above the participant's deductible. The Company has a stop loss policy that reimburses the Company for all claims above \$100,000 on a per-participant basis each year. The Company also has a stop loss policy that reimburses the Company if the Company's aggregate claims for the year exceed 100% of the expected claims for the Company's plan.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2023, December 25, 2022, and December 26, 2021

Summary of Significant Accounting Policies (continued)

Insurance Reserves (continued)

The Company records a liability for all unresolved claims and for an estimate of incurred but not reported claims at its anticipated cost based on estimates provided by a third-party administrator, which is included in accrued payroll and related liabilities on the accompanying consolidated balance sheets. The estimated liability is based on a number of assumptions and factors regarding economic conditions, the frequency and severity of claims and claim development history and settlement practices. Semi-annually, the Company's assumptions are reviewed, monitored, and adjusted when warranted by changing circumstances. Because of the inherent uncertainties in estimating costs, it is reasonably possible that the Company's estimates of costs will change in the near term.

Deferred Compensation

The Company accounts for deferred compensation plans under the provisions of FASB ASC 710, *Compensation*. Under that guidance, the Company operates two deferred compensation plans which benefit certain executives and key employees, which are included in deferred compensation on the accompanying consolidated balance sheets (see *Deferred Compensation* note). A liability and related expense are recorded annually as determined by the agreements in place. These plans are not required to be funded by the Company.

Paycheck Protection Program Loan Accounting Policy

Currently, there is no authoritative guidance under U.S. GAAP that addresses accounting and reporting by a for-profit business entity that receives forgivable debt from a government entity. Accordingly, management has elected to recognize forgivable debt received from a government entity as debt until debt extinguishment occurs when the Company is legally released from being the obligor. Upon legal release as obligor, the Company recognized the forgiven amount as income in the consolidated statements of operations.

Revenue Recognition

Restaurant and Bakery Revenues

Revenue from restaurant sales is recognized when food and beverage products are sold. Revenues are reported net on the consolidated statements of operations with customer complimentary meals, coupons, and gift card promotion discounts recorded as a component of food and beverage sales. Revenue from delivery surcharges, which are charged on each delivery order, is recognized upon the delivery of the food and beverage product. Delivery surcharge revenues are included as a component of food and beverage sales on the accompanying consolidated statements of operations.

The Company operates a bakery, which sells and distributes frozen pizza shells. Revenue from the sale of frozen pizza shells is recognized based on the shipment date of the product and is included as a component of food and beverage sales.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Gift Cards

Gift card liability represents the Company's liability for gift cards that have been sold, but not yet redeemed, and are recorded at the expected redemption value. When the gift cards are redeemed, the Company recognizes revenue and any related discount promotions and reduces its gift card liability. On a continuing basis, management analyzes the outstanding gift card liability. Gift card breakage is recognized as other income based on historical customer usage patterns, in accordance with escheatment laws, with an offset to a gift card reserve account. The reserve account is reviewed regularly and adjusted into earnings as appropriate. As of December 31, 2023, December 25, 2022, and December 26, 2021, reserves of \$2,100,217, \$1,865,661, and \$1,718,012, respectively, were considered necessary, and are included as a reduction to gift card liability, net on the accompanying consolidated balance sheets.

For the years ended December 31, 2023, December 25, 2022, and December 26, 2021, unredeemed gift card balances were recognized as other income in the consolidated statements of operations in the amounts of \$267,575, \$172,557, and \$191,087, respectively.

Franchise Fees

The Company generates revenues from franchising through individual franchise agreements. In consideration for the payment of an initial franchise fee, continuing royalties, and other amounts specified in the franchise agreement, the Company grants new franchisees the use of the LaRosa's trademarks and system and training, and restaurant operation assistance.

In accordance with Topic 606, the Company satisfies the performance obligation related to the franchise agreement over the term of the related agreement, which is typically 10 years. Payment for the franchise agreement consists of three components, a fixed-fee related to the franchise agreement, a sales-based royalty fee and a sales-based advertising fee. The fixed fees, as determined by the signed franchise agreement, are nonrefundable and due at the time the franchise agreement is entered into, and/or when the franchise agreement is signed.

Revenue related to these franchise agreements are recognized on a straight-line basis over the respective term, as performance obligations are satisfied, upon adoption of Topic 606, which typically begins as of the date of the opening of the new franchise restaurant.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Royalty Fees

The Company franchises LaRosa's restaurants. There were 55 franchised restaurants in operation as of December 31, 2023, of which one is operated by related parties. The Company executes franchise agreements for each franchise restaurant, which sets out the terms of the agreement with the franchisee. The Company's franchise agreements typically require the franchisee to pay an initial non-refundable fee and a continuing franchise fee based on 4% of net sales. Continuing franchise royalties are recognized as revenue as the fees are earned and are included as a component of franchise fees on the accompanying consolidated statements of operations.

Advertising Fees

An advertising fee (typically 4% of net sales) is collected from all stores for general marketing, advertising, and publicity administered by the Company on behalf of the LaRosa's chain. Sales-based advertising fees are recognized as income when such revenues are earned by those franchisees.

Transaction Fees

Transaction fees are earned from franchisees based on a percentage of the sales per order placed through the Company's call center. Prior to March 2023, the Company earned a fixed charge from franchisees on sales placed through the Company's call center.

Deferred Revenue and Deferred Expenses

The Company's contract liabilities consist of fixed fees from franchisees upon execution of their respective franchise agreements which is referred to as deferred revenue. The amounts received are recorded as deferred revenue until the Company satisfies requirements under the franchise agreement, or upon cancellation of the franchise agreement by the Company due to a default as outlined in the agreement, or by permanent store closure.

Revenue from franchise agreements is recognized on a straight-line basis over the term of the agreement as the underlying performance obligation is satisfied, and is included as deferred revenues on the accompanying consolidated balance sheets. Incremental direct costs, such as commissions, are deferred and recognized over the life of the related term of the agreement. There are no deferred direct costs for any years presented.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Summary of Significant Accounting Policies (continued)

Advertising Expenses

Advertising expenses are expensed when incurred. For the years ended December 31, 2023, December 25, 2022, and December 26, 2021, advertising expense was \$6,201,661, \$6,119,235, and \$5,877,304, respectively, and is included on a gross basis as a component of controllable expenses, non-controllable expenses, labor expenses, depreciation and amortization, and interest expense in the accompanying consolidated statements of operations.

Income Taxes

LaRosa's Holding Company, LaRosa's, Inc., and Batesville LaRosa's Inc., with the consent of their stockholders, elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. As such, there is no provision for income tax, except for certain local taxes, for these companies as taxable income is allocated to the stockholders who are responsible for the payment of federal and state taxes.

LaRosa's Properties, LLC, Eastgate Pizzeria Partners, LLC, LaRosa's Centerville, LLC, Kettering Pizzeria Partners, LLC, and Englewood Pizzeria Partners, LLC are limited liability companies and have elected to be taxed as partnerships for federal and state income tax purposes. As such, earnings and losses are included in the tax returns of the members, except for certain local taxes.

Delhi Partners, Inc. and LaFour Enterprises, Inc. elected C Corporation status. Deferred tax assets and liabilities recognized by Delhi Partners, Inc. and LaFour Enterprises, Inc. are for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Management has omitted a provision for accrued and deferred income taxes for Delhi Partners, Inc. and LaFour Enterprises, Inc., as the amount is not considered material.

In 2023, the Company elected to be taxed at the entity level for state income taxes under eligible pass-through entity tax (PTET) regulations for Ohio. Amounts owed or paid for state PTET are recognized as a distribution in the accompanying consolidated statements of stockholders' equity and totaled \$119,383 for the year ended December 31, 2023.

The Company accounts for uncertainty in income taxes in its consolidated financial statements as required under ASC 740, Income Taxes. The standard prescribes a recognition threshold and measurement attribute for the consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition accounting. Management determined there were no material uncertain positions taken by the Company in its tax returns.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Summary of Significant Accounting Policies (continued)

Other Taxes

Ohio commercial activity tax was \$126,946, \$122,485, and \$118,577 for the years ended December 31, 2023, December 25, 2022, and December 26, 2021, respectively, and is included in non-controllable expenses on the consolidated statements of operations.

Business Acquisitions

Business acquisitions are accounted for under ASC 805 - *Business Combinations*. Consideration transferred is recorded at fair value and the purchase price of an acquired business is allocated to the identified assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition, with any residual amounts allocated to goodwill.

Taxes Collected from Customers

The Company collects sales tax from its customers that are remitted to various state governmental authorities when due. The Company's policy is to record sales tax collected from customers as a component of accrued liabilities in its consolidated balance sheets and on a net basis in its consolidated statements of operations.

Concentrations of Credit Risk

The Company's ability to collect the amounts due from franchisees and customers is affected by fluctuations in the economy. For the years ended December 31, 2023, December 25, 2022, and December 26, 2021, one customer accounted for approximately 15%, 15%, and 14%, respectively, of total revenues. As of December 31, 2023, December 25, 2022, and December 26, 2021, one franchisee and one customer accounted for approximately 49%, 46%, and 35%, respectively, of trade accounts receivable.

Total trade accounts receivable related to one franchisee and one customer amounted to \$781,715, \$636,308, and \$407,006, as of December 31, 2023, December 25, 2022, and December 26, 2021, respectively. Trade accounts receivable from one franchisee and one customer are included within trade and other accounts receivable, net on the accompanying consolidated balance sheets.

New Accounting Pronouncements

Effective December 26, 2022, the Company adopted the provisions and disclosure requirements described in ASC Topic 326, *Financial Instruments - Credit Losses* (ASC 326). ASC 326 sets forth a current expected credit loss (CECL) model, which requires the Company to measure all expected credit losses for financial assets (or a group of financial assets) held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. The standard replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost, such as accounts receivable and related allowances. The adoption of ASC 326 did not have a material impact on the consolidated financial statements.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2023, December 25, 2022, and December 26, 2021

Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

Effective December 26, 2022, the Company adopted the provisions described in ASU 2017-04, *Intangibles—Goodwill and Other* (Topic 350): Simplifying the test for goodwill impairment. Under current GAAP, private companies are provided an alternative accounting treatment for subsequently measuring goodwill. The amendments in this ASU simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Instead, under the amendments in this update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The adoption of ASU 2017-04 did not have a material impact on the consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to current year presentation.

Business Combination

The Company makes acquisitions that, in the judgment of management, will enhance future profitability. As it considers an acquisition's strategic value in concert with the intrinsic value of the acquired assets, the Company may offer an acquisitions process that exceeds the economic values of the assets acquired and liabilities assumed, thus resulting in the recognition of goodwill.

In June 2023, the Company purchased a LaRosa's restaurant from a franchisee. The acquisition was accounted for under the acquisition method of accounting and the results of the acquisition have been included in the financial statements from the date of the acquisition. The base purchase price of \$2,400,000 was allocated as follows:

	Fair Value
Inventory	\$ 13,162
Property and equipment	233,400
Goodwill	2,166,320
Accrued real estate and property taxes	(5,000)
Gift card liability	(7,882)
Cash purchase price	<u>\$ 2,400,000</u>

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2023, December 25, 2022, and December 26, 2021

Common Control Transaction

On December 27, 2021, LaRosa's Inc. purchased 75% of the shares of LaFour Enterprises, Inc. for \$1,350,000. LaFour Enterprises, Inc. was owned by four related parties of which a majority of the ownership was owned by three related parties whom are also owners of the Company.

As the transaction was under common control, the assets and liabilities were transferred to the Company at their carrying value noted below. The Company has presented the operations of LaFour Enterprises from the date of acquisition going forward. The financial position and results of 2021 do not include LaFour Enterprises, Inc. A non-controlling interest of 25% of the shares of LaFour Enterprises remains owned by a related party. Upon purchase of the shares, LaFour Enterprises, Inc. elected C Corporation status as of December 27, 2021.

In conjunction with the transaction, a deemed dividend of \$1,197,236 was recorded by the Company against retained earnings reflecting the difference between the share value acquired at carrying value and amount paid to the selling related parties.

The base purchase price of \$1,350,000 less deemed dividends and working capital adjustments of \$152,764 were allocated as follows:

	Carry Value
Cash	\$ 170,414
Accounts receivable	247,668
Inventory	28,071
Property and equipment, net accumulated depreciation	733,723
Accounts payable	(30,174)
Accrued expenses	(600,000)
Related party note payable	(177,997)
Accrued taxes	(22,611)
Deemed dividend	1,197,236
Operating equity	<u>(196,330)</u>
Cash purchase price	<u>\$ 1,350,000</u>

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Common Control Transaction (continued)

Additionally, the related party note payable was eliminated during consolidation (see non-cash investing transactions on the consolidated statement of cash flow). The acquired business contributed net revenues, operating income and net income of \$3,247,418, \$209,162 and \$174,795, respectively, for the year ended December 25, 2022. The following unaudited pro forma summary presents condensed operating results of LaFour Enterprises, Inc. related to fiscal year 2021.

	Unaudited 2021
Net revenues	\$ 3,859,829
Operating income	\$ 575,015
Net income	\$ 742,730

Revenue from Contracts with Customers

The Company has revenue from restaurant store sales, bakery sales, gift cards, transaction and other fees, initial franchise fees, and continuing revenue related to royalty and advertising fees.

Opening and closing accounts receivable balances relating to contracts with customers over the previous three fiscal years were as follows:

Year Ended	Balance
December 31, 2023	\$ 2,267,577
December 25, 2022	\$ 2,275,391
December 26, 2021	\$ 2,101,421
December 27, 2020	\$ 1,890,152

Restaurant and Bakery Revenues

Revenue from restaurant and bakery sales is recognized when food and beverage products are sold.

Gift Cards

Revenue from gift cards sold by LaRosa's is recognized upon redemption in the restaurant. Until the redemption occurs, the outstanding balances on gift cards are recorded as unredeemed gift card liabilities. Gift card breakage is recorded as income based on historical customer usage patterns, in accordance with escheatment laws.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2023, December 25, 2022, and December 26, 2021



Revenue from Contracts with Customers (continued)

Transaction Fees

Transaction fees are earned from franchisees based on a percentage of the sales per order placed through the Company's call center. Prior to March 2023, the Company earned a fixed charge from franchisees on sales placed through the Company's call center.

Royalty Fees and Advertising Fees

Royalty fees, which are based upon a percentage of gross revenue collected by the franchisees, are recognized as income when such revenues are earned by those franchisees.

The sales-based royalty fee and sales-based advertising fee are considered variable consideration related primarily to the use of the license and trademarks and related sales, respectively, and will be recognized as revenue as sales are earned by the franchisees. Both sales-based fees qualify under the royalty constraint exception, and do not require an estimate of future transaction price. Additionally, the Company is utilizing the practical expedient which allows the Company to not disclose the transaction price allocated to the unsatisfied performance obligations for sales-based royalties.

Franchise Fees

The Company generates revenues from franchising through individual franchise agreements. In consideration for the payment of an initial franchise fee, continuing royalties, and other amounts specified in the franchise agreement, the Company grants new franchisees the use of the LaRosa's trademarks and system and training, and restaurant operation assistance.

The Company satisfies the performance obligation related to the franchise agreements over the term of the related agreement, which is typically 10 years. Payment for the franchise agreement consists of three components, a fixed-fee related to the franchise agreement, a sales-based royalty fee and a sales-based advertising fee. The fixed fee, as determined by the signed franchise agreement, is nonrefundable and due at the time the franchise agreement is entered into, and/or when the franchise agreement is signed.

During 2023, 2022, and 2021, the Company recognized \$52,010, \$33,077, and \$12,548, respectively, of revenue related to initial franchise fees, which is included in franchise fees on the accompanying consolidated statements of operations. During 2023 and 2022, one and one franchise store, respectively, closed resulting in the remaining initial franchise fee being recognized as revenue.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Revenue from Contracts with Customers (continued)

Advertising Fund

Franchise and Company-owned stores contribute based on a percentage of store sales to the advertising fund which is designed to increase sales and enhance the brand of LaRosa's. Under the franchise agreements and other agreements, the contributions received are to be spent on advertising, marketing, creative efforts, media support, administrative or other related purposes specified in the agreements and generally result in no material profit or loss recognized. The Company has control of the advertising fund. The expenditures are primarily amounts paid to third parties, but also includes personnel expenses and allocated costs.

Deferred Revenue and Expenses

The Company's contract liabilities consist of fees from franchisees upon execution of their respective franchise agreements which is referred to as deferred revenue. The amounts received are recorded as deferred revenue until the Company satisfies requirements under the franchise agreements. Revenue from franchise agreements is recognized on a straight-line basis over the term of the agreement as the underlying performance obligation is satisfied.

Incremental direct costs, such as commissions, are deferred and recognized over the life of the related term of the agreement. As of December 31, 2023, December 25, 2022, and December 26, 2021, there were no deferred expenses.

Investments

Information regarding marketable securities, which are classified as available-for-sale or held-to-maturity, is as follows:

	December 31, 2023	December 25, 2022	December 26, 2021
Available-for-sale securities			
Available-for-sale securities, at cost	\$ 3,409,199	\$ 3,326,353	\$ 3,132,984
Unrealized holding gains, net	1,786,914	851,501	1,931,546
Total available-for-sale securities	5,196,113	4,177,854	5,064,530
Held-to-maturity securities, amortized cost basis	359,111	342,200	347,981
Marketable securities, fair value	\$ 5,555,224	\$ 4,520,054	\$ 5,412,511

Realized gains and losses are calculated using the specific identification method to determine the cost of the security sold and included in the accompanying consolidated statements of operations. For the years ended December 31, 2023, December 25, 2022, and December 26, 2021, the gross realized gains were \$6,406, \$46,052, and \$128,974, respectively, and the gross realized losses were \$5,622, \$2,699, and \$4,019, respectively.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Investments (continued)

The Company also has Rabbi Trust investments totaling \$2,299,918, \$1,602,433, and \$1,970,179 as of December 31, 2023, December 25, 2022, and December 26, 2021, respectively, which are utilized for deferred compensation. For the years ended December 31, 2023, December 25, 2022, and December 26, 2021, the gross realized gains were \$23,902, \$32,846, and \$19,987, respectively, and gross realized losses were \$12,495, \$34,778, and \$2,026, respectively.

Goodwill

The Company amortizes its goodwill over a period of 10 years using the straight-line method. The following table summarizes the components of gross and net goodwill balances as of December 31, 2023:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Balance - December 25, 2022	\$ -	\$ -	\$ -
Acquisition	2,166,320	-	2,166,320
Amortization expense	-	(99,984)	(99,984)
Balance - December 31, 2023	\$ 2,166,320	\$ (99,984)	\$ 2,066,336

Expected annual amortization expense related to goodwill for each of the next five years succeeding December 31, 2023 is \$216,632.

Lines of Credit

During 2023, the Company amended the existing loan agreement for the revolving line of credit with KeyBank for \$7,000,000. The line of credit matures June 30, 2025. Amounts outstanding bear interest at SOFR plus 1.70% (7.06% at December 31, 2023) and are collateralized by cash, accounts receivable, inventories, real estate, equipment and profits of the Company. The outstanding balance was \$3,622,500, \$6,000,000, and \$182,400 as of December 31, 2023, December 25, 2022, and December 26, 2021, respectively.

The line of credit with KeyBank requires the Company to maintain cash flow coverage and total liabilities to tangible net worth ratios, as defined in the agreements. The Company was in compliance with these ratios as of December 31, 2023, December 25, 2022, and December 26, 2021.

During 2023, the Company obtained a non-revolving line of credit with KeyBank for \$3,000,000. The line of credit matures June 30, 2024. Amounts outstanding bear interest at SOFR plus 1.80% (7.16% at December 31, 2023) and are collateralized by cash, accounts receivable, inventories, real estate, equipment and profits of the Company. The outstanding balance was \$742,278 at December 31, 2023.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Long-Term Debt

KeyBank Loan

Long-term debt consisted of a secured promissory note payable to KeyBank. The outstanding balance for the note at December 31, 2023, December 25, 2022, and December 26, 2021 was \$214,015, \$420,910, and \$620,906, respectively. The outstanding note is payable in monthly installments of \$18,166 which includes interest at 3.35%. The note matures December 15, 2024.

The Company has pledged accounts receivable, inventories, real estate, and equipment as collateral for the secured promissory notes payable to KeyBank. Additionally, certain KeyBank notes are cross collateralized with each other and the lines of credit of the Company.

The aggregate principal maturity of the KeyBank loan for the year subsequent to December 31, 2023 is \$214,015 in 2024.

Paycheck Protection Program Loan

In connection with the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), in April 2020, the Company was approved for a term note which allowed for available funds of \$3,750,957. The term note charged interest at a fixed rate of 1%. The original repayment terms included principal and interest payments of \$157,923 beginning in November 2020 through April 2022. In June of 2020, the PPP Flexibility Act of 2020 was signed into law, which revised the deferral period for PPP loans, allowing the Company to defer payments until ten months after the end of the loan forgiveness covered period or when forgiveness is received. Under the terms of the PPP, up to 100% of the loan (and related interest expense) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met. In December 2021, the Company received full forgiveness of the loan and accrued interest for \$3,776,757, which has been recognized within other income on the consolidated statements of operations.

The U.S. Small Business Administration (SBA) may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loan, however, loans in excess of \$2 million are subject to a mandatory audit. The audit will include the loan forgiveness application, as well as whether the Company met the eligibility requirements of the program and received the proper loan amount. The timing and outcome of any SBA review is not known.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2023, December 25, 2022, and December 26, 2021



Deferred Compensation

Supplemental Executive Retirement Plan

The Company has a supplemental executive retirement benefit plan (the SERP Plan) for certain key employees that provides for certain retirement and death benefits. The Company has chosen to fund the SERP Plan through life insurance policies on each key employee with a Rabbi Trust arrangement. Each policy is owned by LaRosa's Inc. and held in a Rabbi Trust. The Company is recording deferred compensation expense during the employees' service and recognizes the cash value of insurance (\$2,847,364, \$2,963,226, and \$2,810,762, at December 31, 2023, December 25, 2022, and December 26, 2021, respectively) which the Company can draw on to provide the benefit. Each key employee covered under the SERP Plan is entitled to receive such benefits in up to 20 annual payments or in a lump sum upon retirement.

Retirement as defined in the SERP Plan means the employee's termination of employment with the employer on or after attaining age 55. The employee's retirement benefit under the SERP Plan is fully vested at age 55. In the event of an employee's death prior to the employee receiving payment of any benefits under the SERP Plan, the employee's designated beneficiary shall be entitled to receive the then-vested balance of employee's death benefit payable net of the cash surrender value of the policy. In the event of an employee's death after the employee has commenced receiving payment of vested benefits under the SERP Plan, then such payments shall continue to be made to the employee's designated beneficiary until any remaining unpaid installments have been paid.

Rabbi Trust Plan

The Company has an additional deferred compensation plan (the Plan) with certain key employees funded with assets owned by LaRosa's Inc. and held in a Rabbi Trust. Amounts are invested at the Company's discretion and currently held primarily in mutual funds. The Rabbi Trust is subject to creditor claims in the event of insolvency, but the assets held in the Rabbi Trust are not available for general corporate purposes. The Company has recorded deferred compensation expense and recognized an asset and related liability for the amount contributed to the trust each year. Each key employee covered under the Plan is entitled to receive such benefits in up to 20 annual payments or in a lump sum upon retirement.

Retirement as defined in the Plan means the employee's termination of employment with the employer on or after attaining age 55. The employee's retirement benefit under this Plan is fully vested at age 55. In the event of an employee's death prior to the employee receiving payment of any benefits under the Plan, the employee's designated beneficiary shall be entitled to receive the then-vested balance of employee's death benefit payable in a lump sum within 90 days of the employee's death. At December 31, 2023, December 25, 2022, and December 26, 2021, the balance in the Rabbi Trust assets was \$2,299,918, \$1,602,433, and \$1,970,179 respectively.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2023, December 25, 2022, and December 26, 2021



Fair Value of Financial Instruments

The following disclosure enables the reader of the consolidated financial statements to assess the inputs used to develop fair value measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values.

Assets and liabilities must be carried at fair value and disclosed in one of the following three categories:

- Level 1 Inputs quoted market prices in active markets for identical assets or liabilities.
- Level 2 Inputs observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 Inputs unobservable inputs that are not corroborated by market data.

The Company's financial assets include available-for-sale securities, held-to-maturity securities, Rabbi Trust assets, and cash surrender value of life insurance. The fair value of the Company's available-for-sale securities, certain held-to-maturity securities, and Rabbi Trust assets was determined based on quoted prices in active markets. The fair value for certain held-to-maturity securities was determined based on observable market inputs and market data. The fair value of the Company's cash surrender value of life insurance was determined based on the present value of the life insurance policy as of each year end, which is approximated by cumulative premiums paid and the policies' underlying investments.

The Company believes that these fair value determinations still follow appropriate methodology even given recent changes in the overall financial markets. The Company generally applies fair value techniques on a nonrecurring basis associated with (1) valuing potential impairment loss related to goodwill and indefinite-lived intangible assets and (2) valuing potential impairment loss related to long-lived assets.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Fair Value of Financial Instruments (continued)

As of December 31, 2023, fair value measurements at reporting date follow:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Level 1	Level 2	Level 3
Investments				
Available-for-sale investments				
Common stock	\$ 4,498,110	\$ 4,498,110	\$ -	\$ -
Preferred stock	487,830	487,830	-	-
Cash and cash equivalents	210,173	210,173	-	-
	<u>5,196,113</u>	<u>5,196,113</u>	-	-
Held-to-maturity investments				
Corporate bonds	359,111	-	359,111	-
	<u>359,111</u>	<u>-</u>	<u>359,111</u>	<u>-</u>
Total investments	<u>5,555,224</u>	<u>5,196,113</u>	<u>359,111</u>	<u>-</u>
Rabbi Trust assets				
Mutual funds	2,299,918	2,299,918	-	-
Total Rabbi Trust assets	<u>2,299,918</u>	<u>2,299,918</u>	<u>-</u>	<u>-</u>
Cash surrender value of life insurance	5,172,563	5,172,563	-	-
	<u>\$ 13,027,705</u>	<u>\$ 12,668,594</u>	<u>\$ 359,111</u>	<u>\$ -</u>

As of December 25, 2022, fair value measurements at reporting date follow:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Level 1	Level 2	Level 3
Investments				
Available-for-sale investments				
Common stock	\$ 3,418,867	\$ 3,418,867	\$ -	\$ -
Preferred stock	416,018	416,018	-	-
Cash and cash equivalents	342,969	342,969	-	-
	<u>4,177,854</u>	<u>4,177,854</u>	<u>-</u>	<u>-</u>
Held-to-maturity investments				
U.S. Government bonds	20,491	20,491	-	-
Corporate bonds	321,709	-	321,709	-
	<u>342,200</u>	<u>20,491</u>	<u>321,709</u>	<u>-</u>
Total investments	<u>4,520,054</u>	<u>4,198,345</u>	<u>321,709</u>	<u>-</u>
Rabbi Trust assets				
Mutual funds	1,602,433	1,602,433	-	-
Total Rabbi Trust assets	<u>1,602,433</u>	<u>1,602,433</u>	<u>-</u>	<u>-</u>
Cash surrender value of life insurance	5,158,068	-	5,158,068	-
	<u>\$ 11,280,555</u>	<u>\$ 5,800,778</u>	<u>\$ 5,479,777</u>	<u>\$ -</u>

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Fair Value of Financial Instruments (continued)

As of December 26, 2021, fair value measurements at reporting date follow:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Level 1	Level 2	Level 3
Investments				
Available-for-sale investments				
Common stock	\$ 4,327,038	\$ 4,327,038	\$ -	\$ -
Preferred stock	499,270	499,270	-	-
Cash and cash equivalents	238,222	238,222	-	-
	<u>5,064,530</u>	<u>5,064,530</u>	<u>-</u>	<u>-</u>
Held-to-maturity investments				
U.S. Government bonds	21,263	21,263	-	-
Corporate bonds	326,718	-	326,718	-
	<u>347,981</u>	<u>21,263</u>	<u>326,718</u>	<u>-</u>
Total investments	5,412,511	5,085,793	326,718	-
Rabbi Trust assets				
Mutual funds	1,970,179	1,970,179	-	-
Total Rabbi Trust assets	1,970,179	1,970,179	-	-
Cash surrender value of life insurance	4,878,966	-	4,878,966	-
	<u>\$ 12,261,656</u>	<u>\$ 7,055,972</u>	<u>\$ 5,205,684</u>	<u>\$ -</u>

Leases

The Company has material operating leases for the land and buildings for its restaurants as well as corporate offices, bakery, and test kitchen along with certain equipment and vehicles. The Company's leases have remaining lease terms of 2 years to 20 years, some of which include options to extend the leases for up to 10 years, which are exercisable at the Company's option. The lease term is generally the minimum of the cancelable period or the lease term including renewal options which are reasonably certain of being exercised up to a term of approximately 20 years.

The Company is generally obligated to pay certain real estate taxes, insurance and common area maintenance (CAM) charges, and various other expenses related to properties. These charges are expensed as incurred.

Rent expense is paid to various landlords including several companies owned and controlled by related parties.

As of December 31, 2023 and December 25, 2022, all of the Company's leases were operating.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Leases (continued)

The following summarizes the line items in the accompanying consolidated balance sheets, which include amounts for operating leases as of year-end:

Operating leases	Classification	2023	2022
Right-of-use assets	Operating lease assets	<u>\$ 15,044,995</u>	<u>\$ 14,760,257</u>
Current lease liabilities	Operating lease liabilities	\$ 972,996	\$ 834,942
Non-current lease liabilities	Operating lease liabilities, less current portion	<u>14,367,775</u>	<u>14,154,058</u>
Total lease liabilities		<u>\$ 15,340,771</u>	<u>\$ 14,989,000</u>

The maturities of operating lease liabilities as of December 31, 2023 were as follows:

		Operating Leases
	2024	\$ 1,325,324
	2025	1,330,275
	2026	1,281,459
	2027	1,272,882
	2028	1,281,032
	Thereafter	<u>11,734,669</u>
	Total undiscounted cash flows	18,225,641
	Less: present value discount	<u>(2,884,870)</u>
	Total lease liabilities	\$ 15,340,771

Components of operating lease costs are included in non-controllable expense for the years ended:

	2023	2022
Operating lease expense	\$ 1,277,341	\$ 1,143,901
Other lease expense	<u>68,467</u>	<u>110,233</u>
Total lease expense	\$ 1,345,808	\$ 1,254,134

Other lease expense is comprised of short-term leases and leases related to certain vehicles and restaurant equipment deemed by management as immaterial to the consolidated financial statements.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Leases (continued)

From various related parties, the Company leases land and buildings for its corporate offices, call center, office space, and certain restaurant locations. These leases expire at various dates through the year 2044 and include renewal options and escalation clauses. Rent expense during the years ended December 31, 2023, December 25, 2022, and December 26, 2021 was \$999,480, \$967,388, and \$762,980, respectively.

The following summarizes additional information related to leases for the years ended:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 1,222,874	\$ 1,102,424
ROU assets obtained in exchange for new operating lease liabilities		
Adoption of ASC 842- beginning of year	-	\$ 15,801,347
For the year ended December 31, 2023	\$ 1,511,974	-
Weighted-average remaining lease term in years for operating leases	14.95	16.29
Weighted-average discount rate for operating leases	2.43%	1.89%

As previously disclosed in prior years and under the previous lease accounting, rent expense, excluding real estate taxes, CAM charges, insurance, deferred lease incentives, and other expenses related to operating leases for the year ended December 26, 2021:

Rental Expense	
Minimum rentals	\$ 1,119,182
Deferred rent amortization, net	5,824
Tenant Improvement allowance accretion	(7,535)
Total lease expense	\$ 1,117,471

Common Stock

LaRosa's Holding Company has 150,000 shares of no-par value common stock authorized, of which 7,500 shares and 142,500 shares were designated as voting (Class A) and non-voting (Class B), respectively. LaRosa's Holding Company had 6,000 Class A shares and 114,000 Class B shares issued and outstanding as of December 31, 2023, December 25, 2022, and December 26, 2021.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2023, December 25, 2022, and December 26, 2021



Related Party Transactions

The Company's cash account includes cash activity of certain LaRosa's restaurants that are owned and operated by related parties which may result in a payable to the related party for excess cash funds received in excess of disbursements. The amounts due to the related parties as a result of these transactions are accounted for in related party payables on the accompanying consolidated balance sheets.

These related parties represent two franchise stores owned by stockholders and officers of the Company. Effective December 27, 2021, one related party was consolidated with the Company (see *Common Control Transaction* note). Franchise, advertising, and transaction fee revenues recognized by the Company attributable to related parties were \$373,076, \$350,725, and \$721,351 for the years ended December 31, 2023, December 25, 2022, and December 26, 2021, respectively. The Company has included amounts due from franchisee related parties of \$0, \$479,443, and \$439,133, at December 31, 2023, December 25, 2022, and December 26, 2021, respectively in trade and other accounts receivable, net, on the consolidated balance sheets. The Company has a payable of \$117,641 to one franchisee related party included in related party payables on the consolidated balance sheets as of December 31, 2023. There were no amounts due to related parties as of December 25, 2022 and December 26, 2021.

The Company makes advances to a related party which the Company owns a minority interest. Amount due from this related party is \$522,360, \$203,112, and \$38,087 as of December 31, 2023, December 25, 2022, and December 26, 2021, respectively, and is included in trade and other accounts receivable, net on the consolidated balance sheets.

Notes Receivable - Related Party

During 2013, the Company entered into an unsecured notes receivable agreement with an officer of the Company and an employee of the Company for a total of \$276,532 related to their purchase of shares in one of the Company's franchise restaurants. The note included monthly interest-only payments at the rate charged by the Company's bank on its lines of credit. Monthly principal payments of \$5,000 plus interest began in May 2018. The note was paid in full during 2021. Interest income related to this note was \$812 for the year ended December 26, 2021 and is included in interest and dividend income on the accompanying consolidated statements of operations.

During 2018, the Company entered into an unsecured note receivable agreement for \$246,000 with a related party. The note is receivable in monthly installments of \$4,100 plus interest at the rate charged by the Company's bank on its line-of-credit. The note was paid in full during 2023. Interest income related to this note was \$0, \$2,167, and \$2,633 for the years ended December 31, 2023, December 25, 2022, and December 26, 2021, respectively, and is included in interest and dividend income on the accompanying consolidated statements of operations.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Related Party Transactions (continued)

Notes Receivable - Related Party (continued)

In December 2022, the Company amended and restated an unsecured note receivable agreement with a related party for \$990,000. Effective December 1, 2022, the note is receivable in monthly installments of \$4,125 plus accrued interest as charged by the Company's bank on the line of credit (7.16% as of December 31, 2023) with a balloon payment due at maturity. The note matures on November 1, 2042. Prior to December 2022, the Company held the unsecured note receivable agreement for \$810,000, receivable in monthly installments of \$4,500. There was no interest income related to this note in 2021. Prepayments can be made at any time without penalty. The outstanding balance on the note was \$765,000, \$985,875, and \$810,000 as of December 31, 2023, December 25, 2022 and December 26, 2021, respectively. Interest income was \$56,132 and \$23,638 for the years ended December 31, 2023 and December 25, 2022.

Employee Benefit Plan

The Company sponsors a plan to provide retirement benefits under the provision of Section 401(k) of the Internal Revenue Code for all employees who have completed 12 consecutive months of service.

The Company's 401(k) plan is a safe harbor 401(k) plan. The plan allows annual deferrals up to 100% of their pretax annual compensation, as defined by the plan, not to exceed the annual limitation as defined by the Internal Revenue Service. The Company makes a safe harbor matching contribution to the plan on behalf of the participants of 100% of the participant's salary deferrals up to 3% of eligible compensation and 50% of employee contributions in excess of 3% up to the next 2% of eligible compensation. For the years ended December 31, 2023, December 25, 2022, and December 26, 2021, the Company made safe harbor matching contribution of \$289,182, \$276,371, and \$280,004, respectively, to the plan.

Commitments and Contingencies

Litigation

From time to time the Company is subject to lawsuits and other charges from customers and employees, which are typical within the industry. In the opinion of management, any open matters will not have a material effect upon the financial position of the Company.

Guarantees

The Company is a guarantor of a note maturing December 15, 2028, which is secured by property that is leased by the Company from a related party and used as a Company-owned restaurant location. The balance of the note was \$1,515,386 at December 31, 2023. In the event the related party defaults under the note and the value of the collateral is insufficient to repay the obligation, the Company would be required to perform under the guarantee. The Company's only recourse is to the related party that owns the property. The Company has no liability recorded for this guarantee.

LAROSA'S HOLDING COMPANY AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2023, December 25, 2022, and December 26, 2021

Commitments and

Contingencies

(continued) Guarantees

(continued)

The Company is a guarantor of a lease agreement related to its Centerville location which was sold to a franchisee in May 2022. As a condition of the sale, the landlord required the Company to be a guarantor of the lease assumed by the franchisee. The lease term ends in October 2027. The remaining payments total \$323,576 as of December 31, 2023. In the event the franchisee defaults under the lease agreement and the franchisee is unable to repay the lease obligation, the Company would be required to perform under the guarantee. The Company's only recourse is to the franchisee that leases the property. The Company has no liability recorded for this guarantee.

Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditor's Report, the date on which the financial statements were available to be issued.

EXHIBIT D

TO

FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT
BY AND BETWEEN
LAROSA'S, INC., FRANCHISOR
AND
_____, **FRANCHISEE**

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT, (this "Agreement"), is made and entered into as of this _____ day of _____, 202__, between LAROSA'S, INC., an Ohio corporation (hereinafter "Franchisor"), and _____ (hereinafter "Franchisee").

WITNESSETH:

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique system (the "System") relating to the opening and operating of restaurants, the distinguishing characteristics of which System include, without limitation, unique design, decor and style, standards and specifications for equipment, equipment layout, supplies and menus, recipes, operating procedures for food and beverage preparation and service, record keeping and reporting, promotion and advertising, management training, proprietary marks and name, and information, all of which may be changed, improved and further developed by Franchisor from time to time; and disseminated to Franchisee in the Manual of Operations (as defined below) or otherwise in writing;

WHEREAS, Franchisor is the owner of the entire right, title and interest to the trade name, service mark and trademark "LaRosa's Pizzeria" and certain related marks (the "Mark" and collectively the "Marks") and such other trade names, service marks and trademarks as are now designated as a part of the System, all of which Franchisor has adopted and used to identify the origin of LaRosa's Pizzeria and of the food, beverage and other products sold or used therein in which Franchisor continues to develop and use and control the usage of, for the benefit and exclusive use of itself and its franchisees in order to maintain, identify and further develop the reputation and goodwill established with the public, to the unique benefit of Franchisor and its franchisees;

WHEREAS, Franchisor has expended time, effort and money to obtain knowledge in the field of restaurants, and has established successfully a reputation, demand, and goodwill for such restaurants, under the Marks, which signifies the highest standards of management, supervision, merchandising, and quality of products, including unique recipes and methods for the uniform preparation of food that is sold under the LaRosa's Pizzeria name and endeavors to maintain goodwill with respect to its restaurants that will benefit all of its franchisees;

WHEREAS, Franchisor has established the "One Number" telecommunications system (the "One Number System") servicing LaRosa's Pizzeria restaurants for the purpose of providing a centralized and convenient mechanism under which individual LaRosa's Pizzeria restaurants efficiently receive both delivery and carry-out orders through a call center or similar operation in a manner that is fully integrated with franchisees' required point of sale systems;

WHEREAS, Franchisee, being aware of the distinctive and valuable significance to the public of all of the foregoing, desires to make use of the Franchisor's Mark; and to enter into the business of operating a restaurant within the System, to obtain a franchise from Franchisor and to enjoy the benefits of that Mark, and the other Marks in the System and Franchisee fully understands the importance of Franchisor's high and uniform standards of quality, cleanliness,

appearance and service to the value of the system and the necessity of opening and operating Franchisee's LaRosa's Pizzeria restaurant in conformity with the System;

WHEREAS, Franchisee further understands that in order to enhance the value of the System and the Marks and goodwill associated therewith, this Agreement imposes detailed and substantial obligations on Franchisee including strict adherence to Franchisor's reasonable, present and future requirements regarding menu items, recipes, food preparation, physical facilities, and advertising; and

WHEREAS, Franchisee desires to enter into the business of operating a LaRosa's Pizzeria restaurant under the System and wishes to obtain a franchise from Franchisor as well as to receive the training and other assistance provided by Franchisor in connection therewith.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and in pursuance of the above, the parties hereto agree as follows:

1. **GRANT OF FRANCHISE AND LICENSE.**

(a) Franchisor hereby grants Franchisee, subject to the terms, conditions and obligations contained herein, the right to market, promote and operate a LaRosa's Pizzeria restaurant (a "Franchised Restaurant") at the following location:

_____ (the "Approved Location"). Franchisor also hereby grants a license to use the Franchisor's Marks and System, as they may be changed, improved and further developed from time to time at the Approved Location. Except as set forth in Section 1(b) below, the franchise and other rights granted herein are non-exclusive and subject to the terms of this Sections 1 and 4 of this Agreement.

(b) During the term of this Agreement and provided that Franchisee: (i) fully complies with all methods, procedures, standards and specifications required by Franchisor in the Manual of Operations (defined below) or otherwise in writing and (ii) does not violate any of the other terms or covenants of this Agreement after having been given time to cure such violation pursuant to Section 18 hereof, Franchisor agrees not to establish or license another to establish a LaRosa's Pizzeria restaurant within the following franchise territory: _____

_____ which is also identified on the map attached hereto as Exhibit A (the "Protected Territory"). Notwithstanding the foregoing, Franchisor may establish or license another to establish one or more Special Purpose Outlets within the Protected Territory. A "Special Purpose Outlet" means a LaRosa's Pizzeria restaurant located inside a shopping mall, sports arena, hospital, airport, university or college campus, amusement park, zoo, military base, national park, casino, hotel or similar establishment.

(c) Franchisee is to operate the LaRosa's Pizzeria restaurant in strict compliance with the terms hereof, and to use the Marks, the System and the unique design, decor and style and other unique characteristics of LaRosa's Pizzeria restaurants in connection therewith and for no other purpose. Nothing in this Agreement shall be construed as authorizing or permitting the use by Franchisee of the Marks or the System and the unique design, decor and style and the other unique characteristics of Franchisor at any location other than the Approved Location or for any purpose. In

no event shall Franchisee have the right to grant subfranchises within or without the Protected Territory.

2. **TERM AND RELICENSING.**

(a) The initial term of this Agreement shall be for ten (10) years from the date of execution of this Agreement, (the “Initial Term”). Upon expiration of the Initial Term, Franchisee may renew this Agreement for an additional term of ten (10) years provided that at the end of the Initial Term:

(i) Franchisee executes the then-current form of franchise agreement (with appropriate modifications to reflect the fact that it relates to the renewal of a franchise), which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, including, without limitation, different rates for royalties, advertising and One Number fees, except that Franchisee will not be required to pay an initial franchise fee (other than the renewal administrative fee described in (ii) below);

(ii) Franchisee pays to Franchisor a renewal administrative fee of Five Hundred Dollars (\$500.00) upon execution of the new franchise agreement.

(iii) At any time during the Initial Term, Franchisee has not breached or been in default of any term, condition or obligation of this Agreement including the timely payment of any sums due thereunder.

(iv) Franchisee completes to Franchisor’s satisfaction: (A) all maintenance, refurbishing, refurnishing, renovation, modernizing and remodeling of the Franchised Restaurant as shall be reasonably required by Franchisor (including without limitation upgrades to the parking lot, signs, furnishings, equipment, point of sale system, or uniforms), (B) if reasonably requested by Franchisor, the relocation of the Franchised Restaurant; or (C) if requested by Franchisor, Franchisee and/or its Designated Representative (as defined below) attends and successfully completes to Franchisor’s reasonable satisfaction any retraining program Franchisor may require;

(v) Franchisee will present satisfactory evidence to Franchisor that Franchisee has the right to remain in possession of the Approved Location for the duration of any renewal term, or, prior to the expiration of the Initial Term, will obtain approval by Franchisor of a new location for the Franchised Restaurant; and

(vi) To the fullest extent permitted by law, Franchisee will execute a general release in a form prescribed by Franchisor, of all claims against Franchisor and each of Franchisor’s affiliates, officers, directors, managers, members, employees and agents.

(b) To exercise the option to renew for an additional term as described in Section 2(a) above, Franchisee must deliver written notice to Franchisor of its intent to renew not less than six (6) months prior to, and not more than twelve (12) months prior to, the expiration of the Initial Term. Within sixty (60) days after its receipt of a timely notice of renewal from Franchisee, Franchisor shall furnish Franchisee with written notice of: (i) the reasons that could cause Franchisor to refuse to renew Franchisee’s license, including, without limitation, any deficiencies that require correction by Franchisee and (ii) Franchisor’s then-current requirements for the image, appearance, decoration,

furnishing, equipping and stocking a LaRosa's Pizzeria restaurant, and a schedule for upgrades or modifications necessary to bring the Franchised Restaurant into compliance therewith, as a condition of renewal.

(c) The Franchisor will give Franchisee written notice of Franchisor's election not to renew Franchisee's franchise at least three (3) months prior to the expiration of the Initial Term. The franchisee will comply with all the provisions of Section 14 of this Agreement upon the expiration of this Agreement due to non-renewal.

(d) Unless Franchisee exercises its option to renew the franchise granted under this Agreement in accordance with this Section 2, Franchisee shall have no right to continue to operate the Franchised Restaurant after the expiration of the Initial Term. If Franchisor permits Franchisee to continue to operate the Franchised Restaurant after the expiration date, but before the execution by Franchisee of a new franchise agreement for a new term as required by Section 2(a)(i) above, then the temporary continuation of the Franchised Restaurant will be on a month-to-month basis, and will terminate at the will of Franchisor by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If the laws of the jurisdiction in which the Franchisee or the Franchised Restaurant are located require a longer notice period, the thirty-day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction.

(e) Franchisor shall have the right, but not the obligation, to inspect the Franchised Restaurant in order to insure itself that the provisions of this Section 1 and other provisions of this Agreement are being observed, and Franchisee agrees to allow Franchisor or Franchisor's authorized representatives at any and all times during regular business hours to enter the Franchised Restaurant for such purpose.

3. **FEES.**

(a) In consideration of the franchise and other rights granted to Franchisee herein, Franchisee, upon execution hereof, shall pay to Franchisor: (i) an initial franchise fee of Twenty-Five Thousand Dollars (\$25,000) (the "Initial Franchise Fee") and (ii) a One Number fee of Ten Thousand Dollars (\$10,000) (the "Initial One Number Fee") and together with the Initial Franchise Fee, the "Initial Fees"). The Initial Fees shall be payable by certified or cashier's check upon execution of this Agreement. The Initial Franchise Fee is fully earned upon execution of this Agreement and is non-refundable. The Initial One Number Fee is refundable if your Franchise Agreement is terminated prior to the date that you place your order for kitchen equipment/fixtures and furniture pursuant to this Agreement. The parties expressly agree that the Initial Fees afford Franchisee no rights regarding other franchises currently available or to be made available by Franchisor in the future.

(b) Each week during the term of this Agreement, Franchisee shall pay to Franchisor a continuing royalty fee of four percent (4%) of Net Sales (as defined in (d) below) of the Franchised Restaurant (the "Royalty Fee"). Franchisor will provide Franchisee with an invoice of the Royalty Fee by Wednesday on the basis of the preceding week's Net Sales (ending on a Sunday). The Royalty Fee for a given week shall be paid within two (2) weeks of receiving the invoice from Franchisor pursuant to the electronic transfer procedures set forth in Section 3(f) below.

(c) Each week during the term of this Agreement, Franchisee shall pay to

Franchisor a marketing fee of four percent (4%), or a percentage otherwise set forth in writing and adjusted pursuant to Sections 15(e) and (g) of this Agreement, of Franchisee's Net Sales (the "Marketing Fee") to cover Franchisor's expenditures for media, advertising and promotional activities and general supervision of LaRosa's Pizzeria franchises. Franchisor will provide Franchisee with an invoice of the Marketing Fee by Wednesday on the basis of the preceding week's Net Sales (ending on a Sunday). The Marketing Fee for a given week shall be paid within two (2) weeks of receiving the invoice from Franchisor pursuant to the electronic transfer procedures set forth in Section 3(f) below. Franchisor shall deliver to Franchisee on an annual basis an accounting of the use of the Marketing Fees collected by Franchisor.

(d) Each week during the term of this Agreement, Franchisee shall pay to Franchisor a "Technology Enterprise" fee of 3.5% of pickup and delivery net sales and a \$220 per week Point of Sale subscription fee, or a lower or higher amount otherwise set forth in writing by Franchisor, for each order which is transmitted to the Franchised Restaurant through the One Number System ("Technology Enterprise Fees"). Franchisor will provide Franchisee with an invoice of the Technology Enterprise Fees by Wednesday for orders placed during the preceding week (ending on a Sunday). The Technology Enterprise Fees for a given week shall be paid within two (2) weeks of receiving the invoice from Franchisor pursuant to the electronic transfer procedures set forth in Section 3(f) below.

(e) "Net Sales" shall be defined for purposes of this Agreement as the amount received by Franchisee from the sale of all products, including beer, wine and other beverages, and from the performance of services in the operation of the Franchised Restaurant, whether such sale or performance occurs on or off the premises (including catering). Net Sales excludes (i) sales taxes or any similar taxes which are required by law to be specially computed and paid by the customer and (ii) the value of coupons and other retail promotional discounts that are specifically approved for use by Franchisor.

(f) Electronic Transfer.

(i) Franchisee will pay all Royalty, Marketing and Technology Enterprise Fees or any amounts owed to Franchisor under this Agreement or any other agreement by pre-authorized electronic debit to Franchisee's bank or other financial institution account. On or before Wednesday of each week, Franchisor or a designated third party supplier will unilaterally obtain Franchisee's weekly sales information directly from Franchisee's point of sale system for the preceding week ending on Sunday and will submit the invoices set forth in Section 3(b), (c) and (d) above to Franchisee. In the event Franchisor or its designated third party supplier is unable to directly obtain Franchisee's weekly sales information for whatever reason, Franchisor will notify Franchisee and Franchisee will provide to Franchisor no later than Wednesday the weekly sales report or such other information as Franchisor may require, in a form prescribed by Franchisor and certified by Franchisee or by the designated individual, accurately reflecting Franchisee's Net Sales for the preceding week ending on Sunday. The amount of Royalty, Marketing and Enterprise Technology Fees due thereon will be calculated based on Franchisee's sales report that has been obtained through Franchisor's automated process or, alternatively, if Franchisor or its designated third party supplier was unable to obtain the report from Franchisee's point of sale system, and Franchisee was thereby required to provide the weekly sales report manually, the amount of Royalty, Marketing and Technology Enterprise Fees shall be calculated based on the report submitted by Franchisee. On the

Wednesday which is two weeks following the date upon which Franchisee received the invoices set forth in Section 3(b), (c) and (d), Franchisor will debit Franchisee's account in an amount equal to the Royalty, Marketing and Enterprise Technology Fees as set forth on the relevant invoices and any amounts owed to Franchisor under this Agreement or any other agreement. If Franchisee fails to timely report its Net Sales to Franchisor for any weekly reporting period, then Franchisor will be authorized to debit Franchisee's account in an amount equal to an average of the Royalty, Marketing and Enterprise Technology Fees payable by Franchisee during the immediately preceding three-month period (or such shorter period as the Franchised Restaurant has been in operation) for which weekly sales reports were received. Franchisee is responsible for ensuring accuracy of the Net Sales figure that is used for calculation of Royalty and Marketing Fees. Nothing in this paragraph is to be construed to waive Franchisee's obligations to submit any reports, records or other materials required by this Agreement.

(ii) Franchisee will complete and execute an "Authorization for Electronic Fund Transfers" form and any other form provided by Franchisor for the purpose of authorizing electronic debits, submit any information required by Franchisor for such authorization, comply with procedures specified by Franchisor, and perform such additional acts as may be necessary to accomplish payment by electronic fund transfer. By signing this Agreement, Franchisee authorizes Franchisor to initiate debit entries and credit correction entries to a designated checking account for payment of Royalty, Marketing and Enterprise Technology Fees, or any other amounts payable to Franchisor, including, without limitation, attorney fees, interest and late fees. Franchisee will maintain a business account at a bank or other financial institution with the capacity to electronically debit Franchisee's account.

(iii) Franchisee will maintain an account balance sufficient to make all Royalty, Marketing and Enterprise Technology Fees, and other payments to Franchisor by electronic transfer, and any insufficiency will be considered a default in payment pursuant to Section 18 of this Agreement. Franchisee will promptly reimburse Franchisor for any charges incurred by Franchisor due to a shortage of funds in Franchisee's account.

(iv) Franchisee will maintain a single bank account for its business operations and for the payment of Royalty, Marketing, Enterprise Technology Fees or any other amounts payable to Franchisor.

(g) To secure Franchisee's obligation to pay the Franchise, Marketing and Enterprise Technology Fees, and make any other payments due to Franchisor, Franchisee hereby grants to Franchisor a security interest in and lien upon all of Franchisee's right title and interest in all of the assets of the Franchised Restaurant, including this and all other franchise agreements between Franchisee and Franchisor, as amended, supplemented and/or renewed from time to time, any and all equipment, furniture, fixtures, inventory and signs, and any and all replacements thereof located at or used in connection with the operation of the Franchised Restaurant, including all telephone numbers, telephone directory listings, yellow and white pages advertisements, URLs, domain names (to the extent possible), email addresses and websites relating to the franchised location or the Marks, and all substitutions and replacements therefor and proceeds thereof ("Collateral"). Franchisee warrants and represents that the security interest granted pursuant to this Section 3(g) is prior to all other security interests in the Collateral; provided, that the security interest in the Collateral is subject to bona fide purchase money security interests and any security interest granted (with the prior written consent of

Franchisor) to a financial institution or other third party in connection with Franchisee's original financing for the Franchised Restaurant, if any. Franchisee acknowledges and agrees that all such security interests are subject to the restrictions on transfer contained in Section 17 of this Agreement, and Franchisee and its lender shall execute Franchisor's then current standard lender consent form in connection therewith. Franchisee shall not remove the Collateral or any portion or replacements thereof without the prior written consent of Franchisor, excluding only disposal of the Collateral or a portion thereof in the ordinary course of business by Franchisee. Upon the occurrence of any event entitling Franchisor to terminate this Agreement, Franchisor shall have all the rights and remedies of a secured party under the Uniform Commercial Code of the state in which the Franchised Restaurant is located, including, without limitation, the right (if applicable) to take possession of the Collateral. Franchisee agrees to execute and deliver to Franchisor simultaneously herewith such additional documentation as Franchisor reasonably deems necessary to perfect Franchisor's security interest in the Collateral. Franchisee authorizes Franchisor to take all actions necessary to perfect the security interest granted hereunder in the collateral, including, without limitation, filing UCC financing statements from time to time.

(h) Franchisee agrees that in the event any amounts due to Franchisor from Franchisee, including, but not limited to, amounts for goods purchased from Franchisor and for Royalty, Marketing and Enterprise Technology Fees, are not paid when due, such amounts shall bear interest at the lesser of Fifteen Percent (15%) per annum or the highest rate allowed by law. Further, if Franchisee fails on more than one occasion to pay such amounts due in a timely manner, Franchisor shall have the right to require Franchisee to pay cash on delivery (COD) for any good purchased by Franchisee from Franchisor or its affiliates. In addition, Franchisee shall pay all reasonable attorneys' fees, accounting fees and court costs incurred by Franchisor as a result of a default by Franchisee under this Agreement.

(i) In the event that Franchisee has failed to pay any amounts to Franchisor or its affiliates when due, Franchisor shall have the right to offset any sums owed to Franchisee by Franchisor or its affiliates against those past-due amounts owed to Franchisor or its affiliates by Franchisee.

4. **PROTECTED TERRITORY.**

(a) Franchisee will have primary responsibility for the development of the maximum sales volume for the Franchised Restaurant. During the term of this Agreement, Franchisor may not establish or license another to establish a LaRosa's Pizzeria restaurant (except Special Purpose Outlets) within the Protected Territory without Franchisee's prior written consent, so long as Franchisee: (1) fully complies with all methods, procedures, standards and specifications required by Franchisor in the Manual of Operations (defined below) or otherwise in writing, and (2) does not violate any of the other terms or covenants of this Agreement after having been given time to cure such violation pursuant to Section 18(c) hereof. Notwithstanding the foregoing, Franchisor may establish or license another to establish one or more Special Purpose Outlets within the Protected Territory.

(b) Franchisee does not acquire any rights to any location or territory, other than the Approved Location and the Protected Territory as set forth herein. Franchisee expressly acknowledges and agrees that this license for the Marks is nonexclusive, and that Franchisor has and retains the right:

(i) to own, acquire, establish and operate, and license others to establish and operate, LaRosa's Pizzeria restaurants or businesses substantially similar to the Franchised Restaurant, whether under the Marks or other trademarks, at locations anywhere outside the Protected Territory.

(ii) to own, acquire, establish and operate, and license others to establish and operate, other businesses for the sale of products and services, other than those products and services offered by LaRosa's Pizzeria restaurants, using other trademarks and commercial symbols at locations anywhere within and outside the Protected Territory.

(iii) to own, acquire, establish and operate, and to license others to establish and operate Special Purpose Outlets within and outside the Protected Territory.

(iv) to sell or otherwise distribute, both within and outside the Protected Territory, products similar to those offered by the Franchised Restaurant, through alternate channels of distribution (other than franchised outlets, but including, without limitation, grocery and convenience stores, and Internet, direct mail, and catalog sales) under terms and conditions that Franchisor deems appropriate; and

(v) to engage in any activities not expressly forbidden by this Agreement.

(c) Other LaRosa's Pizzeria restaurants, including those operated by Franchisor, its affiliates, and other franchisees and licensees of Franchisor, shall be permitted to conduct or participate in advertising and promotional activities that target or are directed to potential customers who reside or work in Franchisee's Protected Territory (including, without limitation, commercials on television and radio stations that broadcast, and advertisements in newspapers and magazines that circulate in the Protected Territory).

5. USE OF MARKS, MATERIALS AND SYSTEM.

Upon the prompt and faithful performance by Franchisee of all of Franchisee's obligations under this Agreement, Franchisor grants to Franchisee the right to use, and Franchisee undertakes and agrees to use, the System, subject to the following terms and conditions:

(a) The Marks and the System are the sole and exclusive property of Franchisor. Franchisee's use of the Marks and the System will not give Franchisee any ownership interest or other interest in or to the Marks or the System other than the license granted by this Agreement. Franchisee will not impair, abrogate or contest Franchisor's ownership of the Marks or the System, or reveal any information provided to Franchisee by Franchisor, including, without limitation, the Proprietary Items (defined in Section 7(b) below) which are considered by Franchisor to be confidential and proprietary. Franchisee is only a licensed user of the Marks and the System and may not use the Marks or the System in any business other than as a franchisee of Franchisor. Franchisee may not use any recipes, sauces or menus of Franchisor in any business other than as a franchisee of Franchisor. Any unauthorized use of the Marks, the System, or confidential information will constitute an infringement of Franchisor's rights.

(b) Whenever Franchisee uses the Marks, it will clearly indicate Franchisor's ownership thereof. Franchisee may not represent that it has any ownership in the Marks, and may not use any of the Marks, or any derivative or colorable variation thereof: (i) as part of Franchisee's

surname, corporate name, limited liability company name, or partnership name; (ii) on or as part of any website, social media, domain name, URL, web page, electronic mail address, listing, banner, advertisement or any other service or link on, to or with the internet, internet service providers, electronic mail services, communication providers, search engines, or other similar services. Franchisee may not add to, delete from, modify or alter any of the Marks, or register any of the Marks, or any derivative or colorable variation thereof, as a service mark, trademark, or Internet domain name. Franchisee will comply with Franchisor's requests and applicable law in filing, maintaining and canceling any requisite trade, assumed or fictitious name registration, and will execute any documents deemed necessary or appropriate by Franchisor to protect the Marks or to maintain their continued validity and enforceability. If Franchisee fails to do so, Franchisor may execute any such documents in Franchisee's name and on Franchisee's behalf, and Franchisee irrevocably appoints and designates Franchisor as Franchisee's attorney-in-fact to do so. If Franchisor provides Franchisee with any contracts, agreements, forms, or other documents that contain any of the Marks, Franchisee will not alter or modify the contracts, agreements, forms, or documents without Franchisor's prior written consent.

(c) Franchisee will display the Marks, as the same may be changed from time to time, in the manner specified by Franchisor, including, without limitation, on promotional items, advertising, signs, menus, labels, supplies or any other material specified by Franchisor. Franchisee will operate the Franchised Restaurant under the trade name LAROSA'S, and will not use any other trade, assumed or fictitious name in connection with the Franchised Restaurant.

(d) Franchisee will identify itself to the public as the owner of the Franchised Restaurant in at least one conspicuous location in the Franchised Restaurant and in any other documentation that Franchisor may reasonably specify. Franchisee will not use the Marks or the System to incur any obligation or indebtedness on behalf of Franchisor, or in connection with any activity that may harm, tarnish or impair Franchisor's reputation, name, service, Marks or System. Franchisor assumes no liability to Franchisee or any third party with respect to the quality of any materials, supplies, food items, sauces, or services or any other items provided or promoted by Franchisor and as distributed or provided by Franchisee under the name LAROSA'S or any other marks, and Franchisee will indemnify, hold harmless and insure Franchisor against any liability, loss or expense (including reasonable attorney fees) arising out of Franchisee's use of the Marks or the System.

(e) Franchisee will permit Franchisor's representatives to inspect the Franchised Restaurant, at all reasonable times and without prior notice, to ascertain if Franchisee is in compliance with this Agreement and the standards, specifications and procedures established by Franchisor.

(f) Franchisee is a "related company" within the meaning of 15 U.S.C. § 1127, and accordingly Franchisee's use of the Marks pursuant to this Agreement inures to the benefit of Franchisor. All goodwill arising from Franchisee's use of the Marks and the System inures solely to Franchisor's benefit, and upon the expiration or termination of this Agreement and the license granted, no monetary amount will be assigned.

(g) Franchisor has the right to substitute different proprietary marks for use in identifying businesses operating under the System if any of the Marks can no longer be used or if, in the sole discretion of Franchisor, it becomes advisable at any time to modify or discontinue the use of

any of the Marks, including LAROSA'S, and/or use of one or more additional or substitute names or marks. Upon notification from Franchisor, Franchisee will promptly discontinue the use of any Marks, and Franchisor's liability to Franchisee will be limited to reimbursing Franchisee for the unamortized cost or book value of any signs and printed materials that must be discarded.

(h) Franchisee agrees not to do anything that could adversely affect Franchisor's ownership of the Marks or the System, and to immediately notify Franchisor of any infringement or imitations and any challenges to Franchisee's use of any of the Marks or the System that come to Franchisee's attention. Franchisee agrees not to initiate any action or suit against any third party on the basis of trademark, service mark, trade name, trade dress, or domain name infringement without Franchisor's prior written consent. Franchisor has sole discretion as to what action, if any, should be taken. Franchisee agrees to cooperate with Franchisor in preventing the infringement, imitation, or misuse of any of the Marks or the System and agrees to be named as a party in any legal action if requested by Franchisor. The legal expenses incident to Franchisee's participation in a proceeding at Franchisor's request will be paid by Franchisor.

(i) Upon the termination or expiration of this Agreement (regardless of the reason) Franchisee will immediately cease and desist from any use of the Marks and the System, will deliver to Franchisor or its representatives all materials, signs, papers and all other items upon which the Marks appear, and thereafter will not adopt or use any materials, mark or name that is similar or likely to be confused with any of the Marks. This covenant is independent and severable and will be enforceable regardless of any other rights and remedies Franchisor may have.

(j) Franchisee will not permit any other party to imprint the Marks on any products, materials, documents or supplies utilized by Franchisee in connection with the operation of the Franchised Restaurant without first obtaining Franchisor's consent and, at Franchisor's option, requiring the party to execute a license agreement in a form acceptable to Franchisor.

6. DESIGN AND CONSTRUCTION.

(a) Franchisor shall make available standard plans and specifications to be utilized in the construction of the Franchised Restaurant. The Franchised Restaurant shall be constructed, or an existing building remodeled in accordance with the plans and specifications approved in writing by Franchisor. The plans and specifications shall not address the requirement of any federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act or similar rules governing public accommodations or commercial facilities for persons with disabilities, nor will the plans and specifications contain the requirements of, or be used for, construction drawing or other documentation necessary to obtain permits or authorizations to build a specific restaurant. Franchisee will adapt, at Franchisee's expense, the plans and specifications to the Approved Location, subject to Franchisor's approval, and shall use qualified architectural and engineering services as may be required by this Agreement or by applicable law.

(b) Franchisor may, but is not required to, assist Franchisee in the selection of a location for the Franchised Restaurant and Franchisor will not be liable to Franchisee if a location chosen by Franchisee fails to be profitable or otherwise fails to meet Franchisee's expectations. No work may begin on the Franchised Restaurant until the location has been approved in writing by Franchisor.

(c) If Franchisee will occupy the premises from which the Franchised Restaurant is operating under a lease, Franchisee must provide Franchisor with a copy of the executed lease prior to its execution by Franchisee for Franchisor's approval thereof. All leases must include provisions providing for notice to Franchisor and allowing Franchisor to assume the lease on the stated terms upon default by the Franchisee under the lease. The term of each lease must coincide with the then current term of this Agreement. In furtherance of this subsection, any lease entered into by Franchisee shall contain the following provisions:

(i) Anything contained in this lease to the contrary notwithstanding, Lessor agrees that, without its consent, this lease and the right, title and interest of the Lessee thereunder, may be assigned by the Lessee to LaRosa's, Inc., including, for collateral purposes, to secure Lessee's obligations to LaRosa's, Inc.

(ii) Lessee hereby agrees that Lessor must, upon the written request of LaRosa's, Inc., disclose to LaRosa's, Inc., all reports, information or data in Lessor's possession respecting sales made in, upon or from the leased premises.

(iii) Lessor shall give written notice to LaRosa's, Inc., (concurrently with the giving of such notice to Lessee) of any default by Lessee under the lease and LaRosa's, Inc., shall have after the expiration of the period during which the Lessee may cure such default, an additional fifteen (15) days to cure, at its sole option, any such default.

(iv) Upon termination or non-renewal of this Lease, Lessee shall promptly de-identify the premises as a LaRosa's restaurant. If Lessee fails to de-identify as a LaRosa's restaurant, LaRosa's, Inc., its affiliates, and their respective officers and assigns are given the express right to enter the premises and de-identify the premises as a LaRosa's restaurant, provided that such de-identification occurs without cost to the Lessor. This de-identification may consist of the removal of all signs, modification of all identifying architectural features, repainting and any other steps necessary to effectively distinguish the formerly leased premises from LaRosa's, Inc.'s proprietary building design.

If Franchisor shall expend money to cure any default of Franchisee under any lease, Franchisee shall reimburse Franchisor for any such sums within three (3) days of receipt by Franchisee of notice of any such expenditure.

(d) Before commencing any construction of the Franchised Restaurant, Franchisee, at its expense, will comply, to Franchisor's satisfaction, with all of the following requirements:

(i) Franchisee will comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA regarding the construction, design and operation of the Franchised Restaurant. In the event Franchisee receives any complaint, claim, or other notice alleging a failure to comply with the ADA, Franchisee will provide Franchisor with a copy of the notice within 5 days after receipt thereof.

(ii) Franchisee will be responsible for obtaining all zoning classifications and clearances that may be required by state or local laws, ordinances, or regulations or that may be necessary or advisable owing to any restrictive covenants relating to the Approved Location. After having obtained such approvals and clearances, Franchisee will submit to Franchisor, for Franchisor's

approval, final plans for construction based upon the preliminary plans and specifications. Franchisor's review and approval of plans will be limited to review of such plans to assess compliance with Franchisor's design standards for LaRosa's Pizzerias, including such items as trade dress, presentation of the Marks, and the provision of products and services that are central to the operation of LaRosa's Pizzerias. The review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws are the sole responsibility of Franchisee. Once approved by Franchisor, the final plans may not then be changed or modified without the prior written permission of Franchisor. Any change made without Franchisor's prior written permission will constitute a default and Franchisor may withhold its authorization to open the Franchised Restaurant for business until the unauthorized change is rectified (or reversed) to Franchisor's reasonable satisfaction.

(iii) Franchisee will obtain all permits and certifications required for the lawful construction of the Franchised Restaurant and operation of the Franchised Restaurant and will certify in writing to Franchisor that all such permits and certifications have been obtained.

(e) Franchisee will employ a qualified licensed general contractor who is reasonably acceptable to Franchisor to construct the Franchised Restaurant and to complete all improvements. Franchisee will obtain and maintain in force during the entire period of construction the insurance required under Article 13 below.

(f) Franchisee will complete all pre-opening requirements under this Agreement before opening the Franchised Restaurant, and Franchisee will open the Franchised Restaurant, in accordance with the requirements contained herein, in the Manual of Operations, and elsewhere in writing by Franchisor, not later than twelve (12) months after the execution of this Agreement. Time is of the essence.

(g) In connection with the opening of the Franchised Restaurant, Franchisee will provide at least 30 days prior notice to Franchisor of the date on which Franchisee proposes to first open the Franchised Restaurant for business.

(h) Franchisor may, at no charge to Franchisee, inspect and approve the Franchised Restaurant for opening. Franchisee may not open the Franchised Restaurant for business until receiving opening approval from Franchisor. Franchisor will seek to maintain the high standards of quality, appearance, service, and cleanliness of the System, and to that end may conduct, as it deems advisable, periodic inspections of the Franchised Restaurant and may provide evaluations of the Permitted Products and Services (defined below) provided by the Franchised Restaurant.

7. PRODUCTS, SERVICES AND SUPPLIES.

(a) Franchisee will offer and sell all services, menu items and other categories of food and beverage products required by Franchisor ("Permitted Products and Services"); will offer and sell only Permitted Products and Services; and will discontinue offering or selling any services, menu items or other categories of food and beverage products that Franchisor may, in its sole discretion, disapprove at any time.

(b) Franchisor has developed a proprietary line of specially formulated recipes, menu items and food products ("Proprietary Items") and may continue to develop and own proprietary

recipes. In order to protect its trade secrets and to monitor the manufacture, packaging, processing and sale of Proprietary Items, Franchisor or an affiliate of Franchisor will (i) manufacture, supply and sell Proprietary Items to franchisees of Franchisor at prices set forth below, or (ii) disclose the formulas for and methods of preparation of the Proprietary Items to a limited number of suppliers who will be authorized by Franchisor or its affiliates to manufacture Proprietary Items to Franchisor's precise specifications and sell Proprietary Items to franchisees of Franchisor. Franchisee will purchase and use Proprietary Items from Franchisor, or a limited number of suppliers authorized by Franchisor. If Franchisor offers any Proprietary Items for sale to Franchisee, the price charged by Franchisor for such items shall be the base price in effect with respect to the same merchandise purchased from Franchisor by other franchisees at the time or times when orders with similar delivery dates are received by Franchisor from such other franchisees. Franchisor may charge Franchisee for the freight costs involved.

(c) Franchisor will provide Franchisee with a list of approved brands, manufacturers, suppliers and distributors ("Approved Suppliers") for the inventory, products, fixtures, furniture, equipment, signs, POS system, stationery, supplies and other items or services necessary to operate the Franchised Restaurant. Franchisor may change this list from time to time upon notification to Franchisee. Franchisee will only purchase items, products or services from Approved Suppliers. If Franchisee proposes to offer for sale at the Franchised Restaurant any brand of product or use in the operation of the Franchised Restaurant any brand of food ingredient or other material or supply from a person who is not an Approved Supplier, Franchisee must submit a written request to Franchisor for approval of such items. As a condition of its approval, Franchisor may require that samples from such supplier be delivered to Franchisor or to a designated laboratory for testing prior to approval and use, as applicable. Franchisee is required to pay the cost of any testing required by Franchisor. Franchisor may refuse to approve any supplier in its reasonable discretion including, but not limited to, for the following reasons: (1) the willingness of the proposed supplier to service all LaRosa's Pizzeria restaurants within a common marketing area, or (2) the continued availability of volume discounts previously made available to other "LaRosa's Pizzeria" restaurants by other approved suppliers. All inventory, products, materials and other items and supplies used in the operation of the Franchised Restaurant that are not specifically required to be purchased in accordance with the Approved Suppliers list must nonetheless conform to the specifications and quality standards established by Franchisor from time to time.

(d) In order to ensure that all menu items produced by Franchisee meet Franchisor's high standards of taste, texture, appearance and freshness, and in order to protect Franchisor's goodwill and Marks, all menu items and other food and beverage products served in the Franchised Restaurant must be prepared only by properly trained personnel strictly in accordance with Franchisor's recipes, cooking techniques and processes as specified by Franchisor in the Manual of Operations, and may be sold only at retail to customers in conformity with the System. Franchisee acknowledges that Franchisor's recipes, cooking techniques and processes (including the handling and storage of both ingredients and fully prepared menu items) are integral to the System, and that failure to adhere thereto would be detrimental to the System and Marks.

(e) Franchisee will use only displays, menus, trays, napkins, boxes, bags, wrapping paper, labels, forms and other paper and plastic products imprinted with the Marks and colors as prescribed from time to time by Franchisor, and will purchase such items only from third parties licensed by Franchisor to imprint the Marks thereon.

(f) The Franchised Restaurant will at all times maintain an inventory of ingredients, food and beverage products and other products, materials and supplies that will permit the operation of the Franchised Restaurant at maximum capacity during regular business hours and provide customers with all Permitted Products and Services.

(g) Franchisee will obtain, prior to opening the Franchised Restaurant, and maintain in good standing at all times during the term of this Agreement, an alcoholic beverage license permitting Franchisee to sell beer and wine. Franchisor may waive this requirement in its sole and absolute discretion.

(h) To ensure the efficient management and operation of the Franchised Restaurant and the transmission of data to and from Franchisor, Franchisee, at its own expense, will install, prior to opening the Franchised Restaurant, and will maintain and utilize during the term of this Agreement, such Communication and Information System as may be specified by the System Standards from time to time in order to access the One Number System. Franchisee will use the Point of Sale (POS) system designated by Franchisor which is compatible with the One Number System. The database and programming that is used with the Point of Sale system is proprietary and confidential and remains the intellectual property of Franchisor.

(i) As used in this Agreement, the term “Communication and Information System” will mean: a point of sale system; hardware (including, without limitation, one or more computers and/or other computer components); software designed for the management and operation of the Franchised Restaurant, as well as reporting and sharing information with Franchisor and the One Number System; and communication systems (including, without limitation, digital or analog modems, satellite, cable, Wi-Fi, internet and other systems).

(ii) Franchisee will lease and/or purchase its Communication and Information System only from Franchisor or such vendors or suppliers that Franchisor has approved in writing pursuant to the provisions of Section 7(c) above. Franchisee will not install, or permit to be installed, any devices, software or other programs not approved by Franchisor for use with the Communication and Information System.

(iii) Franchisor or its affiliates may from time to time develop or authorize others to develop proprietary software programs for use in the Communication and Information System, which Franchisee may be required to purchase, license and use in connection with the operation of the Franchised Restaurant or to otherwise communicate with the One Number System. Franchisee agrees that it will execute any license, sublicense, or maintenance agreement required by Franchisor or any other approved licensor or Approved Supplier of such proprietary software programs.

(iv) If required by Franchisor, Franchisee will obtain and maintain a contract with a supplier that Franchisor has approved in writing for software maintenance, support, and upgrade services for Franchisee’s Communication and Information System and to provide Franchisee with such assistance as Franchisee and Franchisee’s employees may require. Franchisee acknowledges that Franchisor may be one of, or the only, Approved Supplier for such services, and if Franchisee obtains these services from Franchisor, then Franchisee agrees that it will pay to Franchisor the maintenance fee specified by Franchisor for such services. Notwithstanding these rights of Franchisor, Franchisor

will not at any time be obligated to provide any such services or support for the hardware or software used in the Communication and Information System.

(v) Franchisee will upgrade and update its Communication and Information System in the manner, and at the time, specified by Franchisor in writing, in accordance with Section 7(d) below.

(vi) Franchisee will have the sole and complete responsibility for the manner in which Franchisee's Communication and Information System interfaces with other systems, including the One Number System and other third parties, as well as any and all consequences that may arise if Franchisee's Communication and Information System is not properly operated, maintained, and upgraded.

(vii) Franchisee will: (a) promptly enter into its Communication and Information System and maintain all information required to be entered and maintained by Franchisor which shall include, without limitation, the entering of all customer orders, whether or not received from the front counter or dining room of the Franchised Restaurant or from the One Number System; (b) provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained; and (c) permit Franchisor to access Franchisee's Communication and Information System at all times remotely or other means specified by Franchisor from time to time. Franchisee will cooperate with Franchisor and will execute all documents required by Franchisor to permit access to Franchisee's Communication and Information System and data contained therein. The reporting requirements of this Section will be in addition to and not in lieu of the reporting requirements in Section 9 below.

(viii) Franchisor has the right to use any and all data collected or provided by Franchisee, downloaded from Franchisee's Communication and Information System, and otherwise collected from Franchisee's system by Franchisor and/or provided to Franchisor in any manner that Franchisor deems appropriate in connection with the operation of the System without compensation to Franchisee, including, without limitation, the disclosure or distribution of such information to other franchisees of Franchisor, or the disclosure of such information to prospective franchisees of Franchisor, by inclusion in Franchisor's franchise disclosure document or otherwise.

(ix) Prior to opening the Franchised Restaurant and thereafter at all times during the term of this Agreement, Franchisee will obtain and maintain a standard e-mail account that is capable of receiving and sending attached files of a size specified by Franchisor in the Manual of Operations or otherwise communicated to Franchisee from time-to-time, along with a high speed cable or telephone (DSL) Internet connection via a commercial Internet service provider.

(x) Franchisor will have the right, but not the obligation, to establish a website (as defined in Section 15(b) below) or other electronic system providing private and secure communications (e.g., an extranet) between Franchisor, Franchisee, other franchisees, and other persons and entities as determined by Franchisor, in its sole discretion. If required by Franchisor, Franchisee will establish and maintain access to the extranet in the manner specified by Franchisor and will from time to time execute such agreements and/or acknowledge and agree to comply with such policies concerning the use of the extranet as Franchisor may prepare.

(i) Franchisor has established and shall continue to maintain and operate a centralized call center (the “Call Center”) in connection with the One Number System. All customer delivery or pickup orders shall be made through the Call Center (whether by telephone call, mobile, or internet order) and Franchisee shall instruct any callers to the Franchised Restaurant to place orders through the Call Center. The Call Center shall route each customer order received by it to either (i) the franchised restaurant requested by such customer or (ii) the franchised restaurant for which such customer’s address (as communicated by the customer) is included in the Franchised Restaurant’s Delivery Area.

(j) Franchisee shall:

(i) use the Franchised Restaurant solely for the operation of a LaRosa’s Pizzeria restaurant, to keep the Franchised Restaurant open in a normal operation for such minimum hours and days as Franchisor may from time to time prescribe in the Manual of Operations or otherwise in writing, and to refrain from using the Franchised Restaurant for any other purpose; and

(ii) During at least the hours of 11am to 10pm, Monday through Sunday, or as otherwise specified in the Manual of Operations or by LaRosa’s Inc. in writing, to provide delivery service to homes and businesses for orders placed at the Franchised Restaurant. Franchisee shall be open to customers every day of the calendar year except Easter Sunday, Thanksgiving and Christmas Day, when Franchisee shall not be required to be open.

8. QUALITY STANDARDS.

(a) Franchisee understands and acknowledges that every detail of the Franchised Restaurant and its operations are important to Franchisor, Franchisee and other franchisees in order to develop and maintain high and uniform operating standards, to increase demand for the products and services sold and to protect the Marks and Franchisor’s reputation and goodwill. Franchisee further acknowledges and agrees that a fundamental requirement of the System and this Agreement is adherence by all franchisees to the uniform specifications, standards, operating procedures and rules prescribed by Franchisor for the development and operation of the Franchised Restaurant, including, without limitation, standards and specifications regarding ingredients, methods of food preparation and service, and weight, quality and dimensions of menu items and other products served in the Franchised Restaurant (collectively referred to as “System Standards”). Accordingly, Franchisee will conduct and operate the Franchised Restaurant at all times in a manner that will preserve and build the goodwill of all LaRosa’s Pizzeria restaurants and of Franchisor, will comply with each and every System Standard, as periodically modified and supplemented by Franchisor in its sole and absolute discretion, and will not deviate from the System Standards during the term of this Agreement. System Standards prescribed from time to time in the Manual of Operations or otherwise communicated to Franchisee in writing will constitute provisions of this Agreement as if fully set forth in this Agreement. All references to this Agreement include all System Standards as periodically modified.

(b) Franchisor shall continue its efforts to maintain high standards of quality, cleanliness, appearance and service of the System and to that end shall have the right to:

(i) have its representatives inspect and evaluate the Franchised Restaurant and products and services sold therein or therefrom on a periodic basis.

- (ii) interview Franchisee or Franchisee's employees.
- (iii) interview Franchisee's customers, suppliers or any other person with whom Franchisee does business.
- (iv) confer with members and staff of government agencies with authority over Franchisee about matters relevant to the Franchised Restaurant; and
- (v) require Franchisee to participate and request Franchisee's customers, suppliers and others to participate in any marketing surveys performed by or on behalf of Franchisor.

(c) Franchisee grants Franchisor and its agents at Franchisor's expense the right to enter upon the premises of the Franchised Restaurant at any time for the purpose of conducting inspections as described in Section 8(b)(i) above. Franchisee will cooperate with Franchisor's representatives in the inspections by rendering such assistance as they may reasonably request; and, upon notice from Franchisor or its agents and without limiting Franchisor's other rights under this Agreement, Franchisee will take such steps as may be necessary to correct immediately any deficiencies detected during any inspection. These steps may include, but are not limited to, removal from the Franchised Restaurant of samples of inventory items without payment therefor, in amounts reasonably necessary for testing to determine whether said samples meet Franchisor's standards and specifications. If any such deficiency is detected during such inspection, Franchisee will correct or repair the deficiency within seventy-two (72) hours after Franchisee receives written notice of the deficiency from Franchisor. If the deficiency is one that Franchisee (A) has a right to cure under Section 18 of this Agreement and (B) cannot reasonably cure within seventy-two (72) hours, Franchisee will not be in default if Franchisee begins the necessary corrections or repairs within the 72-hour period, and diligently pursues the work to completion. If Franchisor determines, in its sole discretion, that the deficiency may imminently threaten the health or safety of the Franchisee's employees or customers, Franchisor may, as an alternative to terminating this Agreement, require Franchisee to cease operating the Franchised Restaurant until the deficiency is corrected.

(d) Franchisee shall at all times maintain the interior and exterior of the Franchised Restaurant and the surrounding premises used in connection therewith in the highest degree of cleanliness, orderliness and sanitation. Franchisee further agrees to repair, alter and paint the exterior of the premises at its own expense as reasonably necessary or when reasonably directed to do so by Franchisor. Franchisee shall meet and maintain the highest governmental health standards and ratings applicable to the operation of the restaurant and will provide promptly to Franchisor copies of all notices, reports and correspondence received by Franchisee from any governmental agency or regulatory authority, including without limitation any Board of Health inspection.

(e) At the request of Franchisor, which may be made twice during the term of this Agreement (excluding any period of renewal of the Term, for which additional refurbishment may be required), Franchisee shall refurbish, refurnish, renovate, modernize and/or remodel the Franchised Restaurant at its own expense (including without limitation upgrade the parking lot, signs, furnishings, equipment, structural components of the building, point of sale system, or uniforms) to conform to the trade dress, color schemes and presentation of the Marks in a manner consistent with the image then in effect for any new LaRosa's Pizzeria concept under the System.

(f) At the request of Franchisor, Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, signs and equipment as Franchisor may reasonably direct from time to time in the Manual of Operations or otherwise in writing and refrain from installing or permitting to be installed on or about the Franchised restaurant any equipment or other improvements not previously approved in writing as meeting Franchisor's standards and specifications.

(g) Franchisee shall promptly pay when due taxes, accounts, liabilities and indebtedness of any kind incurred by Franchisee in the operation of the Franchised Restaurant and shall otherwise comply with all laws, regulations and requirements of federal, state, municipal, and other governmental entities and agencies (including, without limitation, Title VII of the Civil Rights Act, the ADA, the Age Discrimination in Employment Act, and any other federal, state or local employment laws relating to occupational hazards and health, dispensing of food products, consumer protection, trade regulation, employment discrimination, and sexual harassment), and will obtain and maintain any and all licenses, certificates and permits required by any governmental agencies or otherwise necessary to operate the Franchised Restaurant. Franchisee agrees and acknowledges that Franchisee alone will be responsible for compliance with the obligations under this paragraph, and that Franchisor has no obligation with respect thereto.

(h) Franchisee agrees that all personnel employed by Franchisee in connection with the production and sale of such products shall maintain the standards of sanitation, cleanliness and demeanor established by Franchisor. In addition, Franchisee agrees to cause all of its employees to wear any uniform required by Franchisor pursuant to the Manual of Operations or otherwise in writing. Franchisee will be solely responsible for all of Franchisee's employment practices, including hirings, terminations and other personnel.

9. **RECORDKEEPING.**

(a) During the term of this Agreement, Franchisee shall establish and maintain in accordance with good business practice and the requirements of the Manual of Operations, complete books of account and records from which Net Sales of the Franchised Restaurant may be determined as of the close of business of each weekly accounting period (ending on Sunday) during the term of this Agreement, and to ensure that such reports are transmitted to Franchisor through the Point of Sale System showing the Net Sales of the Franchised Restaurant, and the Required Local Advertising Expenditures made pursuant to Section 15(e) hereof, if any, during the preceding accounting period. During the term of this Agreement and for an additional two (2) years after its termination or expiration, upon at least seven (7) days prior written notice, Franchisor, its accountants and other representatives may from time to time audit Franchisee's books and records relating to Net Sales to determine the accuracy of the reports made by Franchisee to Franchisor, and Franchisee shall make all such records as Franchisor, its accountants or other representatives request readily available for such examination. If any such audit discloses that Franchisee's actual Net Sales exceed those reported, Franchisee shall forthwith pay Franchisor the additional Franchise Fees, Technology Enterprise Fees and/or Marketing Fees shown to be payable, and if the actual Net Sales so disclosed shall exceed by more than two percent (2%) of the Net Sales reported by Franchisee, Franchisee shall also pay to Franchisor the cost of such audit and examination and Franchisor shall have the right to require Franchisee to engage accountants of Franchisor's choosing and for Franchisee to terminate its relationship with any other accountants, the expense of such engagement to be borne exclusively by Franchisee.

(b) Furnish to Franchisor applicable sales tax reports for the Franchised Restaurant, an itemized profit and loss statement and a balance sheet for the Franchised Restaurant prepared in accordance with the standard accounting procedures adopted by Franchisor from time to time and as set forth in the Manual of Operations, within ninety (90) days of the completion of Franchisee's fiscal year. Franchisee shall also furnish to Franchisor within thirty (30) days of the end of each calendar month a profit and loss statement prepared in accordance with the requirements of the Manual of Operations reflecting Franchisee's financial condition as of the end of such calendar month. A balance sheet must be provided on a quarterly basis throughout the fiscal year prepared in accordance with the requirements set forth in the Manual of Operations.

10. **PERSONNEL.**

(a) Franchisee will employ in the operation of the Franchised Restaurant only persons of high moral character and ability who maintain and exhibit traits of enthusiasm, cleanliness, neatness, friendliness, honesty and loyalty. Franchisee acknowledges that people with those traits are necessary in order to promote and maintain customer satisfaction and the goodwill of LaRosa's Pizzeria restaurants. Franchisee shall maintain a sufficient number of properly trained employees at the Franchised Restaurant to provide the high quality service which the public associates with a LaRosa's Pizzeria. Franchisor has no responsibility for the terms and conditions of employment of Franchisee's employees. Franchisee will engage in no discriminatory employment practices and will in every way comply with all applicable laws, rules and regulations of federal, state and local governmental agencies.

(b) If Franchisee is a corporation, limited liability company, partnership or other entity or a Franchisee who is an individual will not be devoting his or her full time and efforts to the operation of the Franchised Restaurant, Franchisee must submit for approval to Franchisor an individual who shall be responsible for and shall devote his or her full time and efforts to the operation of the Franchised Restaurant (the "Designated Representative"). Either Franchisee (if Franchisee is an individual) or the Designated Representative (if Franchisee is a corporation, limited liability company, partnership or other entity) must devote his or her full time and effort to the operation of the Franchised Restaurant. Attached hereto as Exhibit B is the form to be utilized by Franchisee for the submission for approval of the Designated Representative (the "Designated Representative Approval Form"). Franchisor shall either approve or disapprove any proposed Designated Representative no later than fifteen (15) days after Franchisor's receipt of a completed Designated Representative Approval Form. In regard to a franchisee described in this Section 10, a Designated Representative must be approved by Franchisor at least one (1) month prior to the opening of the Franchised Restaurant and prior to commencing the training described in Section 11(a) below. The procedure for replacement of a Designated Representative is set forth in Section 17(g) of this Agreement.

11. **TRAINING.**

(a) Franchisee, or Franchisee's Designated Representative, if applicable, and up to four (4) other employees, shall attend and complete to the satisfaction of Franchisor the initial training to be provided by Franchisor at Franchisor's Center for Learning in Cincinnati, Ohio (or such other location selected by Franchisor), and at a training restaurant selected by Franchisor. The training program will last between eight (8) and ten (10) weeks. Franchisee shall be responsible for all expenses related to the travel, room and board for each trainee. Franchisee may not open the

Franchised Restaurant until Franchise or Franchisee's Designated Representative and the other employees identified above have completed the initial training to Franchisor's satisfaction. The identity of the employees who will attend the training will be mutually agreed between Franchisor and Franchisee.

(b) If the Franchised Restaurant is Franchisee's first LaRosa's Pizzeria, then during the week prior to opening the Franchised Restaurant and during the initial opening week, Franchisor shall provide, at no additional cost to Franchisee, an experienced supervisor who will provide additional training for the Franchisee and Franchisee's personnel at the Franchised Restaurant.

(c) Franchisee will be solely responsible for training Franchisee's employees (other than those who have received the training described in Section 11(a) above) in accordance with the procedures in the Manual of Operations. During the operation of the Franchised Restaurant, upon reasonable request, Franchisor will provide experienced supervisors and other personnel to Franchisee to provide advice and consultation concerning the operation of a LaRosa's Pizzeria restaurant. Franchisor reserves the right to bill Franchisee for all expenses incurred in the giving of this advice and consultation, including, without limitation, the cost of travel, room, board and wages. The determination as to whether to provide such additional training rests solely within the discretion of Franchisor.

(d) If at any time after completion of the initial training, Franchisor determines, in its sole discretion, that Franchisee (or the Designated Representative, as applicable) or any of its employees require additional training, then Franchisee, the Designated Representative, or the other employees, as the case may be, will attend such additional training at a location designated by Franchisor. Franchisee will bear all of the expenses incurred by Franchisee, the Designated Representative, or its employees in connection with such additional training.

12. INSURANCE.

(a) Franchisee shall, from the date of and for the term of this Agreement, including renewals hereof, at its expense, secure and maintain in full force and effect insurance policy or policies which shall include at a minimum, the following:

(i) Commercial General Liability insurance including Product Liability insurance and (if applicable) Liquor Liability insurance with minimum limits of \$2,000,000 per occurrence, \$2,000,000 General Aggregate and \$2,000,000 Products/Completed Operations Aggregate for Bodily Injury, Personal and Advertising Injury and Property Damage. Franchisor shall be included as an additional insured on such policy.

(ii) Business Automobile Liability insurance including coverage for owned and hired vehicles with a minimum limit of \$2,000,000 per accident. Franchisor shall be included as an additional insured on such policy.

(iii) Worker's Compensation, Social Security, Unemployment Compensation and such other insurance as may now or hereafter be required by law.

(iv) All Risk or Special Peril Property insurance to cover the Franchised Restaurant, its furniture, fixtures and equipment for not less than the full replacement value thereof.

(b) The coverages and policy limits required by this Agreement may be reasonably increased from time to time by Franchisor based upon inflation or future experience with claims assessed against restaurants. Franchisee shall, (i) within ten (10) days of commencement of construction of the Franchised Restaurant, and (ii) thirty (30) days prior to each policy renewal, thereafter, submit to Franchisor certificates of insurance verifying insurance coverage in accordance with the requirements hereof together with proof of payment therefor. The certificates of insurance shall include a statement that the policy or policies will not be cancelled or materially altered without at least thirty (30) days prior written notice to Franchisor. Franchisee shall, upon request, provide Franchisor with copies of all policies and policy amendments.

(c) All certificates of insurance required to be provided by Section 12(a), with the exception of worker's compensation, shall name Franchisor and its affiliates, and their respective officers, directors, members, shareholders and employees, as additional insureds, and will expressly provide that coverage for the additional insureds will not be affected by any breach by Franchisee of any policy provisions for which the certificates evidence coverage.

(d) Franchisee's obligation to obtain and maintain the foregoing policy or policies of insurance in the amounts specified herein shall not be limited in any way by reason of any insurance that may be maintained by Franchisor nor shall Franchisee's performance of that obligation relieve it of liability under any indemnity provision set forth herein.

(e) If Franchisee for any reason fails to procure or maintain the insurance required by this Agreement, Franchisor shall have the right, at its option, to procure such insurance and charge same to Franchisee, which charges, together with the reasonable fee for Franchisor's expense in so acting, shall be payable by Franchisee immediately upon notice.

13. **MANUAL OF OPERATIONS.**

(a) In order to protect the reputation and goodwill of the System and to maintain high standards of operation under the Marks, Franchisee will conduct its business in accordance with such uniform methods, recipes, standards and specifications as Franchisor may prescribe from time-to-time in the LaRosa's Manual of Operations (which will be loaned or made available to Franchisee by Franchisor in either hard or digital copies during the term of this Agreement), and as otherwise specified by Franchisor in writing.

(b) Franchisor shall provide one copy of its manual of operations (the "Manual of Operations") to Franchisee. In order to protect the reputation and goodwill of the System and to maintain high standards of operation under the Marks, Franchisee shall conduct the operations of the Franchised Restaurant in accordance with the Manual of Operations. The Manual of Operations must be returned to Franchisor upon expiration or termination of this Agreement.

(c) Franchisee shall treat the Manual of Operations and all information contained therein or otherwise received from Franchisor as confidential and not disclose the information contained therein or connected therewith to anyone except as is necessary for proper and efficient operation of the Franchised Restaurant, as required in Section 14 below.

(d) Franchisor has the right, in its reasonable discretion, to add to or otherwise modify the Manual of Operations from time to time to reflect changes in any of the System Standards,

provided that no such addition or modification will alter Franchisee's fundamental status and rights under this Agreement. Without limiting the generality of the foregoing, Franchisor may, during the term of this Agreement, require Franchisee to modify, upgrade, update, enhance, and replace all or any part of the Communication and Information System at Franchisee's expense, and Franchisee agrees to acquire (or acquire the right to use for the remainder of the term of this Agreement), within 120 days after receipt of written notice from Franchisor, the modification, upgrade, update, enhancement, or replacement of the Communication and Information System specified by Franchisor and to take all actions as may be necessary to enable the same to operate as specified by Franchisor. Any such modifications, upgrades, updates, enhancements and replacements may require Franchisee to incur costs to purchase, lease, or license new or modified computer hardware and software or other equipment and to obtain different and additional service and support services during the term of this Agreement. Franchisee acknowledges that Franchisor cannot estimate the costs of future maintenance, enhancements, modifications, upgrades, updates, and replacements to the Communication and Information System or other items, and that such maintenance, enhancements, modifications, upgrades, updates, and replacements required by Franchisor may involve additional investment by Franchisee during the term of this Agreement.

14. **CONFIDENTIALITY.**

(a) Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any confidential information, knowledge, or know-how concerning the construction and methods of operation of the business licensed hereunder which may be communicated to Franchisee, whether in the Manual of Operations or otherwise, by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such employees as must have access to it in order to operate the license granted herein. Any and all information, knowledge and know-how, including, without limitation, drawings, materials, equipment, recipes, and other data, which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement, except information which Franchisee can demonstrate came to its attention prior to disclosure thereof by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had become a part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, becomes a part of the public domain, through publication or communication by others.

(b) Franchisee shall take reasonable precautions to cause its employees to keep such confidential information confidential and shall use its best efforts to enter into appropriate confidentiality agreements with Franchisee's owners and employees who have access to such confidential information. Franchisee shall not copy, duplicate, record or otherwise reproduce all or any part of the Manual of Operations or any other material containing confidential information concerning Franchisor and shall take all reasonable precautions to prevent those employees who have access to such information from doing so.

(c) Franchisee acknowledges that any failure to comply with the requirements of this Section will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor will be entitled to injunctive relief to enforce the terms of this Section. Franchisee will pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Section.

15. ADVERTISING.

(a) Franchisee shall prepare and display in and upon the Franchised Restaurant at its own cost and expense such promotional and advertising materials as Franchisor shall from time to time adopt for use by all Franchisor's franchisees. All advertising by Franchisee in any medium shall be conducted in a dignified manner and shall conform to the standards and requirements in the Manual of Operations or otherwise specified by Franchisor in writing. Before implementing any proposed advertising of its Franchised Restaurant in any medium, Franchisee shall first submit the proposed advertising material to Franchisor by certified mail, return receipt requested, or by fax or e-mail, with confirmation of receipt requested, and shall not implement said advertising without the prior approval of Franchisor. Franchisor may withhold its approval for any advertising for any reason, including but not limited to, the content, the format, or the manner of publication of the proposed advertising. Franchisee shall display on all materials or in connection with which Marks are used the letter ® or ™ or such other notice of registration or legend as Franchisor may specify from time to time. Franchisor shall have the right to take photographs of the Franchised Restaurant for use in Franchisor's publicity or advertising and Franchisee shall cooperate in securing such photographs, including obtaining consents from any persons photographed therein. Franchisee specifically acknowledges and agrees that the term "advertising" as used in this Agreement includes, but is not limited to, signs (including signs on motor vehicles), URLs, e-mail addresses, internet listings, banners or other services or links on or with the internet, internet service providers, electronic mail services, communications providers, search engines and similar services.

(b) Any website (as defined below) will be deemed "advertising" under this Agreement and will be subject to (among other things) Franchisor's approval under this Article 15. As used in this Agreement, the term "website" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers or other devices linked by communications software. The term website includes, but is not limited to, Internet, Social Media Sites and World Wide Web pages. In connection with any website, Franchisee agrees to the following:

(i) Franchisor has the right, but not the obligation, to establish and maintain a website, which may, without limitation, promote the Marks, the System, any or all of the Permitted Products and Services, LaRosa's franchised or company-owned restaurants, and/or the offer and sale of LaRosa's franchises. Franchisor shall have the sole right to control all aspects of the website, including, without limitation, its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage. Franchisor shall also have the right to discontinue the operation of the website.

(ii) Franchisee may not establish a separate website without the prior written consent of Franchisor.

(iii) Franchisor has the right, but not the obligation, to designate one or more web page(s) to describe Franchisee and the Franchised Restaurant, with such web page(s) to be located within Franchisor's website or associated with Franchisor's website in a manner of Franchisor's choosing. Franchisee shall comply with Franchisor's policies with respect to the creation, maintenance, and content of any such web pages, and Franchisor shall have the right to control, limit and/or discontinue the content and/or operation of such website and web pages.

(iv) Franchisor has the right to modify the provisions of this Section 15(b) relating to websites as Franchisor shall solely determine if is necessary or appropriate for the best interests of the System.

(c) Franchisee acknowledges and agrees that any and all copyrights in and to advertising and promotional materials developed by or on behalf of Franchisee which bear the Marks will be the sole property of Franchisor, and Franchisee will execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Restaurant or the System and approved by Franchisor may be used by Franchisor and other franchisees of Franchisor without any compensation to Franchisee.

(d) In conjunction with the opening of the Franchised Restaurant for business, Franchisee shall conduct such “grand opening” activities as reasonably directed by Franchisor in writing or otherwise set forth in the Manual of Operations.

(e) Franchisor may require Franchisee to spend up to three percent (3%) of the total Net Sales of the Franchised Restaurant for local media and advertising (the “Required Local Advertising Expenditures”) by notifying Franchisee in writing of such requirement no less than fourteen (14) days prior to the implementation of such requirement; provided that any Required Local Advertising Expenditures shall be credited against Franchisee’s Marketing Fee obligations, such that Franchisee’s combined payment obligations to Franchisor for Required Local Advertising Expenditures, if any, to Co-ops as set forth in Section 15(g) below, and to Franchisor in connection with Marketing Fees shall not exceed four percent (4%) of its Net Sales, as adjusted pursuant to this Agreement. Franchisee shall provide Franchisor with a report as specified in Section 9 hereof regarding Required Local Advertising Expenditures.

(f) It is recommended that Franchisee spend no less than one percent (1%) of the total Net Sales of the Franchised Restaurant for local media and advertising in addition to any Required Local Advertising Expenditures. Franchisee shall report all such recommended expenditures to Franchisor upon request. This expenditure is recommended, but not required, by Franchisor.

(g) Franchisor may, from time to time, establish regional advertising cooperatives (“Co-ops”) for franchisees organized by geographical proximity. Franchisor may establish, modify, merge or terminate Co-ops in its sole discretion. If Franchisor establishes a Co-op, it may, from time to time, require Franchisee to join one or more Co-ops and to contribute some or all of Franchisee’s Marketing Fee as set forth in Section 3(c) to one or more of the Co-ops. Franchisor reserves the right to establish bylaws, voting rules, membership agreements, standard advertising agency agreements, and other standards concerning the operation of Co-ops, advertising agencies retained by Co-ops and advertising programs conducted by Co-ops. All payments made by Franchisee to a Co-op or Co-ops to which it is required to belong shall be credited against Franchisee’s Marketing Fee obligations, such that Franchisee’s combined payment obligations to Co-ops, on the one hand, and to Franchisor in connection with Marketing Fees and Required Local Advertising Expenditures, on the other, shall not exceed four percent (4%) of its Net Sales, as adjusted pursuant to this Agreement.

(h) Franchisor manages its online telephone directory advertising for its franchisees

through a national buying company. Each franchisee participates by funding the Franchisor's telephone directory account, which account is administered by Franchisor. Accordingly, Franchisee agrees to pay directly to Franchisor or the national buying company its portion, as determined by Franchisor, of the yellow page advertising expense for the directory servicing the Franchisee's area. Upon termination of this Agreement for any reason or the non-renewal thereof, Franchisee agrees to cease using the telephone number assigned to the Franchised Restaurant and Franchisee will use its best efforts to cause such telephone number to be assigned to Franchisor or its assign.

16. COVENANTS OF FRANCHISEE.

(a) Franchisee acknowledges that the System and Marks, the business reputation and goodwill associated with the System and the Marks, the methods, techniques and services imparted by Franchisor to Franchisee, the training and assistance provided by Franchisor to Franchisee, the opportunities and the associations, contacts and experiences to be acquired by Franchisee are of considerable value and would not have been acquired except as a result of this Agreement. During the term of this Agreement and any extensions or renewals, Franchisee covenants and agrees not to, directly or indirectly, as an individual, partner, stockholder, employer, employee, consultant or in any other capacity, own, operate, manage, engage in, be employed by, or have any interest in any restaurant, food service, or food, and/or restaurant marketing business other than the Franchised Restaurant and other franchised LaRosa's Pizzeria restaurants without the prior written consent of Franchisor, which consent will not be unreasonably withheld. For a period of two years after the expiration, termination or non-renewal of this Agreement for any reason, Franchisee and any Principals of Franchisee covenant and agree not to, directly or indirectly, as an individual, partner, stockholder, employer, employee, consultant or in any other capacity:

(i) own, operate, manage, engage in, be employed by, or have any interest in any restaurant within a five-mile radius of the Approved Location or any franchised or Franchisor-owned LaRosa's Pizzeria restaurant, that is primarily a sit-down casual Italian restaurant or pizzeria or that otherwise serves a similar menu to a LaRosa's Pizzeria restaurant.

(ii) employ or seek to employ any person who is at that time employed by Franchisor, or to otherwise, directly or indirectly, induce such person to leave his or her employment with Franchisor; and

(iii) divert or attempt to divert any business or any customer of the business franchised hereunder to any competitor by direct or indirect inducements or otherwise.

(b) Franchisor and Franchisee expressly agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in Section 16(a) is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

(c) Upon Franchisor's request, Franchisee will require the following persons to execute covenants similar to those set forth in this Section 16 (including covenants applicable upon the

termination of a person's relationship with Franchisee): (1) all Designated Representatives, managers and assistant managers of Franchisee; (2) all holders of a beneficial interest of 5% or more of the securities (including membership interests) of Franchisee, and of any corporation or limited liability company directly or indirectly controlling Franchisee, if Franchisee is a corporation or limited liability company; and (3) all general partners of Franchisee (including any corporation or limited liability company, and the officers, directors, and holders of a beneficial interest of 5% or more of the securities (including membership interests) of any corporation or limited liability company which controls, directly or indirectly, any general partner), if Franchisee is a partnership. Every covenant required by this Section 16 will be in a form satisfactory to Franchisor. Failure by Franchisee to obtain execution of a covenant required by this Section 16 will constitute a default under Section 18.

(d) Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, will not constitute a defense to the enforcement of the covenants in this Section 16. Franchisee acknowledges that Franchisee's violation of the terms of this Section 16 will cause irreparable injury to Franchisor for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor will be entitled to injunctive relief to enforce the terms of Section 16. Franchisee will pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of Section 16. If Franchisee contests the enforcement of Section 16 and enforcement is delayed pending litigation, and if Franchisor prevails, the period of non-competition will be extended for an additional period equal to the period of time that enforcement of Section 16 is delayed.

17. TRANSFER OF INTEREST.

(a) Transfer by Franchisor. This Agreement shall inure to the benefit of the successor and assigns of Franchisor, and Franchisor shall have the right to transfer or assign all or any part of its interest herein to any person or business entity. Upon assignment and assumption by the transferee, in writing, of all obligations undertaken by Franchisor herein, Franchisor shall be under no further obligation to Franchisee, except for accrued liabilities, if any. Such assignment shall not be binding upon Franchisee unless the transferee has agreed in writing to assume all of Franchisor's obligations to Franchisee under the terms of this Agreement and Franchisee has received a statement in writing signed by both Franchisor and its transferee of the assumption of such obligations. Franchisee shall execute any forms that Franchisor may reasonably request to effectuate any transfer or assignment by Franchisor.

(b) Transfer by Franchisee.

(i) Franchisee represents and warrants that all legal and beneficial owners of Franchisee (together with their respective percentage interests or other indicator of ownership holdings) are listed on Exhibit C. During the term of this Agreement and in addition to but not in limitation of any other requirements or restrictions hereunder relating to transfers of interests, Franchisee agrees to notify Franchisor promptly of any changes in Exhibit C.

(ii) Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's business skill and financial capacity. Accordingly, neither Franchisee nor any successor, either immediate or remote to any part of Franchisee's interest in this Agreement, shall sell,

assign, transfer, convey, give away, pledge, mortgage or otherwise encumber its interest in the franchise without the prior written consent of Franchisor. If Franchisee is a corporation, limited liability company or other business entity, any merger thereof, transfer of the legal or beneficial ownership therein (whether related or unrelated) to transferees totaling in the aggregate twenty percent (20%) or more of the ownership interest in such entity, or the sale of all or substantially all of the assets of such entity, whether by operation of law or otherwise, shall be deemed an attempted assignment of this Agreement requiring prior written consent of Franchisor. If Franchisee is a partnership, the sale or transfer or any series of sales or transfers of limited or general partnership interest totaling in aggregate twenty percent (20%) or more of such interest (including transfer of shares in corporate partners), whether by operation of law or otherwise, shall be deemed in attempted assignment of this Agreement, requiring the prior written consent of Franchisor. These same restrictions shall also apply to transfers of ownership in any entity, including without limitation a corporation, limited liability company or partnership, which owns more than fifty percent (50%) of the ownership interests of Franchisee. Any proposed transfer involving less than twenty percent (20%) must be reported by Franchisee to Franchisor at least twenty (20) days in advance.

(iii) For the purpose of determining whether twenty percent (20%) or more of the interest of any class of shares or partnership or membership interests have been transferred under Section 17(b)(ii) above, all transfers (whether related or unrelated) must be aggregated. Any change in the shareholders, partners, or members, of the Franchisee shall first be approved in writing by Franchisor, which Franchisor shall not unreasonably withhold.

(iv) Any purported assignment or transfer by operation of law or otherwise, without the prior written consent of Franchisor, shall be null and void and shall constitute a material breach of this Agreement for which Franchisor may terminate without opportunity to cure, pursuant to Section 18(b) of this Agreement.

(v) Franchisee agrees to incorporate into its governing documents (i.e., Articles/Certificate of Incorporation, Regulations, By-Laws, Stockholders' Agreement, Articles/Certificate of Organization, Operating Agreement, Partnership Agreement, etc.) such provisions and restrictions as are designed to ensure compliance with the approval rights of Franchisor regarding transfer of ownership and/or control interests as are described in this Section.

(vi) Franchisor shall not unreasonably withhold its consent to any transfer of the interest of Franchisee or the Franchised Restaurant; provided, however, that, prior to the time of the transfer, Franchisor may in its sole discretion, require that:

1) All of Franchisee's accrued monetary obligations relating to this Agreement or the Franchised Restaurant, shall be satisfied.

2) To the fullest extent permitted by law, Franchisee will execute a general release in a form proscribed by Franchisor, of all claims against Franchisor and each of Franchisor's affiliates, officers, directors, managers, members, shareholders and employees.

3) Franchisee, and all other persons described under Section 16(c) of this Agreement, if any, shall have agreed to remain obligated under the post-termination covenants and covenants not to compete as contained in this Agreement as if this Agreement had been terminated

on the date of transfer.

4) Transferee will enter into a written assumption, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchise's obligations prior to and after the date of the assumption under this Agreement and any other agreements between Franchisor and its affiliates, on the one hand, and Franchisee and its affiliates, on the other;

5) Transferee shall meet Franchisor's managerial and business standards, possess good moral character, business reputation, and credit rating.

6) At transferee's expense, and upon terms and conditions as Franchisor may reasonably require, transferee, its Designated Representative and certain other employees will complete the training course then in effect for franchisees.

7) Transferee shall have executed the then current form of the Franchise Agreement and such other ancillary agreements as Franchisor may require; and

8) Except in the case of a transfer to a corporation or other legal entity described in Section 17(c) below, transferee shall pay to Franchisor a transfer fee equal to fifty percent (50%) of Franchisor's then-current Initial Franchise Fee to cover the Franchisor's administrative expenses in connection with the transfer.

(vii) In the event that a proposed transfer is to a corporation or other legal entity formed solely for the convenience of ownership, Franchisor's consent to such transfer may, in its sole discretion, be conditioned on the following requirements:

1) The corporate or other legal entity franchisee shall be newly organized, and its charter shall provide that its activities are confined exclusively to operating the restaurant franchised herein;

2) Franchisee shall retain a majority or controlling interest in the transferee franchise and shall act as its principal executive officer or managing member thereof and shall provide Franchisor with written information as to each shareholder, member or partner of the corporation or other legal entity and the ownership interests of each.

3) The persons described in Section 17(c)(ii) above shall enter into Franchisor's then form of guaranty, the current form of which is attached hereto as Exhibit D.

4) Each stock certificate of the corporate franchisee (or documentation evidencing equity interest in another business entity) shall have conspicuously endorsed upon the face of it a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement; and

5) Copies of a transferee's charter documents, bylaws or other governing documents, including the resolutions of the Board of Directors, Members or other governing board, authorizing entry into this Agreement, shall be promptly furnished to Franchisor.

(c) If Franchisee (or its owners) have received and desires to accept a signed, bona fide offer from any third party to purchase Franchisee's interest in this Agreement or the Franchised Restaurant, or any interest therein, Franchisee must notify the Franchisor in writing of each such offer and all terms thereof; and Franchisor has the right and option, exercisable within thirty (30) days after actual receipt of such written notification, to give notice to Franchisee that Franchisor intends to purchase Franchisee's interest in this Agreement or the Franchised Restaurant on the same terms and conditions as offered by the third party, and closing must be made within sixty (60) days of Franchisor's notice of the exercise of its option. If Franchisor fails to exercise this option, and the terms of the offer from the third party are altered or if the transaction with the third party is not consummated and closed within six (6) months of the expiration date of Franchisor's option, the Franchisor must, in each instance, be notified in writing of the terms of the offer and has twenty (20) days again from the date of actual receipt thereof to notify the Franchisee that it intends to purchase on such terms. If the Franchisor fails to exercise this option, the transfer by the Franchisee is subject to the terms governing transfer which are provided for herein.

(d) In no event shall Franchisee make any public offer to sell, transfer, assign, lease or sublet any right hereunder through any medium of public advertising without first having complied with the conditions and terms of this Section. In addition, Franchisee may not use any of the Marks in connection with any public offer or advertisement for the sale of the Franchised Restaurant without the consent of Franchisor.

(e) Upon the death or disability of any individual Franchisee or the death of any person with an ownership interest of twenty percent (20%) or more in Franchisee (if a corporation, limited liability company, partnership, or other form of business entity), the executor, administrator or personal representatives of such person shall make application to Franchisor to transfer the decedent's interest to a third party. If Franchisor approves of the proposed transferee, the transfer must be consummated within six (6) months after the death of the decedent. Transfers by device, inheritance or pursuant to applicable laws concerning consent distribution shall be subject to all the requirements for intervivos transfers set forth in this Section. If Franchisee's legal representative fails to designate a proposed transferee who is acceptable to Franchisor within three (3) months of the death of Franchisee or the individual who controls Franchisee or fails to consummate the transfer within six (6) months of the death, Franchisor may at its option purchase the Franchised Restaurant at the fair market value, by written notice to Franchisee's legal representative of Franchisor's desire to purchase the Franchised Restaurant. If Franchisor and Franchisee's legal representatives are unable to agree upon the fair market value, the fair market value shall be determined by appraisal. In that case, the fair market value shall be determined by the decision of the majority of three (3) appraisers to be chosen as follows: Franchisor and Franchisee shall select one appraiser each; the two appraisers chosen shall select a third appraiser. Upon the determination of fair market value, Franchisor shall give written notice within ten (10) days of Franchisor's intention to consummate the purchase, and the purchase shall be consummated within thirty (30) days of such notice.

(f) Upon the death, termination of employment, proposed replacement, disability or conviction of a felony or crime involving fraud, theft, dishonesty or moral turpitude of any Designated Representative, Franchisee shall make application to Franchisor for the acceptance of a new Designated Representative, through the use of the Designated Representative Approval Form. If Franchisee fails to designate for appointment a new Designated Representative who is acceptable to Franchisor within one (1) month of the death, termination of employment or disability of the

Designated Representative, Franchisor may pursue the purchase option set forth above in Section 17(f) of this Agreement.

(g) For purposes of this Agreement, “disability” shall be defined as the inability or incapacity (either mental or physical) of the Franchisee or Designated Representative to continue to perform the essential functions necessary for the operation of the Franchised Restaurant, for a continuous period of one (1) month.

18. DEFAULT AND TERMINATION.

(a) Franchisee shall be deemed to be in default under this Agreement and all rights granted herein shall automatically terminate without notice to Franchisee if the Franchisee (or an officer, director or manager of the Franchisee), is convicted of a felony or crime involving fraud, theft, dishonesty or moral turpitude.

(b) Franchisee shall be deemed to be in default, and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder at any time during the term hereof, without affording Franchisee the opportunity to cure the default, effective immediately upon Franchisee’s receipt of notice of termination, upon the occurrence of any of the following events:

(i) Insolvency of Franchisee, an adjudication of bankruptcy against Franchisee, an assignment by Franchisee for the benefit of its creditors or the appointment of a receiver to take charge of Franchisee’s affairs.

(ii) If Franchisee ceases to operate the Franchised Restaurant or otherwise forfeits or abandons the right to operate the Franchised Restaurant.

(iii) Subject to Section 8(b) hereof, Franchisee fails to correct a deficiency described therein in the time-period determined thereby.

(iv) Any purported assignment or transfer by operation of law or otherwise, without the prior written consent of Franchisor, contrary to the terms of Section 17 of this Agreement.

(v) Any failure by Franchisee to pay in full, when due, any amounts owed to Franchisor, either as franchise fees, for the purchase of goods or otherwise within ten (10) days following written demand, therefore.

(vi) If, upon the death of an individual Franchisee, or the death of any person with an ownership interest of twenty percent (20%) or more in Franchisee (if a corporation, limited liability company, partnership, or other form of business entity), his legal representative fails to affect a transfer of his interest in this Agreement with Franchisor’s consent pursuant to Section 17(f) of this Agreement;

(vii) If Franchisee suspends operation of the Franchised Restaurant pursuant to a governmental order issued because of Franchisee’s failure to comply with safety or health statutes, regulations, rules, standards, orders or directives.

(viii) If Franchisee, having cured a default for which Franchisee received a

notice of termination under Section 18(c) of this Agreement, commits the same default again, within a period of one year after the date of such notice.

(ix) Franchisee fails to maintain the insurance coverage required by Section 12 hereof.

(x) Franchisee falsifies any reports or records it is required to provide to Franchisor under this Agreement.

(xi) Franchisee has made any material misrepresentation relating to its acquisition of the Franchised Restaurant; or

(xii) If Franchisee misuses or makes any unauthorized use of the Marks or any other identifying characteristic of the System, or otherwise materially impairs the goodwill associated therewith, or Franchisor's rights therein, such as, without limitation, by disclosing or divulging building plans and specifications, the contents of the Manual of Operations or other trade secret or confidential information provided to Franchisee by Franchisor.

(c) Except as provided in Sections 18(a) and 18(b) of this Agreement, Franchisee shall have thirty (30) days after receipt from Franchisor of a written notice of termination within which to remedy any default hereunder and provide evidence thereof to Franchisor. If any such default is not cured within that time, or such longer period applicable law may require, the Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of the thirty (30) day period or such longer period as applicable law may require. Franchisee shall be in default hereunder for any failure to comply with any of the terms of this Agreement, as it may from time to time be supplemented by the Manual of Operations or otherwise in writing. Such defaults shall include, but shall not be limited to, the occurrence of any of the following events:

(i) Franchisee fails, refuses or neglects to submit to Franchisor any financial or other information required under this Agreement.

(ii) Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement.

(iii) Franchisee defaults under any lease or sublease agreement covering the Franchised Restaurant.

(iv) Franchisee fails to comply with any provision of the Manual of Operations.

(v) Franchisee's failure to comply with any provision of this Agreement which does not otherwise provide for immediate termination; or

(vi) Franchisee is in breach of any agreement between Franchisor or its affiliates, on the one hand, and Franchisee or its affiliates, on the other.

(d) Franchisee shall pay all reasonable attorney's fees, accounting fees and court costs incurred by Franchisor in the event of default or other violation by Franchisee of this Agreement.

(e) In the event of a breach or a threatened breach of the terms of this Agreement by Franchisee, Franchisor shall, in addition to any other remedy it may have, and notwithstanding any other provision hereof, be entitled to injunctive relief restraining Franchisee from committing or continuing any breach of this Agreement, without showing or proving any actual damage sustained by Franchisor, which said injunctive relief shall include, but not be limited to, the immediate cessation of use by Franchisee of Franchisor's signs, Marks, supplies, advertising and other similar items.

(f) Prior to initiating any legal proceeding with respect to any alleged material breach of this Agreement by Franchisor, if Franchisee claims that Franchisor has failed to meet any material obligation under this Agreement, Franchisee shall provide Franchisor with written notice of the claim, specifically enumerating all alleged deficiencies and providing Franchisor with an opportunity to cure, the time period for which will be reasonable in light of the alleged deficiencies, and which will not be less, in any event, than thirty (30) days from the date of receipt of the notice by Franchisor; provided, however, that if any such failure cannot reasonably be corrected within the aforesaid thirty (30) day period, Franchisor may satisfy Franchisee's demand for cure by (1) undertaking within ten (10) days after such written notice is delivered to Franchisor and continuing after such ten (10) day time period to cure any alleged deficiency described in the notice until all commercially reasonable efforts have been exhausted; and (2) furnishing reasonable proof to Franchisee of such efforts and the date full compliance is expected to be achieved. Franchisee may not terminate this Agreement before the expiration of its term except as a result of a final and binding, unappealable judgment of a court or other tribunal finding that Franchisor materially breached this Agreement, and that Franchisee has the right to terminate this Agreement as a result of such breach.

19. EFFECT OF TERMINATION.

(a) Upon the expiration or termination of this Agreement for any reason, whether by reason of default, lapse of time, sale or other cause:

(i) All rights, privileges and licenses granted by Franchisor to Franchisee will immediately cease, be null and void, and of no further force and effect, and all such rights, privileges and licenses will immediately revert to Franchisor.

(ii) Franchisee shall immediately discontinue all use of and remove from the Franchised Restaurant all of the Marks as well as all signs, structures, furnishings and fixtures, uniforms and forms of advertising indicative of the Marks which would otherwise in any way link or associate Franchisee with Franchisor.

(iii) Franchisee will cancel any assumed name of Franchisee or equivalent registration that contains any Mark.

(iv) Franchisee shall comply with the covenants set forth in Sections 14 and 16 of this Agreement.

(v) Franchisee shall immediately return to Franchisor the Manual of Operations and all other manuals, records, files, instruction, correspondence and any and all other materials relating to the operation of the Franchised Restaurant in Franchisee's possession, and all copies thereof (all of which are acknowledged to be Franchisor's property), and shall retain no copy or record of any of the foregoing, excepting only Franchisee's copy of this Agreement and of any

correspondence between the parties, and any other documents which Franchisee reasonably needs for compliance with any provision of law;

(vi) Franchisee shall immediately pay all sums owing to Franchisor and its affiliates. In the event of termination for any default by Franchisee, such sums shall include all damages, costs and expenses, including reasonably attorneys' fees, incurred by Franchisor as a result of the default; and

(vii) Franchisee will furnish to Franchisor, within thirty (30) days after the effective date of termination or expiration of this Agreement, evidence satisfactory to Franchisor of Franchisee's compliance with the foregoing obligations.

(b) Franchisor has the right (but has no obligation) after termination of this Agreement to purchase all furniture, fixtures and equipment used by the Franchisee in the Franchised Restaurant. This option can be exercised by Franchisor by giving notice to Franchisee at any time within thirty (30) days after the purchase price for the fixtures, furniture and equipment has been determined in accordance with this Section 19(b). The cost to Franchisor for all furniture, fixtures, equipment, food, beverages and supplies purchased shall be cost or fair market value, whichever is less. Franchisor may exclude from the assets purchased under this Section 19(b) any items that are not approved as meeting its quality standards. Fair market value shall not include the value of any lease, regardless of the determination of whether the rent required thereunder is below market value. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser will be designated by Franchisor and his or her determination will be binding. If Franchisor exercises this option to purchase, Franchisor shall also purchase Franchisee's usable inventory of food, beverages and supplies. After exercising the option, Franchisor shall have the books of Franchisee audited, and will solicit all known suppliers of Franchisee to determine balances due and owing, if any. Any outstanding invoices of Franchisee shall be paid out of the proceeds of the sale to Franchisor. If Franchisor elects to exercise this option it shall also have the right to set off against all amounts due from Franchisee under this Agreement and the cost of the appraisal and audit, if any, against any payments therefore. If Franchisor or its assignee exercises this option to purchase:

(i) Franchisor will close the purchase within thirty (30) days of the purchase price having been determined.

(ii) pending the closing of such purchase as hereinabove provided, Franchisor shall have the right to appoint a manager to maintain the operation of the Franchised Restaurant. Alternatively, Franchisor may require Franchisee to close the Franchised Restaurant during such time period without removing any assets from the Franchised Restaurant.

(iii) Franchisee shall maintain in force all insurance policies until the date of closing; and

(iv) Franchisor may, at its option, assume the obligations of Franchisee under any existing lease or lease arrangement. If there are any unpaid amounts due to any landlords or others on account of such leases by Franchisee, these amounts will be deducted by Franchisor from any amounts to be paid to Franchisee and will be paid directly to the landlord or other persons.

(c) Upon termination or expiration of Franchisee's rights under this Agreement,

Franchisor may advise each authorized supplier of Franchisee that Franchisee is no longer authorized to purchase any items supplied by such supplier on the same terms and conditions afforded to authorized franchisees, if applicable, and that the sales of any items bearing the Marks to Franchisee must be immediately discontinued absent further notice from Franchisor.

(d) Franchisee acknowledges that failure to comply with the requirements of this section will cause Franchisor irreparable injury, and Franchisee hereby accordingly consents to the entry of an ex parte order to the extent permitted by applicable law by any court of competent jurisdiction for injunctive relief including an order authorizing Franchisor, its designee or agent, to enter the Franchised Restaurant formerly used by Franchisee and take such action as is authorized by this section.

(e) If Franchisee abandons or discontinues the Franchised Restaurant for any reason prior to the expiration of the term of this Agreement, Franchisee will pay to Franchisor as liquidated damages and not as a penalty, and in addition to but not in limitation of any other rights and remedies to which Franchisor is entitled, an amount equal to the sum of the average monthly Royalty Fees and the average monthly Enterprise Technology Fees due from Franchisee during the twelve months preceding the abandonment or discontinuance of the Franchised Restaurant, multiplied by the lesser of twenty-four or the number of months remaining in the term of this Agreement.

20. MISCELLANEOUS.

(a) Franchisee shall forever protect, hold harmless and indemnify Franchisor against any and all claims, demands, losses, costs (including attorneys' fees), damages, suits, judgments, penalties, expenses and liabilities of any kind and nature whatsoever arising directly or indirectly out of or in connection with the operation of the Franchised Restaurant.

(b) It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them. Franchisee shall be an independent contractor and nothing in this Agreement is intended to constitute either party, agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. During the term of this Agreement and any extensions and renewals hereof, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Restaurant pursuant to this Agreement. If required by Franchisor, Franchisee agrees to take such affirmative action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place in the Franchised Restaurant, the content of which Franchisor reserves the right to specify.

(c) This Agreement, the documents referenced herein, and the exhibits attached hereto, constitute the complete agreement between Franchisor and Franchisee concerning the subject matter hereof and supersedes all prior agreements. No representations, inducements, promises or agreements, oral or otherwise, not in the body herein shall be of any force or effect. 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.

(d) This Agreement was accepted and executed by Franchisor in Ohio. Except to the extent governed by the U.S. Trademark Act of 1946, this Agreement will be governed by and construed in accordance with the laws of the State of Ohio; provided, however that if any of the

covenants contained in Section 16 of this Agreement would not be enforceable under the laws of Ohio and the Franchised Restaurant is located outside of Ohio, then those covenants will be interpreted and construed under the laws of the state in which the Franchised Restaurant is located. Ohio law will prevail in the event of any conflict of law, except as specifically provided otherwise by any applicable state franchise investment laws, rules or regulations. If any provision of this Agreement relating to termination, non-renewal or assignment of the franchise or choice of law, jurisdiction or venue is inconsistent with any applicable state franchise investment law, rules or regulations, the applicable state law will apply. Any addendum to this Agreement required by the regulatory authorities of any state for the purpose of disclosing salient provisions of the state's law is hereby made a part hereof.

(e) Franchisee irrevocably agrees that, subject to Franchisor's sole and absolute election, any and all suits, actions or other proceedings with respect to, arising out of or in connection with this Agreement will be litigated in courts having sites within Hamilton County, Ohio. Franchisee consents and agrees that the following courts will have personal jurisdiction over Franchisee in all lawsuits relating to or arising out of this Agreement, and hereby submits to the jurisdiction of the following courts and irrevocably waives any defense Franchisee may have of lack of personal jurisdiction in any such lawsuits filed in these courts: (a) all courts included within the state court system of the State of Ohio; and (b) all courts of the United States of America sitting within the State of Ohio, including, without limitation, all United States District Courts within the State of Ohio. Franchisee consents and agrees that venue will be proper in any of the following courts in all lawsuits relating to or arising out of this Agreement and irrevocably waives any right Franchisee may have to transfer or change the venue in any such lawsuits filed in these courts: (a) the state court of the county where the Franchisor has its principal place of business (presently Hamilton County, Ohio); and (b) the United States District Court for the Southern District of Ohio, Western Division. In the event any of these courts are abolished, Franchisee agrees that venue will be proper in the state or federal court in Ohio that most closely approximates the subject matter jurisdiction of the abolished court as well as any of these courts that are not so abolished. Any and all lawsuits filed by Franchisee against Franchisor (whether in breach of the arbitration provisions of this Agreement or not) relating to or arising out of this Agreement will be required to be filed in one of these courts. Any and all lawsuits filed by Franchisor against Franchisee may be filed in any of these courts or in any court in which jurisdiction and venue are proper. In all lawsuits relating to or arising out of this Agreement, Franchisee consents and agrees that Franchisee may be served with process outside the State of Ohio in the same manner of service that may be made within the State of Ohio by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duty qualified attorney in such jurisdiction. Franchisee waives any defense it may have of insufficiency of service of process relating to such service. This method of service will not be the exclusive method of service available in such lawsuits and will be available in addition to any other method of service allowed by law.

(f) Except as expressly provided to the contrary herein, each section, paragraph, part, term and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, paragraph, part, term and/or provision herein is determined invalid and contrary to, or in conflict with any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, paragraphs, parts and/or provisions of this Agreement as may remain otherwise valid and enforceable, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, paragraphs, parts, terms and/or provisions shall be deemed not to be a part of this

Agreement. To the extent that any provision of the Agreement shall provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or nonrenewal other than in accordance with applicable law, such shall not be effective, and Franchisor shall comply with applicable law.

(g) This Agreement is binding upon and shall inure to the benefit of the parties hereto, their heirs, successors and assigns.

(h) This Agreement may be executed in counterparts, and each counterpart so executed shall be deemed an original.

(i) All references herein to gender and number shall be construed to include such other gender and number as the context may require.

(j) All captions in this Agreement are intended solely for the convenience of the parties hereto, and none shall be deemed to affect the meaning or construction of any provision hereof.

(k) Any and all notices required to be given and payments required to be made hereunder shall be in writing and made by (i) personal delivery, (ii) certified mail, postage prepaid, return receipt requested, (iii) ordinary mail, postage prepaid, (iv) overnight delivery service with proof of delivery or (v) e-mail, and addressed as follows:

Franchisor: LaRosa’s, Inc.
2334 Boudinot Avenue
Cincinnati, Ohio 45238
Attention: Michelle McMahan
email: mmcmahan@larosas.com

Franchisee: _____

Notice will be effective (x) in the case of personal delivery, certified mail or overnight delivery service, upon receipt or refusal thereof, (y) in the case of ordinary mail, forty-eight hours after deposit in the United States mail, postage prepaid, or (z) in the case of email, when actually received by the recipient.

(l) Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by Section 17 hereof, any rights or remedies under or by reason of this Agreement.

(m) No right or remedy conferred upon or reserved to Franchisor or Franchisee hereby is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but rather each shall be cumulative of every other right or remedy.

(n) Nothing herein contained shall bar Franchisor’s right to seek injunctive relief

without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to Franchisee's (i) use of the Marks; (ii) obligations upon termination or expiration of the Agreement; (iii) assignment or proposed assignment of the Franchised Restaurant, this Agreement or any ownership interest in Franchisee; (iv) disclosure of confidential information; or (v) as otherwise provided in this Agreement. Franchisor also shall be able to seek injunctive relief to prohibit any act or omission by Franchisee, its Designated Representative or employees that constitutes a violation of any applicable law, is dishonest or misleading to Franchisee's customers or to the public, or which may impair the goodwill associated with the Marks.

(o) Except with regard to Franchisee's obligations to make payments to Franchisor pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or the relationship between Franchisee and Franchisor shall be barred unless an action or proceeding is commenced within two (2) years from the date the cause of action accrues.

(p) To the fullest extent permitted by law, Franchisor and Franchisee waive any right or claim of any punitive, exemplary, incidental, indirect, special, consequential or similar damages (including, without limitation, loss of profits) against the other party and its respective officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Franchisor and Franchisee agree that in the event of a dispute, Franchisor and Franchisee shall be limited to the recovery of any actual damages sustained by them, respectively, notwithstanding anything to the contrary in this Agreement.

(q) Franchisor and Franchisee by execution of this Agreement irrevocably waive trial by jury on any action, proceeding or counterclaim, whether at law or equity, brought by either of them.

(r) If Franchisor incurs any expenses to enforce this Agreement, Franchisee will, upon demand, reimburse Franchisor for all of those expenses (including, without limitation, court costs, litigation expenses, reasonable attorney and accounting fees) incurred by Franchisor, whether or not suit is filed.

(s) All provisions of this Agreement which, by their terms, are intended to survive the termination or expiration of this Agreement (such as, by way of illustration and not limitation, the provisions relating to confidential information, indemnification, post-termination competition, and the Marks), and all provisions hereof necessary to enforce and interpret those provisions (such as, by way of illustration and not limitation, the provisions relating to injunctive relief), will survive the termination or expiration of this Agreement or the franchise granted hereunder.

21. ACKNOWLEDGEMENTS. Franchisee acknowledges that it has conducted an independent investigation of the business to be franchised hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and its success will largely depend upon the financial resources of the Franchisee and the ability of Franchisee as an independent business person. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guaranty, express or implied, as to the potential volume, profits or success of the Franchised Restaurant.

IN WITNESS WHEREOF, the parties hereto have duly executed duplicate copies of this Agreement on the day and year first above written.

LAROSA'S, INC., Franchisor

By:

Name:

Title:

FRANCHISEE:

By:

Name:

Title:

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

NOTICE OF CANCELLATION

_____ (Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, to 2334 Boudinot Avenue, Cincinnati, Ohio 45238, Attn: Michelle McMahon or send a fax to 513-347-4695 or an e-mail to mmcmahon@larosas.com, not later than midnight of _____.

I hereby cancel this transaction.

Name: _____

NOTICE OF CANCELLATION

_____ (Enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, to 2334 Boudinot Avenue, Cincinnati, Ohio 45238, Attn: Michelle McMahon or send a fax to 513-347-4695 or an e-mail to mmcmahon@larosas.com, not later than midnight of _____.

I hereby cancel this transaction.

Name: _____

EXHIBIT A

Protected Territory

[Map of franchise territory to be attached]

EXHIBIT B

Designated Representative Approval Form

DESIGNATED REPRESENTATIVE APPROVAL FORM

Franchisee seeking approval: _____

Full name of Designated Representative Nominee: _____

Address of Nominee: _____

Home phone of Nominee: _____ Other phone: _____

Email address of Nominee: _____

Date of Birth of Nominee: _____

Education of Nominee:

High School: _____ Years attended: _____

College: _____ Years attended: _____

Major(s): _____ Degree earned: _____

Other degrees: _____

Business experience:

Present employer: _____ Current position: _____

Present employer address: _____

Job description and duties: _____

May we contact current employer? Y N

If no, why? _____

Has Nominee ever been convicted of a local, state or federal crime? Y N

If yes, explain: _____

Has Nominee been named as a defendant in a civil proceeding in the past 5 years? Y N

If yes, explain: _____

Past employment:

Company: _____ Position: _____

Salary: _____ Address: _____

Explain type of business: _____

Dates of employment: _____

Company: _____ Position: _____

Salary: _____ Address: _____

Explain type of business: _____

Dates of employment: _____

Has the Nominee worked at LaRosa's in the past? Y N

If yes, where and when? _____

Business references:

Name	Address	Occupation	Phone No.
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____

Nominee's Certificate and Release:

All information provided above is true and correct to the best of my knowledge. I hereby authorize any present or former employer, person, firm, corporation, or government agency to answer any and all questions and to release for provide any information within their knowledge or records and I agree to hold any and all of them blameless and free of any liability for releasing any truthful information that is within their knowledge or records.

Nominee Signature: _____ Date: _____

EXHIBIT C

Franchisee Ownership

Name of Owner	Percentage Interest/No. of Shares, Etc.
Total (representing 100% of ownership):	

EXHIBIT D

GUARANTY OF FRANCHISE AGREEMENT

In consideration of Franchisor granting the franchise to Franchisee, the undersigned does hereby covenant and agree to and with Franchisor, its successors and assigns, that if at any time the Franchisee shall default in the payment of any obligation due under the Franchise Agreement, on the part of Franchisee to be performed, the undersigned does hereby promise and agree to pay Franchisor, its successors and assigns, such sum or sums of money as will be sufficient to make up such deficiency, and all damages that may accrue by reason of the violation or non-performance of any of the covenants of the Franchise Agreement, without requiring demand of payment or notice of any such default.

The undersigned also represents and warrants to preserve and protect the Marks and the information disclosed to the Franchisee under the Franchise Agreement.

This Guaranty is absolute and unconditional. Demand and notice of non-payment, diligence in collection and notice of acceptance of this Guaranty are hereby expressly waived.

Date: _____

Guarantor

EXHIBIT E

TO

FRANCHISE DISCLOSURE DOCUMENT

PERSONAL GUARANTY

GUARANTY OF FRANCHISE AGREEMENT

In consideration of Franchisor granting the franchise to the Franchisee, the undersigned does hereby covenant and agree to and with Franchisor, its successors and assigns, that if at any time the Franchisee shall default in the payment of any obligation due under the Franchise Agreement, on the part of Franchisee to be performed, the undersigned does hereby promise and agree to pay Franchisor, its successors, and assigns, such sum or sums of money as will be sufficient to make up such deficiency, and all damages that may accrue by reason of the violation or non-performance of any of the covenant of the Franchise Agreement, without requiring demand of payment of notice of any such default.

The undersigned also represents and warrants to preserve and protect the Marks and the information disclosed to the franchise under the Franchise Agreement.

This Guaranty is absolute and unconditional. Demand and notice of non-payment, diligence in collection and notice of acceptance of this Guaranty are hereby expressly waived.

EXHIBIT F

TO

FRANCHISE DISCLOSURE DOCUMENT

AGENTS FOR SERVICE OF PROCESS

We have designated the following as our agents to receive service of process:

Indiana

FBT INDIANA, INC. 111 Monument Circle,
Suite 4500,
Indianapolis, IN, 46204

Ohio

FBT Ohio, Inc.
301 East Fourth Street, Suite 3300
Cincinnati, OH 45202

STATE EFFECTIVE DATES

The following states 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, Utah, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

Indiana:

Exempt

(*see* Indiana Code 23-2-2.5-3(1))

ITEM 23

RECEIPT

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

IF LAROSA’S, 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.

IF LAROSA’S, 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. 20580.

We authorize the agents listed in Exhibit F to receive service of process for us. I have received a Uniform Franchise Disclosure Document dated April 10, 2024. This disclosure document included the following Exhibits:

- A. Manual of Operation Table of Contents
- B. List of Franchisees
- C. Financial Statements
- D. Franchise Agreement
- E. Personal Guaranty
- F. Agents for Service of Process

Date

Prospective Franchisee

Date

Prospective Franchisee

Date

Prospective Franchisee

You should return one copy of the signed receipt either by signing, dating, and mailing it to LaRosa’s at 2334 Boudinot Avenue, Cincinnati, Ohio 45238 or by sending a .PDF file of the signed receipt by email to mmcmahon@larosas.com. You may keep the second copy for your records.

ITEM 23

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