FRANCHISE DISCLOSURE DOCUMENT

L & L Franchise, Inc.
a Hawaii Corporation
2138 Algaroba Street
Honolulu, Hawaii 96826
Tel: (808) 951-9888
Fax: (808) 951-0888
Email: franchising@llhawaii.com
www.hawaiianbarbecue.com

L & L Franchise, Inc. offers franchises for a quick service Hawaiian and Asian-American restaurant under the trade name L & L Hawaiian Barbecue.

The total investment necessary to begin operation of an L & L Hawaiian Barbecue franchise is from $151,700 to $613,000. This includes $30,000 that must be paid to us or our affiliate. However, the initial franchise fees will vary based on the location of the restaurant and the number of locations a franchisee currently opens. The initial franchise fee for new franchisees for an L & L Hawaiian Barbecue restaurant is $30,000.00. For franchisees in the State of Hawaii, the initial franchise fee is always $30,000.00 regardless of how many restaurants the franchisee opens. However, the initial franchise fee for existing franchisees opening between two (2) and up to five (5) restaurants outside the State of Hawaii is $20,000.00 for each restaurant. In addition, the initial franchise fee for existing franchisees opening six (6) or more restaurants outside the State of Hawaii is $15,000.00 for each restaurant.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact L & L Franchise at 2138 Algaroba Street, Honolulu, Hawaii 96826, or call 808-951-9888.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as the publication entitled "A Consumer's Guide to Buying a Franchise," can help you understand how to use this disclosure document. This publication is available from the Federal Trade Commission (FTC) by contacting 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 website 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 specific to state. Ask your state agencies about them.

Date of Issuance: June 15, 2022

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 F.
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 L & L System Restaurant 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 L & L System franchisee?	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Hawaii, specifically in Honolulu. The venue of mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Honolulu, Hawaii than in your own locality.

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

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

TABLE OF CONTENTS

ITEM		PAGE
1.	The Franchisor, and any Parents, Predecessors and Affiliates	5
2.	Business Experience	9
3.	Litigation	10
4.	Bankruptcy	11
5.	Initial Fees	11
6.	Other Fees	12
7.	Estimated Initial Investment	19
8.	Restrictions on Sources of Products and Services	23
9.	Franchisee's Obligations	29
10.	Financing	31
11.	Franchisor's Assistance, Advertising, Computer Systems, and Training	31
12.	Territory	41
13.	Trademarks	43
14.	Patents, Copyrights and Proprietary Information	47
15.	Obligations to Participate in Actual Operation of the Franchised Business	49
16.	Restrictions on What the Franchisee May Sell	49
17.	Renewal, Termination, Transfer and Dispute Resolution	50
18.	Public Figures	59

19.	Financial Performance Representations	59
20.	Outlets and Franchisee Information	62
21.	Financial Statements	67
22.	Contracts	67
23.	Receipts	67

Exhibits

A	L&L FRANCHISE, INC. Franchise Agreement
A-1	State Addenda
B	Confidential Information Agreement
C	Financial Statements
D	Sample Release
E	Agencies/Agents for Service of Process
F	Current Franchisees
G	Approved Suppliers/Manufacturers
H	Personal Guaranty
I	Franchise Compliance Questionnaire
J	State Effective Dates
K	Receipts

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

For ease of reference in this disclosure document, L & L Franchise, Inc. may be referred to as "we", "us", "our" or as the "franchisor," while the person who is considering the purchase of the franchise is referred to as "you", "your," "Franchisee," or "Operator." If you are a corporation, limited liability company or partnership, certain provisions of the franchise agreement and related agreement apply to your shareholders, officers, directors, members or partners, as applicable.

Franchisor, Parent, and Affiliates

L & L Franchise, Inc. is the franchisor. We are a corporation that was incorporated in Hawaii on March 20, 1991. We maintain our principal place of business at 2138 Algaroba Street, Honolulu, Hawaii 96826. Our primary activities include offering and supporting franchises. We presently offer franchises under the trade name L & L Hawaiian Barbecue. In the past, we have offered franchises under the trade names L & L Drive-Inn, L & L Hawaiian Grill, and L & L Hawaiian Mixplate. We offered franchises for L& L Drive-Inn starting in 1991, for L & L Hawaiian Grill starting in 2006, and for L &L Hawaiian Mixplate starting in 2018, but we stopped offering franchises for these concepts in 2021. L & L Drive-Inn Restaurants are in the process of converting to the L & L Hawaiian Barbecue trademarks, and we are phasing out the use of the L & L Drive-Inn Restaurant trademarks. As of the date of this disclosure document, there are eight L & L Drive-Inn franchises in operation, three L & L Hawaiian Grill franchises in operation, two L & L Hawaiian Mixplate franchises in operation.

A franchise offered or operating with the name of L & L Hawaiian Barbecue is referred in this document as a "L & L Franchise System Restaurant" or a "Restaurant."

We, as franchisor, do not currently operate any L & L Drive-Inn, L & L Hawaiian Barbecue, L & L Hawaiian Grill, or L & L Hawaiian Mixplate restaurants. However, owners of L & L Franchise, Inc., Kwock Yum "Johnson" Kam and Eddie Flores, Jr., their families, and certain employees of L & L Franchise, Inc., have ownership interests in many of the individual L & L Drive-Inn, L & L Hawaiian Grill, L & L Hawaiian Barbecue, and L & L Hawaiian Mixplate franchisee entities or operations. In Item 19, data on these restaurants is disclosed separately and they are treated as "company-owned" Restaurants, as required under applicable franchise laws, even though we do not consider these Restaurants to be "company-owned." In Item 20, these restaurants are treated as franchised Restaurants, because our relationships with these Restaurants is substantially the same as our relationship with a typical franchisee.

We have no parents, predecessors or affiliates.

Agent for Service of Process

Our state agents are disclosed in Exhibit E.

The Business We Offer

L & L Franchise, Inc. presently offers franchises under the name L & L Hawaiian Barbecue. L & L Franchise, Inc. has offered franchises in this business since 1991.

L & L Franchise, Inc. grants franchises to operate quick-service Hawaiian and Asian-American restaurants in California and other states in the United States. L & L Franchise, Inc. also has franchises operating in Japan, and has in the past and will continue to grant franchises in other countries and jurisdictions using L & L trade names and L & L marks that operate under our business system. The business system includes a distinctive exterior and interior design, equipment system, décor, color scheme, style and facilities, signs, certain standards, specifications, confidential recipes, procedures of operation, quality and consistency standards for products, and services offered. L & L Franchise, Inc. has not conducted business in any other line of business and has not previously offered franchises in other lines of business. L & L Franchise System Restaurant customers are the general public, and L & L products are likely to be sold primarily to persons seeking a fresh meal that can be eaten onsite or served at home.

The Franchise Agreement generally grants you the right to open and operate a L & L Franchise System Restaurant specializing in selling high quality, limited and specific food items using the name L & L Hawaiian Barbecue at a single location to be mutually agreed upon. No exclusive territory or protection is granted under the Franchise Agreement.

Restaurants operating under the L & L Drive-Inn, L & L Hawaiian Grill, and L & L Hawaiian Mixplate names and trademarks are also quick service restaurants and offer food products and services reflecting multiple cultures and cuisines, including food products and services that are similar to those offered and sold at L & L Hawaiian Barbecue Restaurants. One primary difference in the L & L Mixplate concept is that it also features a buffet. Otherwise the Restaurants that operate under these names and trademarks are substantially similar.

Prior Experience

The first L & L Drive-Inn restaurant was opened in 1952 on Liliha Street in Honolulu (initially as a L & L Dairy) where the Honolulu Trolley ended its run and looped back into the heart of the downtown area. Eddie Flores initially purchased the L&L Drive-Inn business from the then operator, Yoshio Kitagawa, in 1976 as a gift to his mother and asked his friend, Johnson Kam to partner with his mother in the operation and management of L&L Drive-Inn. In 1977, Johnson Kam became the sole owner of the

business and steadily improved, developed and expanded the Hawaii local “plate lunch” culture of hearty, tasty and quick meals that incorporate favorite foods and tastes from the rich multiple cultures in Hawaii. Before long, Johnson was able to expand to four L&L Drive-Inn locations. Recognizing the potential for further expansion, Johnson Kam and Eddie Flores established L&L Franchise, Inc. in 1991, to franchise the L&L Drive-Inn and L&L Hawaiian Barbecue business thereby bringing together Johnson Kam’s operational experience and expertise and Eddie Flores’ real estate, business and marketing experience and expertise to the business. Over the years, Flores and Kam turned the business into a restaurant chain operation with multiple fixed locations.

Flores and Kam attribute their success to a decentralized system of ownership in which each restaurant is a separate legal entity and profit center, with separate ownership from L & L Franchise, Inc. Flores and Kam have recognized hard working and loyal employees by offering them the opportunity to own their own franchises.

In 1999, Flores and Kam formed a California corporation known as Puente Hills L& L, Inc. with Derryck and Elaine Tom to operate an L & L Hawaiian Barbecue restaurant at the Puente Hills Mall in the City of Industry, California. In 2000, a second L & L Hawaii Barbecue location was opened in Huntington Beach, California by Derryck and Elaine Tom under the entity name of Huntington Beach L & L, Inc. Thereafter, additional L & L Hawaiian Barbecue franchise restaurants have opened under the trade names or service marks of L & L Hawaiian Barbecue, L & L Hawaiian Grill and L & L Drive-Inn. The addresses, telephone numbers, and contact person(s) of each L & L franchisee is listed in Exhibit F to the Franchise Agreement.

General Market and Competition

The market for restaurant services is well-established but highly competitive. There are many single location, family-operated barbecue restaurants and numerous regional and national restaurant systems currently operating and/or offering franchises for barbecue style restaurants, which feature menu items similar to those offered by L & L Franchise System Restaurants. L & L Hawaiian Barbecue restaurants compete primarily against other Asian-American fast food concepts or take-out restaurants in shopping malls and strip malls selling multi-choice Asian-American meals consisting of meats marinated in various versions of teriyaki sauce. The general market for the food and products to be offered by a franchisee is the low cost, fast food, dine-in and takeout market interested in Hawaiian, Asian and ethnic food. Additionally, Restaurants will compete for the same dining dollars as other types of food service operations.

Applicable Regulations

The restaurant industry is heavily regulated. Many of the laws, rules and regulations that apply generally to business have particular applicability to restaurants. All L & L Franchise System Restaurants must comply with federal, state and local laws applicable to the operation and licensing of a restaurant business, including obtaining

all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate food service operations. Your L & L Franchise System Restaurant must also meet applicable federal, state, county, or municipal regulations, statutes, ordinances, codes, and other laws. You should consider these laws and regulations when evaluating your purchase of a franchise.

Generally, other applicable laws and regulations include tax rules, labor laws, menu labeling laws, business license requirement, laws on construction of business premises, zoning rules, requirements for parking and access, the American with Disabilities Act, federal and state civil rights and anti-discrimination law export control laws pertaining to technology, and laws on storage, preparation, packaging, labeling and sales of food to the public.

Federal and state laws affecting businesses generally include smoking restrictions, public posting of notices regarding health hazards (e.g., tobacco smoke or other carcinogens), fire safety and emergency preparedness laws, use of certain food containers, rules on use, storage and disposal of waste, insecticides and other hazardous materials, environmental laws that may impact the operation of restaurants (e.g., laws on recycling and regulating the use of certain types of containers and materials potentially harmful to the environment), and standards regarding sanitation, employee health and safety. Some areas have or are considering proposals to regulate indoor air quality. Many places have laws against smoking inside restaurants.

A new trend is state and local laws requiring posting and disclosure of nutritional information at restaurants. The Health Care Reform Bills that became law in March 2010 contain provisions that require disclosure of nutrition and calorie information in chains of more than 20 restaurants.

The U.S. Food and Drug Administration, the U.S. Department of Agricultural and state and local health departments administer and enforce regulations that govern food preparation and service and restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some state and local governments have also adopted, or are considering, proposals that would regulate indoor air quality, including the limitation of smoking tobacco products in public places such as restaurants.

Commencing in March 2020, various states and municipalities, along with guidance from the federal government have promulgated numerous emergency orders related to the COVID-19 pandemic that have impacted restaurants. Regulations require restaurant establishments to implement specific procedures with respect to the service of food and the interaction with and among customers. These regulations vary by

jurisdiction and frequently change. You must monitor and comply with all applicable regulations.

ITEM 2: BUSINESS EXPERIENCE

Founder and Director: Kwock Yum Kam

Kwock Yum Kam serves as our Founder and Director, holding these positions since 1976. He served as Chairman from 1976 until 2012. Kam now provides guidance to various L & L franchisee operations on a day-to-day basis. Kam has owned, operated, managed, and consulted with many L & L franchisee operations since 1976. In recent years, he opened and continues to manage L & L Franchise Restaurants in Washington state in Burien (April 2019).

Founder, Chairman, and Director: Eddie Flores, Jr.

Eddie Flores, Jr. is our Founder, Chairman, and Director, and has held these positions along with the position of President during his tenure that started when L & L Franchise was incorporated on March 20, 1991 in Hawaii. Flores is responsible for marketing, acquisition, and expanding the L & L operations.

Chief Executive Officer and Vice Chair: Elisia Flores

Elisia Flores has been our Chief Executive Officer and Vice Chair since July 2019. Previously, she held the positions of Vice President and Chief Financial Officer from June 2014 to July 2019.

Director of Franchising: Josie Akana

Josie Akana has been our Director of Franchising since May 2005. Previously, she held the position of Director of Marketing from January 2001 to May 2005.

Vice President and Chief Operating Officer: Andy Huang

Andy Huang has served as our Vice President and Chief Operating Officer since January 2022. He also serves as the President of Hawaii Fleet Management, LLC in Honolulu, Hawaii and has served in that role since November 2020. He previously served as the Business Development Manager at Kowa American Corporation in Honolulu, Hawaii from June 2021 until December 2021, and the Area Manager of Advantage Rent-A-Car in Honolulu, Hawaii from October 2011 until October 2020.

Director: Elaine Flores

Elaine Flores has been a Director since May 1991.

Director: Christina Kam

Christina Kam serves as a Director. Holding this position since 1976, Kam has owned, operated, managed, and consulted with many L & L franchisee operations. In recent years, she owns and manages L & L Franchise System Restaurants in Burien, Federal Way, Lakewood, Renton, Sea Tac and Tacoma in Washington.

ITEM 3: LITIGATION

Prior Actions:

NON-COMPETE ISSUES

Forum: Dispute Prevention & Resolution
Filing Date: On or about June 5, 2013
Case No.: 12-0436-M/A
Name of Action: L & L Franchise, Inc. vs Jenny H.B., Inc
Parties: L & L Franchise, Inc., Jenny HB, Inc. and Jin Hee Yun
Relationship: Franchisor
Summary: In 2013, L & L Franchise, Inc. filed suit against Jenny HB, Inc. and Jin Hee Yun for violation of the applicable non-compete provision and unpaid royalties. Jin Hee Yun applied and was accepted as a L & L franchisee. Ms. Yun eventually opened an L & L in Anchorage, Alaska at the Fifth Ave. Mall. Ms. Yun became delinquent in payment of her royalty and marketing fees. In an effort to escape collection, Ms. Yun changed the name and supposedly sold it to her son-in-law. The parties settled out-of-court in an arbitration proceeding.

CIVIL LAWSUIT

Forum: First Circuit Court of the State of Hawaii
Filing Date: September 30, 2015
Case No.: 15-1-1916-09
Name of Action: Frank H. Gaspardi vs Kwock Yum Kam, Christina Kam, Eddie Flores Jr., and L & L Franchise, Inc.
Parties: Frank H. Gaspardi, Kwock Yum Kam, Christina Kam, Eddie Flores Jr., Kwock Yum Tse Kam, Christina Choi Ha Tse Kam and L & L Franchise, Inc.
Relationship: Franchisee
Summary: In September 2015, Frank H. Gaspardi filed a civil action in the First Circuit Court of the State of Hawaii against Kwock Yum Kam, Christina Kam, Eddie Flores, Jr., and L&L Franchise, Inc. Frank H. Gaspardi obtained a judgment in California against Kwock Yum Kam with regard to a California L & L franchisee operation. Frank H. Gaspardi's action sought to effect collection on the judgment and asserts various claims that defendants have unfairly or improperly prevented his ability to effectuate payment of the judgment. The matter was settled and the action was dismissed in 2016.

AMERICAN WITH DISABILITIES ACT

Forum: Superior Court of California, County of Los Angeles
Filing Date: September 28, 2018
Case No.: EC069463
Name of Action: Perla Mageno v. L & L Franchise, Inc.
Parties: Perla Mageno and L & L Franchise, Inc.
Relationship: None
Summary: Alleging violations of California's Unruh Civil Rights Act, California Civil Code § 51. Defendant paid a nominal settlement amount. This action has been settled on January 3, 2019.

Other than these referenced actions, no litigation is required to be disclosed in this disclosure document.

ITEM 4: BANKRUPTCY

No bankruptcies are required to be disclosed in this disclosure document.

ITEM 5: INITIAL FEES

For franchisees in the State of Hawaii, the initial franchise fee is always $30,000.00 regardless of how many restaurants the franchisee opens. However, the initial franchise fee for existing franchisees opening between two (2) and up to five (5) restaurants outside the State of Hawaii is $20,000.00 for each restaurant. In addition, the initial franchise fee for existing franchisees opening six (6) or more restaurants outside the State of Hawaii is $15,000.00 for each restaurant.

The franchise fee is non-refundable and is due and fully earned by us upon the signing of the franchise agreement. If all or any portion of the initial franchise fee is not paid promptly, upon signing of the agreement, you will be required to pay interest at the rate of ten percent (10%) per annum or thereon at the highest rate authorized by the laws of the state of California.

On rare occasions, we may agree to modify the initial franchise fee under certain circumstances. Factors that may be considered in agreeing to modify the initial franchise fee can include but are not limited to the following: (1) as an inducement for existing franchisees to open additional Restaurants; (2) as an inducement for someone to take over an operating franchised restaurant; (3) as an inducement for a multi-unit franchisee to open several restaurants; (4) to allow a franchisee to have additional money to spend on store development, improvements and/or marketing during the first twelve (12) months of operation; or (5) where we consider the waiver or reduction, as the case may be, to be reasonably justified for business or legal reasons at our sole discretion. We will make the decision on the amount of any waiver or reduction on an

individual basis depending on the condition of the premises, the need for upgrades and remodeling, and the need for special incentives and/or other considerations.

ITEM 6: OTHER FEES

Type of Fee (see note 1)	Amount	Due Date	Remarks
A. Royalty Fee (see note 2)	The greater of the following: 1.5% to 4% of Net Sales (based on your geographic location, see note), or $900 per month, during initial 10 years of franchise term. In the event Operator is in default in the performance of any of the terms, conditions or obligations of Operator under the franchise agreement, Operator shall be responsible to pay Franchisor's costs and expenses incurred related to or arising out of Operator's default or a minimum additional administrative costs and expenses surcharge in the amount of twenty percent (20%) of the royalty fee or Franchisor's actual additional administrative costs and expenses, whichever is higher, until Operator's	Payable by the 10th of each month plus interest of ten percent (10%) per annum of the amount due if not paid by the 10th of such month (or the amount permitted by applicable law).	The Royalty Fee may vary depending on the geographic area where a restaurant is located and the date of the franchise agreement. Currently, the amount of this fee for franchisees on the West Coast is 3%, for franchisees east of Texas is 4%, and for Hawaii franchisees is 1.5%. "Net Sales" means all revenues excluding and after deduction of sales or excise taxes (excluding price discounts and allowances) received by Operator as payment, whether in cash or for credit (and, if for credit, whether or not payment is received therefor), for all beverages, food, and other goods, services, and supplies sold in or from each of Operator's Restaurants, and gross revenues

Type of Fee (see note 1)	Amount	Due Date	Remarks
	default is cured.		received by Operator from any other business operated at the Location (excluding revenues from any mechanical or other device, such as vending or game machines installed at the Location). Net sales shall be calculated prior to any deduction for expenses relating to the business. These royalty fees may vary depending on the geographic area where a restaurant is located and the date of their franchise agreement. In addition, some locations may be paying fees other than said amount/percentage due to hardship (e.g., COVID-19 shutdowns) and other accommodations agreed upon on a case-by-case basis. These exceptions/ accommodations are uncommon.
B. Advertising, marketing and promotion, and	The greater of the following: 1% to 2% of Net Sales (based	Same as royalty fee plus interest of fifteen percent	Same as royalty fee. These advertising, marketing, promotion

Type of Fee (see note 1)	Amount	Due Date	Remarks
convention contributions ("Advertising Fee") (see note 3)	on your geographic location in the continental United States, see note), or $300 per month. Franchisees in Hawaii pay a flat fee of $305 per month.	(10%) per annum of the amount due not paid by the 10th of such month.	and convention contributions may vary depending on the geographic area where a restaurant is located and the date of the franchise agreement. Currently, the amount of this fee for franchisees on the West Coast is 1% and for franchisees east of Texas is 2%. In addition, some locations may be paying fees other than said amount/percentage due to hardship (e.g., COVID-19 shutdowns) and other accommodations agreed upon on a case-by-case basis. These exceptions/ accommodations are uncommon.
C. Transfer (see note 4)	$7,500.00 transfer fee and Franchisor's training expenses	Before the transfer.	No fee is imposed for transfer to entity or corporation you form for convenience of ownership, if transfer is completed within 90 days of signing this franchise agreement.
D. Additional	See note 5. $3,000.00 for non-	See note 5.	Additional training may be available on

Type of Fee (see note 1)	Amount	Due Date	Remarks
Training (see note 5)	sale management transfer.		request, subject to availability.
E. Audit (see note 6)	Cost of audit plus interest (estimated range of costs: $2,000.00 to $5,000.00).	On billing	Payable only if audit shows understatement of at least 2% of Net Sales.
F. Liquidated damages	$10,000 per month and 8% of Net Sales	On demand	Payable only if you violate post-termination or post-transfer noncompete covenant
G. Insufficient Funds	At least $50.00	On demand	Pay our expenses as to non-payment, including bank fees, hourly staff charges as to this default, and any other related expenses incurred by us.
H. Insurance	The cost of the required insurance coverage	On demand	If you fail to obtain and maintain the required insurance, we may, at our option, in addition to any other rights we may have, procure such insurance without notice and you must pay the premiums and our costs in taking such action.

Note 1: Fees Generally. All fees are imposed by and payable to us. All fees are nonrefundable. Franchise operators who became Franchisee operators under earlier versions of franchise agreements were afforded a different initial and/or royalty fee. On rare occasions fees may be waived or reduced in the sole discretion of the Franchisor based on hardship and other extenuating circumstances (e.g., COVID-19).

Note 2: Royalty Fee. The Royalty Fee is currently equal to the greater of the following: (a) one and a half percent (1.5%) to four percent (4%) of Net Sales (based on your geographic location), or $900 per month. The Royalty Fee may vary depending on the geographic area where a restaurant is located and the date of the franchise agreement. Currently, the amount of this fee for franchisees on the West Coast is three percent (3%), for franchisees east of Texas is four percent (4%), and for Hawaii franchisees is one and a half percent (1.5%).

If any check or draft, electronic or otherwise, is unpaid because of insufficient funds or otherwise, then you must pay our expenses as to non-payment, including bank fees in the amount of at least fifty dollars ($50), hourly staff charges as to this default, and any other related expenses incurred by us. You must pay any sales, use or other taxes on franchise fees and advertising fees imposed by federal, state, and/or local government authorities.

Note 3: Advertising, Marketing and Promotion Contributions. The Advertising Fee for franchisees in the continental United States is currently equal to the greater of the following: (a) one percent (1%) of your Net Sales if your Restaurant is located on the West Coast or two percent (2%) of your Net Sales if your Restaurant is located east of Texas, and (b) a flat fee of $300 per month. Presently, L & L franchisees in Hawaii pay a flat monthly amount of $305.00 (subject to periodic increase).

Advertising Fee payments are in addition to and exclusive of any sums that you may decide or be required, to spend on local marketing, and promotional efforts. We have control over the creative ideas, materials, endorsements, media, placement, and allocation of monies related to use of the Advertising Fee. Some locations may be paying fees other than said amount/percentage due to hardship (e.g., COVID-19 shutdowns) and other accommodations agreed upon on a case-by-case basis. These exceptions/ accommodations are uncommon.

The Advertising Fee is used to maintain, administer, direct, prepare, research, develop and review international, national, internet, regional, and local marketing and advertising, and e-commerce materials and programs, related expenses (including salaries, accounting, collection, quality assurance, legal and other costs), and any media or agency costs and to cover our related overhead as we deem necessary. At least twenty percent (20%) of the Advertising Fee may be used by Franchisor to cover Franchisor's administrative expenses.

We are under no obligation to administer the Advertising Fee to ensure that expenditures are proportionate to contributions of our franchisees for any given market area or that any franchisee benefits directly or proportionately from the development or placement of advertising. We are not obligated to expend all or any part of the Advertising Fee during any specific time. We have control on how to spend the Advertising Fees and have no fiduciary duty with regard to the Advertising and Development Fund. See item 11 for information on how advertising contributions are used.

Note 4: Transfer of Business. If you want to sell your L & L Franchise System Restaurant by asset sale or if you want to sell, assign, transfer, convey or give away any direct or indirect interest in the Franchise Agreement or in the franchisee corporation, partnership or limited liability company, you must first give us a right of first refusal at the same price offered by any bona fide buyer. There is a nonrefundable transfer fee of $7,500.00. Any new franchisee, stockholder or assignee is subject to our approval.

Before our approval, you must deliver all essential information, including, copies of franchise agreements, leases, subleases, default letters, operational reports and other material information, to the proposed transferee, receipt of which must be confirmed in writing. In connection with any sale, transfer, assignment or conveyance of interests in a franchise restaurant where management or control is changed, you must provide to any transferee or assignee training, consultation and assistance for a minimum period of six (6) weeks to facilitate the transition of ownership and control.

Note 5: Additional Training. You may also request, or we may recommend or require, additional training on an as-needed basis. If you request or we recommend additional training, it will be in Honolulu or another location we designate. We may require you to attend additional training when and where scheduled by us. We do not charge you fees for additional training, but you must pay for your travel and living expenses during training and any associated wages and compensation for your personnel being trained.

The cost will depend, among other things, on the distance you must travel and accommodations and the compensation, if any, you promise to your personnel. In the event there is a non-sale management transfer, there will be a fee payable to L & L to cover our training expenses. In the event that you have or accomplish a transfer of management responsibility to a person who has not undergone the Franchisor's training, we may require such person to undergo training by us for which you must pay us the training fee of three thousand dollars ($3,000.00).

Note 6: Audit. We may audit your books, business records, sales reports, financial statements, and tax returns at any time. You must bear the cost of providing copies of your books, records and documents to us or our representatives. Except for the cost of providing copies, the audits will be conducted at our expense, unless it is determined that you have understated your sales by more than two percent (2%) of the Net Sales

for any reported period or periods. If you underreport Net Sales by more than two percent (2%) you must pay us for unpaid Royalty Fee and Advertising Fee payments, including accrued interest at the rate of ten percent (10%) per annum or the highest interest rate otherwise permitted by state law. You must also reimburse us for audit costs, including the charges of any independent accountant, as well as the travel expenses, room, board, and compensation of our employees incurred in connection with the audit.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amount	Method of Payment	When Due	Whether Refundable	To Whom Paid
Initial Franchise Fee (See Note 1)	$30,000	Lump sum	On signing	No	Us
Construction Cost (see Note 2)	$26,300 - $300,000	Lump sum or financed, as agreed	As arranged	No	Contractor, Suppliers
Furniture, Fixtures, Equipment, and Exterior (See Note 3)	$41,500 - $100,000	Lump sum or financed, as agreed	As arranged	No	Suppliers
Inventory (See Note 4)	$4,500 - $8,000	Lump sum or financed, as agreed Lump sum or financed, as agreed	As incurred	No	Suppliers
Rent Under Lease Arrangement (for 3 months) (see Note 5)	$9,000 - $60,000	As agreed, typically monthly	As arranged	No	Generally landlord
Security Deposit for Lease	$3,000 - $10,000	Lump sum or financed, as agreed	As arranged	As arranged	Generally Landlord
Branded Attire (See Note 6)	$200	Lump sum	As arranged	No	Supplier
Computer Equipment and Software (See Note 7)	$2,000- $3,000	Lump sum or financed, as agreed	As arranged	No	Suppliers
Insurance Costs and Deposits (for 3 Months) (including Workmen's Compensation) (see Note 8)	$6,500 - $22,800	Lump sum	As incurred	No	Insurance company
Travel and Living Expenses During Training (see Note 9)	$3,700 - $7,500 per person	Lump sum or financed, as agreed	As incurred	No	Suppliers of food, lodging and transportation

Type of Expenditure	Estimated Amount	Method of Payment	When Due	Whether Refundable	To Whom Paid
Utility Deposits (see Note 10)	$0 - $1,500	Lump sum or financed, as agreed	As incurred	Yes	Suppliers
Professional Fees (see Note 11)	$0 - $5,000	As incurred	As arranged	No	Professionals
Other Opening Costs (see Note 12)	$10,000 - $20,000	As incurred	As incurred	No	Suppliers
Additional funds (for 3 months) (see Note 13)	$15,000 - $30,000	As incurred	As incurred	No	Suppliers, cost of operation
TOTAL ESTIMATED INITIAL INVESTMENT FOR L & L RESTAURANT (see Note 14)	$151,700 - $613,000				

Note 1: Initial Fee. See Item 5 for additional information.

Note 2: Construction Cost. To convert a leased premise into an L & L Franchise System Restaurant, you must renovate the approved premises according to our Operations Manual. You must pay for these construction and renovation costs directly to a construction company that you hire. These costs may be greater if unusual renovation conditions exist.

Note 3: Furniture, Fixtures, Equipment, and Exterior. This estimate includes furniture, fixtures, food service equipment, signage and other décor items.

Note 4: Inventory. The initial inventory for each L & L Franchise System Restaurant includes meats, raw materials, dry goods, condiments, brand and non-branded products, grocery items, paper goods, and other miscellaneous items.

Note 5: Rent Under Lease Arrangement. A typical L & L Franchise System Restaurant arrange from 750 to 1,500 square feet store, but the store may vary from 500 to 2,500 square feet. Your rent for the store lease will vary depending on square footage, geographic location, type of store location (mall, food court or free-standing building) and various other factors. The terms of the lease shall be as arranged or negotiated by you and the landlord and may include an obligation to pay rent based on a percentage of gross sales. In addition, the landlord may require you, or if you are a corporate or limited liability company franchise, your controlling stockholders or members, to personally guarantee the lease.

Note 6: Branded Attire. The initial expense is for the branded attire for you and your employees. If the type of branded attire you use is removed from the list of approved uniforms, you have 60 days from receipt of written notice of such removal to discontinue use of the existing branded attire and implement the approved type branded attire.

Note 7: Computer Equipment and Software. See Item 11.

Note 8: Insurance Costs and Deposits. We require you to maintain certain insurance coverages from time to time. The lease you enter into may also require that you provide certain insurance. Insurance premiums are paid to either your insurance broker or insurance company issuing the insurance policy.

Note 9: Travel and Living Expenses During Training. For your initial training, we provide a training location, instructors and instructional material, and you pay for transportation, lodging and food for yourself, trainee, and/or your manager and any associated wages and compensation of the persons being trained. The cost will depend on the distance you must travel and the type of accommodations you choose.

Note 10: Utility Deposits. We estimate that you will need to provide deposits for utilities. The amounts of these deposits will vary depending on the policy of the utility companies, and whether any utility impact or hook-up fees are required.

Note 11: Professional Fees. You will need to hire an attorney, an accountant and other consultants to assist you in establishing your business. You should employ an attorney to protect yourself as well as an accountant and other consultants to advise you. You will pay your own legal and other expenses in connection with the review and negotiation of your lease.

Note 12: Other Opening Costs. You will also have other miscellaneous expenses involved in establishing a business. These expenses vary greatly, and we have estimated a minimum of ten thousand dollars ($10,000.00) and up to twenty thousand dollars ($20,000). They may include deposits, sales tax bonds (where required), recruiting expenses, and supply expenses. You must pay all taxes required by local, state or federal laws related to the services furnished or used in connection with the operation of L & L Franchise System Restaurant.

Note 13: Additional Funds. We also recommend that you have direct access to a minimum of ten thousand dollars ($10,000.00) for working capital during the first three (3) months of operation. You will need capital to support on-going expenses such as payroll and utilities to the extent that these costs are not covered by sales revenue. New businesses often generate negative cash flow. The amount estimated should be sufficient to cover on-going expenses during the start-up phase of the business, which we assume to be 3 months. This is only an estimate however, and there is no assurance that additional working capital will not be necessary during or after this start-up phase. This item does not include any salary or reimbursement of personal expenses paid to you. In addition, government agencies may require renovation of restaurants and installation and maintenance of personal protective equipment due to COVID-19. You must comply with all applicable government mandates.

Note 14: There could be other factors not listed that may affect your initial investment. If your expenses exceed the high amounts in one (1) or more categories your total investment could exceed the high estimate. These estimates do not provide for costs of financing. We have relied on our executives' years of franchising experience, primarily in Hawaii, in preparing these figures. You should contact our franchisees listed in Exhibit "F" and review these figures carefully with a business advisor before making any decision to purchase the franchise.

These figures represent our estimates based upon our experience and the experience of our franchisees. We do not guarantee that you will not have additional and different expenses than those we have identified in this table. Your actual costs will depend upon many factors, including, how well you follow our directions and suggestions, your business skill and experience, local economic conditions, the local market for your products, the location and condition of your L & L Franchise System Restaurant, the

prevailing wage rates, competition and your sales levels during the initial period. You should review the figures carefully with a business advisor before making any decision to purchase the L & L Franchise System Restaurant or make any expenditures.

You should understand that entry into any business venture necessarily involves some unavoidable risk of loss or failure and that the purchase of a Franchise System Restaurant is a speculative investment. Unforeseen circumstances or expenses may require significant investment beyond that outlined in this disclosure document and may be required to succeed. There is no guaranty against possible loss or failure and the most important factors in the success of a Franchise System Restaurant are your business, marketing, administrative, judgment, operational and other skills.

Any fees paid to us are not refundable except as otherwise specifically noted herein. Amounts paid to any third parties may be refundable, depending upon the contracts between them and you.

We do not finance any of these initial expenses. The availability and terms of financing will depend on various factors including the availability of financing generally, your credit worthiness, security available to you, lending institution policies concerning the type of business to be operated by you, and other comparable elements.

All fees and expenses paid to and/or imposed by Franchisor are non-refundable except as otherwise specifically noted herein.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases

It is essential that the L & L products and to the preservation and promotion of our reputation and acceptance by the public that uniform standards of quality, taste, and food appearance are maintained; that uniform types of food are offered; and that cartons and other paper goods displaying our commercial symbols are of uniform size, quality, texture, absorbency, strength, finish and appearance. Therefore, you will at all times dispense, serve, sell or offer for sale to the public only articles, foods and other products that meet the specifications and standards that we periodically designate in writing. You are required to obtain all food products from us or our affiliates or sources we approve and according to our specifications.

We will lend to you a copy of the L & L Operations Manual ("Operations Manual"). Periodically, we may reasonably amend the Operations Manual, including changes that may affect minimum requirements for your franchise operations. You will strictly follow the requirements of the Operations Manual, including amendments we make to it periodically. You will carry out immediately all changes at your cost, unless we otherwise specify, and we do not limit or cap these expenses in any way. We may designate your business format and sales and distribution guidelines, as specified

periodically in the Operations Manual. The Operations Manual is confidential and our exclusive property.

The Operations Manual may contain lists of approved sources, suppliers, recipes, menu requirements specification, standards, operating procedures, accounting and bookkeeping methods, marketing ideas, artwork, distribution techniques, advertising layouts, product specifications, operation requirements, public relations guidelines and other rules that we may prescribe. As of the issuance date of this disclosure document, neither we nor an affiliate is an approved supplier of any required items.

With advance written notice, you may request our approval to obtain products, equipment, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards, as established periodically. These specifications and standards will relate to quality, taste, durability, value, cleanliness, texture, composition, strength, finish and appearance, and the supplier's capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation, as well as volume commitments we may have entered into with specific suppliers. We may require that samples from any supplier be delivered to a designated independent laboratory for testing before approval and use. You will reimburse us for the actual cost of the tests. We may license any supplier that can meet our requirements and standards, for a reasonable license fee. Our confidential specifications, recipes, requirements, designs, system and formulas will be revealed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy, competent, and reputable; has the capacity to consistently follow our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We will notify you in writing of the approval or disapproval of any supplier you propose. We will complete our product review and approval process within sixty (60) to ninety (90) days after we receive all required information about the product or supplier being considered.

We or our agents may inspect any proposed or approved manufacturer's, contractor's supplier's or distributor's facilities and products. If we find from any inspection that a manufacturer, contractor, supplier or distributor fails to meet our standards, we may disapprove the manufacturer, contractor supplier or distributor.

There are no suppliers in which one of our officers owns a material interest. Except as provided below, neither we nor our affiliates currently sell or lease any inventory, materials or supplier to our franchisees

We may require you to participate in a restaurant value card, gift card or gift certificate program, apply with the applicable government entity to accept electronic benefit transfer cards or food stamps and to accept credit and debit cards.

We may negotiate purchase arrangements with approved suppliers for the benefit of our franchisees. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of approved suppliers or purchases of particular products or services.

You may be required to purchase other goods (such as lettuce, tomatoes), supplies (such as cleaning products), inventory and services (such as Internet services), and all point of sale (POS) computer hardware and software, only if they meet our specifications. At times, vendors, suppliers, manufacturers and distributors pay or offer rebates, incentives and payments (sometimes called by other terms such as flex fund, marketing fund, etc.) relating to sales of goods, supplies, inventory services, computer hardware and software to the several or many L & L Franchise System Restaurant in a geographical or territorial market. The rebates, incentives and payments are based upon formulas and policies which can change but often they are based on a percentage paid based upon volume or quantity of purchases. All rebates, incentives and payments, however denominated, shall accrue and be payable for the benefit of us and shall not be shared or distributed to you.

Due to COVID-19, the availability of supplies and inventory may vary and may be subject to disruption. Franchisor may require acceptable substitutes.

L & L Franchise, Inc. is an approved supplier and franchisees may purchase from L & L Franchise, Inc. advertising, promotional and logo items such as hats, t-shirts, branded attirepictures, surfboards, tip jars, posters and similar items.

Equipment, Fixtures and Signs

You must purchase and install, at your expense, all equipment (including Clover point-of-sale ("POS") recording systems supported by FISERV and computer software) fixtures, furnishings, decor, and signs from approved suppliers. You must not install or permit to be installed at your L & L Franchise System Restaurant, without our written consent, any equipment, fixtures, furnishings, decor, signs or other items not previously approved by Franchisor in writing as meeting our specifications. You may purchase these items from approved suppliers or from any other supplier that can provide items previously approved as meeting our specifications. In some situations, certain comparable brands of equipment may be acceptable, subject to our written approval. Article 22, Section 22.2 of the Franchise Agreement provides for a forty-five (45) day time period for approvals.

From time to time, your Restaurant may need a cosmetic improvement or equipment change or addition in order to comply with the Manuals and/or to maintain proper operations and an aesthetic or refreshed appearance and professional image. Accordingly, Franchisor may require remodeling and renovation, and modifications to existing equipment and improvements as is reasonably necessary. Franchisor shall not

require any such work at a particular System Restaurant less than three (3) years after the opening of the System Restaurant except: (1) for additional equipment if new food preparation methods or products are developed and authorized by Franchisor; (2) if repairs or repainting are necessary to maintain the appearance of the interior and exterior of the Location in a clean and orderly condition satisfactory to Franchisor; or (3) upon the sale of the Operator's System Restaurant. Within ninety (90) days after receipt of written notice, Operator shall fully implement and complete such changes to its System Restaurant operating under this Agreement.

In addition, government agencies may require renovation of restaurants and installation and maintenance of personal protective equipment due to COVID-19. You must comply with all applicable government mandates including but not limited to state, federal, and municipal agencies.

Goods, Supplies, Inventory and Services, and Computer Hardware and Software

We negotiate purchase arrangements with distributors and manufacturers, including price terms, for the benefit of franchisees and the entire L & L Franchise System. You must purchase food products, goods, and certain supplies (such as printed paper goods), inventory and services (including the Clover POS system software supported by FISERV) and non-cash payment suppliers for your L & L Franchise System Restaurant only from our approved suppliers (See Exhibit "G"). Procedures for approval of other suppliers and manufacturers are described in the franchise agreement. (See section 8.2.2 and 8.3.2 of the Franchise Agreement). Under those provisions, the proposed distributor or manufacturer must pay to Franchisor all of the reasonable costs related to Franchisor's review and inspection costs. You must purchase other goods (such as lettuce, tomatoes), supplies (such as cleaning products), inventory and services (such as Internet services), and all computer hardware and software, only if they meet our specifications. Some vendors, suppliers, manufacturers and distributors pay or offer rebates, incentives and payments (sometimes called by other terms such as flex fund, marketing fund, etc.) relating to sales of goods, supplies, inventory services, computer hardware and software to the several or many L & L Franchise System Restaurants in a geographical or territorial market. All rebates, incentives and payments, however denominated, shall accrue and be payable for the benefit of us and shall not be shared or distributed to you.

These rebates, incentives and payments are based upon formulas and policies which can change but often they are based on a percentage paid based upon volume or quantity of purchases. In 2021, L & L Franchise, Inc. received approximately $3,336.00 from Love's Bakery; $27,660.00 from Yamasa; $18,161.00 from J.R. Simplot; $5,744.00 from Cherry Co.; $11,844.45 from First Data; $16,330 from Hosoda Brothers; $2,982.00 from Palama Holdings, LLC; $4,516.00 from Fiserv; and $540,468.00 in Pepsi Cola rebates, incentives and payments, totaling $631,041.45. All such payments go directly to L & L Franchise, Inc. and are retained by us for our use at our sole discretion. For the fiscal year ending 12/31/2021, such rebates, incentives and

payments constituted approximately 10% of L & L Franchise, Inc.'s total revenue of $5,038,198.

In addition to such rebates, incentives, and payments, L & L Franchise, Inc. received the following amounts that were used to plan and host the 2021 annual L & L Franchise Convention to which all franchisees are invited at no cost (ground transportation not included): $22,214.00 from Certi-Fresh and $22,238.00 from Cargill.

Upgrades, Refurbishments, Renovations, and Installation of Personal Protective Equipment Due to COVID-19

If we require any changes or modifications to your premises, fixtures, furnishings or equipment, because of disrepair or inadequate maintenance you must do so at your sole expense, within the time that we reasonably require. In addition, government agencies may require renovation of restaurants and installation and maintenance of personal protective equipment due to COVID-19. You must comply with all applicable government mandates.

Required and Approved Suppliers

The maintenance of uniformity of taste, quality and consistency is important to the Franchisor and Franchisees. For that reason, certain items of supplies, raw materials and food products must be purchased from approved distributors. The following items must be purchased from approved distributors we designate and are not subject to alternate distributors.

(1) All branded products that bear the L & L service mark or trademark. You must purchase, display and sell all branded products we authorize for sale.

(2) We have entered into an agreement with Pepsi Cola Company to be the only approved fountain service beverage supplier to the L & L Franchise System Restaurant. You must use Pepsi Cola fountain service products we authorize and no other beverages unless we approve them in writing. You must also purchase branded cups bearing the L & L logo only through L & L's approved cup distributor and no other unless we approve such other distributor in writing. L & L reserves the right to change approved distributors from time to time.

(3) If we establish regional or national purchasing programs for any raw material which may benefit you by food consistency and uniformity, reduced price, lower labor costs, production of improved authorized products, increased reliability in supply, improved distribution, raw material cost control, improved operations or other tangible means, you must participate in the programs. Presently, you must use the following: Pepsi Cola fountain service products, Keoki's (lau lau), J.R. Simplot (French fries), Best Foods/Hellmann's (mayonnaise), Hormel (canned or processed meat products), Unilever's Caldo de Pollo (chicken broth), Cargill

Foods (readymade hamburger patties), McCormick (spices, extracts, food colors), Sun Noodle (ramen style noodles and soup base), Pasta Montana (elbow macaroni), Yamasa (soy sauce), Hawaiian Sun (Hawaiian juice drinks), Farmer's Rice Cooperative (rice), (L & L t-shirt logo bags), Lollicup (L & L logo cups), United Foods International (marinades), Certi-Fresh (breaded shrimp), Upper Crust Enterprises (breading), Loyalty Plant (mobile services), FISERV (merchant services and Clover Point of Sales System), Jolt Software (Operations platform), Frymaster (fryer kitchen equipment), and Wolf (flat griddle kitchen equipment).L & L reserves the right to change such approved distributors from time to time.

L & L Franchise, Inc. estimates that supplies, raw materials and products required to be purchased from approved suppliers comprise approximately 25% of all supplies, raw materials and products purchased by a Franchisee in establishing and operating the Restaurant.

A Franchisee's use of designated or approved suppliers is a condition of the franchise agreement which benefits all franchisees and the Franchisor through the maintenance of standardized product quality and customer satisfaction.

L & L Franchise, Inc. does not own any material interest in any supplier. The Franchisor nor its affiliates do not derive any revenue or other material consideration from the required purchase or leases. Except for the rebates, incentives and payments discussed above.

Approval of Alternative Suppliers

We only approve authorized distributors who demonstrate to our continuing reasonable satisfaction of the followings: (1) ability to meet our then-current specifications; (2) who possesses adequate quality controls and capacity to supply your and all other L & L franchisees' needs promptly and reliably; (3) who demonstrate the ability and willingness to work with us to provide the assistance needed by the franchisees in the region of distribution; (4) who agree to distribute all authorized L & L products; and (5) who comply with our reasonable requirements. (A 45-day approval period is provided in section 22.2 of the Franchise Agreement, but this period may be adjusted due to extenuating circumstances like COVID-19).

Due to COVID-19, the availability of supplies and inventory may vary and may be subject to disruption. Franchisor may specify acceptable substitutes.

If you want to purchase any items from an unapproved distributor, you must first submit a written request for approval to us. Please send your request to L & L Franchise, Inc. 2138 Algaroba Street, Honolulu, Hawaii 96826 accompanied by a similar written request for approval from the proposed distributor. We have no written approval criteria. We reserve the right at our option and at the sole expense of the distributor

paid in advance to inspect, evaluate and test the facilities, equipment, and raw materials of any distributor, at any time, and to revoke our approval if the distributor fails to continue to meet any of our criteria. We are not required to approve any distributor.

Appearance

From time to time, Operator's System Restaurant may need a cosmetic improvement or equipment change or addition in order to comply with the Manuals and/or to maintain proper operations and an aesthetic or refreshed appearance and professional image. Accordingly, Franchisor may require remodeling and renovation, and modifications to existing equipment and improvements as is reasonably necessary. Franchisor shall not require any such work at a particular System Restaurant less than three (3) years after the opening of the System Restaurant except: (1) for additional equipment if new food preparation methods or products are developed and authorized by Franchisor; (2) if repairs or repainting are necessary to maintain the appearance of the interior and exterior of the Location in a clean and orderly condition satisfactory to Franchisor; or (3) upon the sale of the Operator's System Restaurant. Within ninety (90) days after receipt of written notice, Operator shall fully implement and complete such changes to its System Restaurant operating under the Franchise Agreement.

Architect

One architect that we recommend is Gary Wang & Associates, Inc., 1000 Corporate Center Drive, Suite 550, Monterey Park, California 91754. You are not required to work with Mr. Wang. If you would like to work with Mr. Wang, please contact him directly at (626) 288-6898.

ITEM 9: FRANCHISEE'S OBLIGATION

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

Obligation	Section of Franchise Agreement	Item in Disclosure Document
Site selection and acquisition/lease	Articles 1, 2	Item 11
Pre-opening purchases/leases	Articles 1, 2, 4, 5, 8, 17	Items 7, 8, 11
Site development and other pre-opening requirements	Articles 1, 2, 3, 4	Items 6, 7, 8, 16

Obligation	Section of Franchise Agreement	Item in Disclosure Document
Initial and ongoing training	Articles 3, 14	Items 6, 7, 11
Opening	Articles 2, 5	Items 7, 11
Fees	Articles 1, 3, 6, 9, 14, 15, 23	Items 5, 6, 11
Compliance with standards and policies/Operation Manual	Articles 3, 4, 5, 8, 9, 13, 19	Items 8, 14
Trademarks and proprietary information	Articles 2, 7	Item 14
Restrictions on products/services offered	Articles 5, 8	Items 8, 16
Warranty and customer service requirements	Articles 3, 4, 5	Item 16
Territorial development and sales quotas	None	Item 12
Ongoing product/service purchases	Article 8	Items 8, 16
Maintenance, appearance and remodeling requirements	Articles 4, 5	Item 7
Insurance	Article 17	Item 7
Advertising	Articles 6, 11	Items 7, 11
Indemnification	Articles 14, 17	None
Owner's participation, management, and staffing	Articles 10, 11	Items 14, 15
Records and reports	Articles 9, 12, 19	None
Inspections and audits	Articles 5, 9	Item 6

Obligation	Section of Franchise Agreement	Item in Disclosure Document
Transfers	Article 14	Item 6, Note 4
Renewal	Article 15	Items 6, 17
Post-termination obligations	Articles 4, 10, 11, 15, 16	Items 14, 17
Non-competition covenants	Article 10	Item 17
Dispute resolution	Articles 15, 21	Item 17
Other: Guaranty of franchisee obligations	Exhibit H	

Note: The lease(s) entered into by and between you as lessee and the lessor(s) will create additional obligations for you.

If you are a business entity, each person who owns or later acquires twenty percent (20%) or more of your equity or voting interests must sign our Personal Guaranty (Exhibit H) agreeing to jointly and severally personally guaranty the entity's obligations to us under all contracts with us. Owners with twenty percent (20%) interest or more who have a spouse must execute the Personal Guaranty.

ITEM 10: FINANCING

L & L Franchise, Inc. does not offer financing. L & L will not guarantee your note, lease or other obligations.

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

Except as disclosed below, L & L Franchise, Inc. is not required to provide you with any assistance.

Pre-Opening Assistance

Before you open for business:

1. You must locate the proposed location for your L & L Franchise System Restaurant. We will approve the proposed location if the proposed location meets our standards. (See Article 1, Page 7-8 of the franchise agreement). (Section 22.2, sets forth a forty-five (45) day time period for approvals from us).

2. We will lend you one copy of our operation manual that contains mandatory and suggested specifications, standards and procedures. This manual is confidential and remains our property. The current table of contents is as follows:

	TOPIC	PAGE NOS.
1.	Introduction	3-16
2.	Corporate Directory	17-19
3.	Pre-Opening	20-33
4.	Design Guideline/Menu Board	34-37
5.	Recipe/Menu Compliance	38-44
6.	Food Safety/Preparation	45-64
7.	Staffing Guidelines	65-76
8.	Restaurant Security	77-102
9.	Financial/Accounting Controls	103-107
10.	Reporting Requirements/POS System/Gift Card	108-111
11.	Marketing/Customer Service	112-136
12.	Merchandise	137-138

3. We will provide standard decor and design standards in the Operations Manual or by separate document to you to modify and conform to our approved location by your architect or contractor. You must pay the cost of the construction and remodeling. (See Article 2 of the Franchise Agreement.)

4. We may in our sole discretion periodically revise the Operations Manual or the Standard Décor and design standards, as needed, to incorporate new developments and changes applicable to your L & L Franchise System Restaurant and will provide you a copy of or electronic access to such revisions.

5. We will train you and your manager. We do not charge for the training, but you must pay for transportation, accommodation, and food costs for you and/or your manager and any associated wages and compensation for the persons being trained. Training occurs in Honolulu or location designated by us. (See Article 3 of the Franchise Agreement.)

6. We are not obligated to provide any other supervision, assistance or service before the opening of your L & L Franchise System Restaurant. (See Article 18 of the Franchise Agreement.)

7. You have twelve (12) months to open a proposed site for your franchise, including signing a lease or otherwise securing a site, which must be approved by L & L Franchise. If you do not open your store for business within twelve (12) months of the date of your franchise agreement, we can terminate the franchise, and keep all fees paid. In extenuating circumstances, we may grant a limited extension at our sole discretion. Unless you obtain an extension from us, you

have twelve (12) months from the date of the Franchise Agreement to open for business. If you fail to open for business within this time frame, we can terminate the Franchise Agreement and keep all fees paid at our discretion.

Post-Opening Assistance

During the operation of the L & L Franchise System Restaurant, we will provide the following assistance and service to you.

1. We will reasonably advise you at no additional cost on operational or financial problems you encounter after you send us a notice in certified mail. At our sole discretion, this assistance will occur in Honolulu, Hawaii or in another location we designate and at times we determine. This does not mean that we will act as anything but a business consultant and advisor to you after the opening of your L & L Franchise System Restaurant.

2. We will administer the advertising, marketing, promotion and convention programs. We will aggregate advertising contributions at times until sufficient revenues are accumulated to begin or complete advertising or marketing, promotion and convention programs. We will consider the advice and suggestions from advertising and marketing staff or outside marketing and/or advertising agencies but, ultimately, the use and expenditure of advertising funds are subject to our sole discretion. (See Article 6 of the Franchise Agreement.)

3. We are not obligated by the franchise agreement or any other agreement to provide any other supervision, assistance or service for the ongoing operation or your L & L Franchise System Restaurant. However, we may provide other voluntary services that may be modified, supplemented or discontinued at our sole discretion. The provision of voluntary services or support will not amend your franchise agreement or our obligations. Any modifications of, amendments of or change in your franchise agreement must be reflected in a written document executed by you and our authorized officers. No verbal agreement or course of conduct will be considered to be an amendment or modification of the franchise agreement whether by common case, statutory or any other theory of law or practice. Any obligation imposed on us by the franchise agreement may, as we specify in writing, be performed by any of our designees, employees or other authorized entities.

Advertising

No design, advertisement, sign or form of publicity, including form, color, number, location and size, may be used by you unless the proposed advertisement has first been submitted to us and approved in writing by us (except prices). You must send your written request for approval to Marketing Department, and we will respond within thirty (30) days of receipt of your request. You may use advertising we have supplied or

promotional items we have approved, without obtaining further approval for use. On written notice from us, you must discontinue and/or remove any objectionable advertising materials.

The Franchise Agreement requires each franchisee to pay either a portion of their net sales or a flat fee for an advertising, marketing and promotion contribution, which we refer to as the Advertising Fee. Franchisees in different states, regions or countries pay different amounts or rates toward an advertising, marketing and promotion contribution. Net Sales means all revenue from operations of the restaurant regardless of the source of revenue, except taxes, allowance and discounts. Net sales shall be calculated prior to any deduction for expenses relating to the business.

You may not pay the same percentage contribution rate as other L & L Franchise System Franchisees depending on when you first became a franchisee and your location. Fees may also vary due to accommodations/exceptions agreed upon by the parties as a result of unforeseen hardship (e.g., COVID-19 shutdowns) on a case-by-case basis. These exceptions/ accommodations are uncommon.

Contributions from franchisees are segregated into advertising, marketing and promotion funds for different states, regions or countries as follows:

1. Hawaii
2. Continental United States
3. Japan and International

As provided in item 6, you must pay one or two percent (1% or 2%) of your net sales to us as advertising, marketing and promotion contributions, which funds will be expended by us in our discretion and deposited into a separate advertising account we control (with other advertising collections). Currently, the amount of this fee for franchisees on the West Coast is 1% and for franchisees east of Texas it is 2%. These percentages ar esubject to a $300 per month minimum flat fee. Presently, L & L franchisees in Hawaii pay a flat monthly amount of $305.00 (subject to periodic increase).

We may authorize expenditure for the cost or purchase of media time or space, producing media materials (whether they be for radio, television, newspapers, social media, or store-level materials like flyers, posters, etc.) and paying for administrative, advertising, planning, marketing, promotion of or by our own advertising personnel, and/or for third party agencies or consultants and for our use to organize and conduct periodic meetings or conventions on a regional or system-wide basis (including the payment, in whole or in part of transportation and/or lodging costs of the Franchisor's staff and representatives and Franchisee representatives).

Advertising, promotion or marketing may be on television, radio, Internet, social media, newspaper, magazines, direct mail, flyers, posters, brochures, coupons or similar

media. The coverage of the media may be local, regional or national. We may prepare advertisements, marketing and promotional material and publicity in-house or may use regional or national advertising agencies to prepare the materials.

We are not obligated to contribute any amount to any national or local advertising funds or programs. There shall be no requirements that we must spend any amount of advertising, in any particular area or territory where your purchase is located. We may use the Advertising Fee to maintain, administer, direct, prepare, and review national, regional, or local advertising materials and programs, including point-of-purchase programs, as we deem proper. We are under no obligation to administer the Advertising Fee to ensure that expenditures are proportionate to contributions of franchisees for any given market area or that any franchise benefits directly or proportionately from the development or placement of advertising. We will not be obligated to expend all or any part of the Advertising Fees we receive during any specific period. We control how to spend the Advertising Fee, and have no fiduciary duty with regard to the Advertising Fund. The use and expenditure of the advertising contribution shall be at our sole discretion. If any part of the advertising contribution is not spent in the fiscal year in which advertising contribution accrues, we may utilize the advertising contribution in any other fiscal year in our sole discretion. You will not receive any periodic accounting of how advertising contributions are spent.

We will prepare unaudited annual statements showing how advertising contributions have been expended. These statements will be given to you on written request.

At our sole discretion, the advertising, marketing and promotion contributions may be used toward expenses of planning and conducting periodic L & L conferences and/or meetings of the Franchisor and groups or all of the Franchisee. We reserve the right to add tag lines to advertising or marketing indicating that franchises are available and giving contact information. We are not required to spend any amount of the advertising contributions on advertising or promotions in your area. Other than reimbursement for reasonable costs and overhead incurred in administering and expending the advertising contributions, neither we nor any affiliate will receive any payment for providing services or products related to these activities. If any contributions, including any associated interest earnings, are not spent in the fiscal year in which they accrue, they will be kept for use in later years.

You will use the advertising materials that we provide or approve. You may not embark upon advertising in any media without our written approval of the media. We may choose to direct or control use of social media sites and other forms of electronic communication.

We may provide other supervisions, assistance, or services, although the Franchise Agreement or other related agreements do not bind us to do so. These may include advertising materials, literature, additional assistance in training, secret shopper programs, promotional materials, bulletins on new food products, merchandise, and

new sales and marketing developments, techniques, frequency of purchase programs, point-of-purchase materials, gift cards or certificates and loyal customer programs.

At least 20% of the marketing/advertising fund comprised exclusively of marketing paid by franchisees may be used for administrative expenses to defray Franchisor's expenses relating to staff dedicated to marketing and for materials and supplies (e.g., office expenses). The remaining portion of the marketing and advertising fund is to be spent on production, consulting fees, and the actual cost of advertising. No part of the advertising contributions is to be used for advertising that is principally a solicitation for the sale of franchises. In 2021, the Advertising Fund was used for the following: production (4%), media placement (69%), administration (20%), and other (7%).

Selection of Location

If, at the time the franchise agreement is signed, you have not located, and we have not approved, a site for your L & L Franchise System Restaurant, you must locate a suitable site, subject to our approval. You must submit to us, in the form we specify, a completed site review form, and any other information or materials we reasonably require. We have thirty (30) days, or any longer time that is required after we receive the information and materials from you to approve or disapprove the site for your L & L Franchise System Restaurant. We will approve or disapprove the site after an analysis of the site, taking into consideration the proposed rental, population mixture, geographic area, including vehicular traffic, business and industry, climate and applicable business hours, and any other facet of particular location that would affect the possibilities of success or failure. You must make the final decision on acceptance or rejection of any site, and this acceptance or rejection is your business risk.

The franchise agreement will remain in effect until you locate an acceptable site for your L & L Franchise System Restaurant. The franchise agreement will, however, remain valid and may be transferred with our prior written consent to another location owned by you. In the event that you have not commenced operations of a L & L Franchise System Restaurant at a site acceptable to you and approved by us within twelve (12) months from the time the Franchise Agreement is signed, any and all of your rights to open and operate a L & L Franchise System Restaurant shall expire, unless you obtain our approval due to extenuating circumstances. In the event an extension of the twelve (12) month period is not obtained, the Franchisor may retain part or all of the initial thirty thousand dollars ($30,000.00) franchise free in its sole discretion. All of the Franchisor's rights under the Franchise Agreement, and Confidential Information Agreement, and Guarantys including but not limited to Article 4 (Confidential Manuals), Article 10 (Covenant regarding other business interests) and Article 11 (Interference with Employment Relations) shall remain binding upon you and all guarantors.

Opening the Franchise Business

We estimate that a typical length of time between the signing the franchise agreement and the opening of a L & L Franchise System Restaurant will be four (4) to twelve (12) months. The procurement of an approved site cannot be estimated, as the time period can vary due to your financial condition, your real estate needs, and the availability of suitable sites in the desired market. Once a site is approved, you will need to negotiate and obtain a lease, obtain architectural and other building plans and procure necessary licenses from local governmental authorities. This projected time may change due to various reasons, including but not limited to zoning and local ordinances, contractor performance, architect or engineering issues, weather conditions, shortages, or delayed installation of equipment, fixtures or signs.

You must commence operations of your L & L Franchise System Restaurant within twelve (12) months after signing a lease approved by L & L Corporate Office and no later than thirty (30) days following substantial completion of the renovation and equipment installation at your approved location. You may not open your L & L Franchise System Restaurant until: (1) we approve the site; (2) we approve the restaurant as developed according to our specifications and design; (3) pre-opening training has been completed to our satisfaction; (4) the initial franchise fee and all other amounts then due to us have been paid; and (5) you have provided to us copies of all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we request. You must give us ten (10) days written notice prior to commencing operations. Your royalty fee and advertising payments will begin when your L & L Franchise System Restaurant opens. We require you to maintain certain insurance coverages from time to time, which currently includes the following:

- insurance on your inventory, fixtures, furniture, equipment, improvements, betterments, and wares in an amount equal to not less than the full replacement cost thereof with coverage against the perils of fire and standard extended coverage, including malicious mischief and burglary;

- commercial general liability and property damage insurance, including personal injury liability, contractual liability, products and completed operations, public liability, employer's liability, and tenant's liability, with coverage of not less than $3,000,000 for any one occurrence and such greater amount as we may specify; plus excess liability umbrella coverage for the general liability coverages in an amount of not less than $5,000,000 per occurrence and in the aggregate;

- business interruption insurance in such amount as will reimburse you for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent restaurant owners, or attributable to prevention of access to the premises, with coverage for a period of interruption of 180 days and such longer period as may be specified by us;

- tenant's liability insurance;

- such other insurance as required by law, including Workers' Compensation Insurance in such amounts as prescribed by statute; and

- data privacy/cyber liability insurance, including first party coverage (forensics investigation, notification, credit monitoring, loss of business income, crisis management) and third party coverage, with coverage limits of no less than $250,000 per occurrence and aggregate.

You must also obtain such other insurance coverage as reasonably required by us or your landlord.

Our Training Programs

Before opening of your L & L Franchise System Restaurant, you or your manager must attend and complete to our satisfaction, our initial training program for franchisees. Training must be completed at least one (1) month before opening. You must pay for your employees' wages, compensation, travel and living expenses during the training program but will not be charged any tuition for the training program. We will attempt to schedule the training so as not to inconvenience you. However, the availability of the training instructors and the schedule of the L & L training program will control. The initial training program is currently scheduled as needed.

Our Franchisor manager in charge of training is Andy Huang. He oversees all aspects of the daily operations of the franchise including development, franchise retention, human resources, purchasing, compliance, and training. He started working for L & L Franchise Inc. in January 2022. He has 20 years of hospitality and restaurant experience with over 15 years in senior operation management roles

The initial training program may involve up to four (4) weeks of classroom instruction and on-the-job training at our corporate office in Honolulu, Hawaii and a L & L Franchise System Restaurant in Honolulu, Hawaii or in another area we designate. At our sole discretion, we may waive or shorten the initial training requirement if you successfully complete a skills and competency test. The initial training program is also mandatory if there is an ownership change of twenty percent (20%) or more of the ownership interest in your L & L Franchise System Restaurant. You may request or we may recommend or require, additional training. If you request or we recommend additional training, it will be in Honolulu or in another location we designate, when scheduled by us. We may require you to attend additional training if, when and where scheduled by us. We do not charge you fees for additional training, but you must pay for your and your employees' travel and living expenses during training. The cost will depend on the distance you must travel and the accommodations you choose.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Introduction and Orientation to the L & L System	Approx. 6 hrs.	None	Home office: 2138 Algaroba Street, Honolulu, Hawaii 96826
Pre-Opening and Opening	Approx. 1 hrs.	None	Home office
Food Preparation / Kitchen Operations	Approx. 3 hrs.	Approx. 120 hrs.	Home office and various L & L franchise operations
Staff Guidelines	Approx. 1 hr.	None	Home office
Operations/Financials/ Supply Chain	Approx. 2 hrs.	None	Home office
Marketing	Approx. 5 hrs.		Home office
Restaurant Visits	None	Approx. 5 hrs.	Visit to various Restaurants around Hawaii

Financial Sales Reports, Operational and Statistical Information Need to be Provided by Franchisees to the Franchisor.

Franchisees need to maintain cash collection and data processing systems. Franchisor requires Franchisee to buy or use only pre-approved brands and/or types of cash collection and data processing system or equipment or software. Franchisees will purchase and use point of sale cash collection and data processing systems (POS system) and specified software authorized by Franchisor. Franchisor has the right to independently access information and data collected by the POS system. Franchisee authorizes and will allow Franchisor to access and collect such information. (See Article 19 of the franchise agreement).

Point of Sale System and Mobile Software Application ("App")

Franchisees are required to buy and use an electronic or computer-based point of sale (POS) system (the Clover point-of-sale system supported by FISERV) that is approved by L & L Franchise, Inc. L & L Franchise, Inc. shall be entitled to have independent and/or concurrent access to all data electronically collected by the POS system. In addition, Franchisees are required to purchase and participate in L & L's mobile App

program through which Franchisees can interact with customers through ordering/payment and offer promotions.

You are required to install and use a computer system and a single-purposed POS and back office system supplied by one or more vendors approved by us. You must lease, purchase or otherwise acquire, at your expense, from our approved vendors, hardware, software and services with the appropriate configurations as determined by us based on projected volume and other factors. You must purchase and utilize an internet firewall provided by a managed security partner approved by us. Each server and terminal must have the most current version of anti-virus software that is approved by us and the subscription must be kept current. You must have a business-class high speed Internet connection (digital subscriber line (DSL) or cable) from an approved vendor installed to operate the POS system and allow for updates and third-party remote support. You must have credit card, gift card and electronic benefit transfer card accounts from an approved vendor, set up at our direction on your behalf to operate via the POS system. You must contract for and purchase Payment Card Industry Data Security Standards Compliance (PCI-DSS) and Managed Firewall Service from a vendor we designate. We or our agents may enter your business or enter through a remote connection, manually or via automated polling, and have access to computer system to collect, store, utilize, and disseminate the data and all information captured by the computer system or POS system, along with any reports and records, to examine or audit your business, at any reasonable time without notice. We are the sole owner of all information collected through the POS system and your use of such information is solely pursuant to a license as granted pursuant to the Franchise Agreement.

In addition to the POS system, you must purchase and maintain a personal computer with high-speed internet and an active e-mail address, but you may purchase any brand of hardware capable of running the software applications you will need to prepare operating and financial reports, communicate through e-mail, receive, send and store documents and perform other back-office business functions. On request, you must maintain on-line communications between your computer system and our computer systems, and permit us independent access to, and retrieval of, data from your computer systems at all times. Nothing limits our right to access or use the data we retrieve.

The estimated cost to purchase the computer systems is currently $2,000 to $3,000. We may modify our specifications for computer systems at any time and will notify you of these developments by written bulletin or supplements to the Operations Manual. Depending on changes in software specifications, you may have to upgrade your computer hardware. There are no contract limitations on the frequency or cost of upgrades or changes in the computer systems we may impose. See Item 6 regarding estimated annual software licensing fees for any proprietary software that we may introduce. Neither we, affiliate, nor any third designee has any obligation to you to provide ongoing maintenance, repairs, upgrades, or updates.

Computer systems are vulnerable in varying degrees to hardware and software failures, configuration-related problems, computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders ("E-Problems"). We have taken reasonable steps to ensure that E-Problems will not materially affect our business. We do not guarantee that information or communication systems that we or others supply will not be vulnerable to E-Problems. It is your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that your suppliers, lenders, landlords, customers, and governmental agencies on which you rely, have reasonable protection from E-Problems. This may include taking reasonable steps to insure and secure your systems (including firewalls, password protection, and anti-virus systems) and to provide backup systems.

ITEM 12: TERRITORY

You do not obtain any exclusive or protected territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we own or control. There are no minimum sales volume or market penetration contingencies. We may open and operate company units and franchise to other franchisees the L & L business or engage in any other method of distribution, in our complete discretion including in close proximity to your L & L Franchise System Restaurant. The Franchisor and/or franchisees may or can use alternate channels of marketing and distribution such as internet, catalogues, newspaper, mail order, telemarketing or telecommunications and may solicit or accept orders from consumers located at or near your approved restaurant location without any compensation to you. You may also use such other channels of marketing and distribution to solicit or accept orders from consumers located near other franchisees.

The franchise agreement grants you the right to operate your L & L Franchise System Restaurant only at the approved location. You must locate a site for your L & L Franchise System Restaurant, subject to our approval as provided in item 11. You may relocate the L & L Franchise System Restaurant only with our written approval. (Section 22.2 of the Franchise Agreement provides for a forty-five (45) day approval period). Our approval for relocation will be based on a variety of factors, including the viability of the then-current location and demographics, including number of households, household income, vehicular and the number and locations of L & L Franchise System Restaurants in or near the proposed new location. Unless otherwise mutually agreed in writing by L & L Franchise you do not have any options, rights of first refusal or similar rights to acquire additional franchises from Franchisor.

We reserve the following rights, without any compensation to you except as specifically agreed between us in writing: (1) we may establish company owned or franchised operations, including retail operated stores using our methods of operation, trade names or trademarks that will compete with you, at any location we select; (2) we may

sell any products or services anywhere, whether or not using the Marks, through various channels of distribution, including internet, wholesale, mail order, multi-area marketing programs, and retail or government/military channels. The internet is a channel of distribution reserved exclusively to us, and you may not independently market on the internet or conduct e-commerce; (3) we may purchase or be purchased by or merge or combine with, competing businesses wherever located; (4) we may offer franchises in the future, and have done so in the past, on terms we deem appropriate, including terms that differ from the Franchise Agreement.

In the past, we have offered franchises under the trade names L & L Drive-Inn, L & L Hawaiian Grill and L & L Hawaiian Mixplate. We offered franchises for L& L Drive-Inn starting in 1991, for L & L Hawaiian Grill starting in 2006, and for L &L Hawaiian Mixplate starting in 2018, but we stopped offering franchises for these concepts in 2021.

The following restaurants are still in operation:

Concept	Trademark	Number of Company-Owned Locations in Operation	Number of Franchised Locations in Operation
L & L Drive-Inn	L & L Drive Inn Registration No.: 2,485,226 Registration Date: 9/4/2001	0	8
L & L Hawaiian Grill	L & L Hawaiian Grill Registration No.: 3,163,719 Registration Date: 10/24/2006	0	3
L & L Hawaiian Mixplate	MIXPLATE Registration No.: 5,520,733 Registration Date:7/17/2018 MIXPLATE	0	2

	Registration No.: 5,509,922 Registration Date: 7/3/2018 Registration No.: 5,608,240 Registration Date: 11/3/2018 Registration No.: 6,067,404 Registration Date: 6/2/2020		

In the future, we may open restaurants under these or other marks that are similar to your Restaurant, which may be in close proximity to your Restaurant. Because we do not grant you any territorial exclusivity under the Franchise Agreement, we do not expect that there will be territorial disputes. We operate these other concepts from our principal business address, which is 2138 Algaroba Street, Honolulu, Hawaii 96826.

ITEM 13: TRADEMARKS

L & L Franchise, Inc. is the owner and has filed the required affidavits for the following federally registered trademarks, service marks, trade names, symbols (collectively, the "Franchisor's Marks"). Except as otherwise noted, all trademarks are listed on the Principal Register of the U.S. Patent and Trademark Office.

Service Mark	Registration No.	Registration Date
HAWAIIAN BARBECUE No claim is made to the exclusive right to use "Barbecue" apart from the mark as shown.	3,359,528	12/25/2007
L & L	2,485,225	9/4/2001
L & L HAWAIIAN BARBECUE No claim is made to the exclusive right to use "Hawaiian Barbecue" apart from the mark as shown.	2,490,665	9/18/2001
 No claim is made to the exclusive right to use "Barbecue and Since 1976 in Hawaii" apart from the mark as shown	3,041,811	1/10/2006
 No claim is made to the exclusive right to use "barbecue" apart from the mark as shown.	3,467,839	7/15/2008
 No claim is made to the exclusive right to use "Barbecue and Since 1976" apart from the mark as shown	5,235,028	7/4/2017
	5,608,240	11/13/18

Service Mark	Registration No.	Registration Date
	3,223,152	3/27/2007
THE 1ST HAWAIIAN BARBECUE No claim is made to the exclusive right to use "barbecue" apart from the mark as shown.	3,715,629	11/24/2009
THE NO. 1 HAWAIIAN BARBECUE No claim is made to the exclusive right to use "barbecue" apart from the mark as shown.	3,715,630	11/24/2009
THE ORIGINAL HAWAIIAN BARBECUE	3,784,326	5/4/2010
HAWAI'I IS A BITE AWAY	6,052,950	5/1/2020
HAWAII's COMFORT FOOD	6,109,709	7/21/20

The Franchise Agreement grants you the right to use certain of the Franchisor's Marks only in the manner authorized by the Franchisor and only for the operation of the restaurant authorized by the Franchise Agreement.

You may only use those trademarks/service marks and other trademarks/service mark filings and application made by us as may be authorized and approved by our written approval. We intend to file renewal applications, when appropriate, for our registered trademarks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the trademarks/service marks that are material to the franchise.

You must promptly notify us of any suspected use of the trademarks or service marks, any challenge to the validity of the trademarks or service marks, any challenge to the ownership of our right to use and to license others to use, or your right to use the trademarks or service marks. We have the sole right to control any administrative proceeding or litigation involving the trademarks or service marks, including any settlement. We have the right, but not the obligation to take action against third parties' uses that may be an infringement of the trademarks or service marks. We are not obligated by franchise agreement or otherwise, to protect your rights to use the trademarks, service marks, etc. or to protect you against claims of infringement or unfair competition of the trademarks.

Except for the following case, there have not been any determinations made by the US Patent & Trademark Office, the trademark administrator of this state, or any court, nor is there any pending interference, opposition, or cancellation proceeding, or pending material litigation involving the trademarks/service marks that are relevant to their use in this state or in any other state.

In August 2006, Newco Hawaiian Barbecue Franchise, Inc., a California corporation, filed an opposition proceeding with the Trademark Trial and Appeal Board, a tribunal within the U.S. Patent and Trademark Office, seeking to prevent L & L Franchise, Inc. from obtaining a federal registration for the word mark HAWAIIAN BARBECUE for restaurant services. That proceeding was designated Opposition No. 91174103. The Newco oppositions were settled with Newco giving up all their "Hawaiian Barbecue" applications.

In May 2008, L & L Franchise, Inc. filed an opposition proceeding with the Trademark Trial and Appeal Board, a tribunal within the U.S. Patent and Trademark Office, seeking to prevent Golden Pyramid, Inc., a California corporation, from obtaining a federal service mark registration for the mark AHU'S HAWAIIAN BBQ and Design. Golden Pyramid, Inc. answered and counterclaimed against L & L Franchise, Inc. seeking to cancel three of L & L's Hawaiian Barbecue trademark registrations. The parties reached an agreement for the resolution of the dispute and in May 2010 the action was dismissed with prejudice. None of L & L Franchise, Inc.'s trademark registrations were cancelled as a result of the action. The action was not based upon, and does not involve, a franchise or franchise relationship.

You must follow our rules when you use any of our trademarks or service marks. You cannot use any of our trademarks or service marks as part of a corporate or entity name or with modifying words, designs, or symbols except as may be expressly authorized in writing.

The service mark and trademarks may only be used in the operation of a L & L Franchise System Restaurant selling L & L Franchise System Restaurant authorized products. Each L & L Franchise System Restaurant franchisee may sell only those products authorized in the franchise agreement and operations manual, or as we otherwise approve in writing. Upon termination or expiration of the Franchise Agreement, your right to use our trademark ends. Thereafter, you must not identify yourself, or any business entity that you are associated with, as a former L & L franchisee or use any of our confidential information or trade secrets.

No agreements limit our right to use or license the use of any of our trademarks or service marks.

You must notify or discontinue the use of a trademark if we modify or discontinue it, and you must pay for the cost of compliance with any modification or discontinuation.

We do not know of any superior prior rights to use or infringing uses of the L & L Franchise System Restaurant trademarks that would materially affect your use of the trademarks in this state.

We claim common law rights to the Marks and any other marks used by us in the United States and our domain names and trade dress.

The Marks are our sole and exclusive property. You must follow our rules, which are in the Franchise Agreement and the Operations Manuals, when you use these Marks. You must notify us immediately of any claim, demand or suit involving your use of the Marks, and of any unauthorized or improper use or infringement of our rights related to the Marks. We will decide to take action or not take action, as we deem appropriate. You may not use the Marks in any manner that we have not authorized in writing. You may not use or give others permission to use the Marks, or any colorable imitation of them, combined with any other words or phrases. You may not sublicense the Marks. You may not use our Marks as part of your business name or on the internet. You may not market or have a site on the internet, except at our Website, unless you obtain approval in writing from L & L Franchise.

All goodwill associated with the Mark, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit.

We retain the right to change or modify any part of the Marks periodically. You will accept, use, and protect, for the purposes of your franchise, all changes and modification as if they were a part of the Marks at the time the Franchise Agreement is executed. You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to these changes or modifications.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

L & L Franchise, Inc. does not own any patents. The Operations Manual is described in Item 11. Although we have not filed an application for copyright registration for the Operations Manual, we claim copyright and the information is proprietary. Item 11 describes limitations on the use of this Operations Manual by you and your employees. You and your employees must use all reasonable efforts to maintain this Operations Manual as confidential. The Operations Manual is our sole property and must be kept in a secure location in your place of business. You must also promptly tell us when you learn about unauthorized use of this proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate.

You must operate your L & L Franchise System Restaurant under the standards, methods, policies, and procedures stated in the Operations Manual. We will lend you

one (1) copy of the manual for the term of the franchise agreement, when you or your manager complete our initial training program to our satisfaction.

You must treat the Operations Manual and all other manuals created for or approved for use in the operation of your L & L Franchise System Restaurant, as confidential, and must use all reasonable efforts to maintain this information as confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person. The manual remains our sole property and must be kept in a secure location in your place of business.

We may revise the contents of the Operation Manuals and you must comply with each new or changed standard. You must ensure that the manual is kept current at all times. If there is any dispute as to the contents of the manual, the terms of the master copies we maintain at our home office(s) will be controlling. The manual may be provided to you on USB drive and you must print hard copies if you do not intend to use a computer to read the manual.

You must not, during or after the term of the franchise agreement, communicate, divulge, or use for the benefit of any other person, partnership, association or corporation any confidential information, knowledge, or know-how on the methods of operation of L & L Franchise System Restaurants. You may divulge this confidential information only to those of your employees who must have access to it to operate your L & L Franchise System Restaurant. All information, knowledge, know-how, techniques, and other data that we designate as confidential will be confidential for purposes of the franchise agreement.

At our request, you must require your officers, manager and any other personnel having access to any of our confidential information to sign covenants that they will maintain the confidentiality of information they receive for their employment with you. The covenants must be in a form we approve, including our identification as a third-party beneficiary of the covenants with the independent right to enforce them.

There are no currently effective determinations of the United States Copyright Office, the copyright administrator of this state or any court, nor is there any pending interference, opposition or cancellation proceeding, nor any pending material litigation involving our copyrighted material that is relevant to their use in this state or in any other state. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of someone else's copyright in order to protect our copyrighted materials.

There are no agreements currently in effect that significantly limit our right to use or license the use of our copyrighted materials in any manner material to the franchise.

We do not know of any superior prior rights to use or infringing uses of our copyrighted materials that would materially affect your use of our copyrights in your state.

ITEM 15: OBLIGATIONS TO PARTICIPATE IN ACTUAL OPERATION OF THE FRANCHISED BUSINESS

If you are a sole proprietor, we do not require that you personally supervise the L & L Franchise System Restaurant; however, if you are a sole proprietor, controlling stockholder of a corporation, managing principal of a limited liability company, or managing partner of a partnership, we recommend that you be the fully-trained operator. We do not have the right to approve your manager; however, the L & L Franchise System Restaurant must be directly supervised by a manager who has successfully completed our training program. If you employ an on-premises manager/supervisor for your operations, such person(s) need not have any equity interest in the franchisee entity but must have undergone the training approved and required by L & L Franchise, Inc. You, the manager(s) and other principal owners of the franchise entity may, at our option, have to sign a written agreement (Exhibit B) to maintain confidentiality of the trade secrets obtained in the course of employment and enter into an agreement not to compete while working with or at an L & L Franchise System Restaurant and for five (5) years thereafter.

See Item 17 for a description of these obligations. You must sign the franchise agreement for the approved location of your L & L Franchise System Restaurant, personally or through a partnership, limited liability company, or corporation that you principally own. Additionally, the landlord of your approved location may, in certain circumstances require you, and if you are a corporate franchisee, you and your controlling stockholders, to personally guarantee the lease for your approved location.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the approved location only for the operation of a L & L Franchise System Restaurant. You must keep the L & L Franchise System Restaurant open and in normal operation and refrain from using the location for any other purpose or activity at any time without first obtaining our written consent, and must operate your L & L Franchise System Restaurant in strict conformity with the methods, standards, and specifications that we require in the operations manual or otherwise in writing. You must not deviate from these standards, specifications, and procedures without our prior consent.

You must participate in marketing, gift card, gift certificate, discounted pricing and/or menu item promotions on an area, regional, statewide or systemwide basis if and as required by Franchisor.

You must sell or offer to sell only those services and products that we have approved for sale in writing. You must sell or offer for sale all types of services and products we specify and must refrain from any deviations from standards from our operations

manual. We have the rights to discontinue selling and offering for sale any authorized services or products. There are no limits on our right to make changes.

You are required to meet and maintain the highest health standards and ratings applicable to the operation of your L & L Franchise System Restaurant. You must operate your L & L Franchise System Restaurant in strict conformity with all applicable federal, state and local laws, ordinances and regulations. These laws, ordinances and regulations vary from jurisdiction to jurisdiction. You are responsible for knowing of the existence and requirements of all laws, ordinances and regulations applicable to your L & L Franchise System Restaurant, and for adhering to them.

You are not restricted in the customers whom you may solicit.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

The following table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise or Related Agreements	Summary
A. Term of the franchise	Franchise Agreement, Article 15.1.1	Ten (10) years
B. Renewal or extension of the term	Franchise Agreement, Article 15.1.2 to 15.1.4	If you are in good standing, you can renew for one successive period of 10 years at the terms and conditions being offered at the time of renewal, which may materially differ from the version contained in this disclosure document.
C. Requirements for you to renew or extend	Franchise Agreement, Article 15.1.2 to 15.1.4	You must give franchisor written notice of your intent to renew the franchise not less than six (6) months nor more than

Provision	Section in Franchise or Related Agreements	Summary
		thirteen (13) months prior to the end of the Franchise Agreement initial term. You must have complied with your obligations under Franchise Agreement and all other agreements between you and us during term; be current with all financial obligations to us and third parties, including your landlord and vendors of products or services; and sign our then-current form of Franchise Agreement, and other documents we require including but not limited to personal guarantees and confidentiality agreements. You must pay a $1,000.00 processing fee and a renewal fee of up to ten thousand ($10,000.00) dollars no later than six (6) months prior to the end of the Franchise Agreement initial term. All documents may contain terms and conditions materially different from original documents you signed. You must sign a general release (if state franchise law allows), pay renewal fee, complete restaurant upgrade and remodel to our then-current image and equipment standards and specifications by deadline set forth by Franchisor. You must successfully complete franchisee training that may be required by Franchisor at Franchisee's expense.

Provision	Section in Franchise or Related Agreements	Summary
D. Termination by you	None	None
E. Termination by us without cause	None	None
F. Termination by us with cause	Franchise Agreement, Article 15.2.1 to 15.2.8	We can terminate if you are in breach or default of your obligations to perform under the Franchise Agreement.
G. "Cause" defined-curable defaults	Franchise Agreement, Article 15.3.2.2 to 15.3.3.11	Breach of franchise agreement that may include failure to pay monies owned to Franchisor, failure to maintain required standards, failure to obtain Franchisor's prior written consent where required, misuse or unauthorized use of Franchisors service mark or trademarks, conducting a business operation under a name that is confusingly similar to Franchise's marks, default under lease, mortgage, or deed of trust, failure to maintain required insurance, default or indebtedness to creditor, landlord, suppliers, failure to use mayonnaise, sauces, spices, ingredients, raw materials, products and portion control formulas, failure to complete required training.

Provision	Section in Franchise or Related Agreements	Summary
H. "Cause" defined-defaults that cannot be cured	Franchise Agreement, Article 15.2.1 to 15.2.8	Non-curable defaults: maintaining false or materially misleading books, operating that is an imminent danger to public health, selling unauthorized products, conviction of crime relevant to the franchise or involving moral turpitude, intentional disclosure of manual, trade secrets, confidential or proprietary information, repeated defaults, even if cured, abandoning operations, failure to rebuild after destruction, repeated under reporting of sales or franchise fees, bankruptcy or insolvency, failure to operate the business, material misrepresentations, noncompliance with governmental laws and regulations seizure of the business by the government or accreditor, failure to pay franchise fees due after notice or where franchisee's operation constitute imminent danger to public health or safety. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Provision	Section in Franchise or Related Agreements	Summary
I. Your obligations on termination/nonrenewal	Franchise Agreement, Article 16.1 to 16.10	Obligations include complete de-identification and payment of amounts due, and assignment of all telephone numbers and associated listings for your restaurant.
J. Assignment of agreement by us	Franchise Agreement, Article 14.1.1	We have the right to merge with or be acquired by any person or entity and to transfer or assign the franchise agreement to any person or entity.
K. "Transfer" by you-defined	Franchise Agreement, Article 14.1.2	Transfers must be approved by us in writing and a transfer fee of $7,500.00 must be paid to Franchisor. This includes transfer of any interest of more than twenty percent (20%) in your business. Subject to Franchisor's right of first refusal. The following conditions will apply in the event of a transfer: (i) the transferee must qualify as a franchisee and assume your obligations; (ii) you must prove you have paid all your debts; (iii) you cannot be in default of your Franchise Agreement; (iv) the transferee must successfully complete the mandatory training and pay the Transfer Fee; (v) the transferee must sign a new Franchise Agreement on our then current terms; (vi) you must release us, and you must submit to us satisfactory evidence of the consent of lenders, lessors,

Provision	Section in Franchise or Related Agreements	Summary
		and governmental authorities of permits and licenses. All transfers are subject to franchisor's consent and conditions.
L. Our approval of transfer by you	Franchise Agreement, Article 14.2.6	We have the right to approve or disapprove transfers and impose additional terms and conditions.
M. Conditions for our approval of transfer	Franchise Agreement, Article 14.1.3 and 14.2.2	You must sign an estoppel agreement, offer us right of first refusal, be in full compliance with franchise agreement, and provide a general release. The transferee must satisfy all qualifications, and subject to franchisor's approval, assume and execute the franchise agreement, and pay an administrative transfer fee.
N. Our right to first refusal to acquire business	Franchise Agreement, Article 14.1.3	If you seek to sell, transfer, or give away an interest in the business or franchise agreement, Franchisor has a right of first refusal, at Franchisor's sole election and discretion, to purchase such interest at the same terms and conditions of the proposed sale, transfer or gift or at a price based upon a formula of 40% of the average of your annual net sales for 3 full calendar years.

Provision	Section in Franchise or Related Agreements	Summary
O. Our option to purchase your business	Franchise Agreement, Article 14.1.3	Franchisor has an option to purchase based upon a stated formula and the right of first refusal upon sale, transfer, conveyance or gift of interest in business and franchise agreement.
P. Your death or disability	Franchise Agreement, Article 14.2.9	Your rights may pass to your heirs or legatees if they assume your obligations and attend training. On your disability, you may sell the business or keep it if operated by trained personnel.
Q. Non-competition covenants during the term of the franchise	Franchise Agreement, Article 10.2.2 and Confidential Information Agreement (Exhibit B)	You are prohibited from owning or operating business that sells similar products. You may not disclose or use any secret or confidential information.
R. Non-competition covenants after the franchise is terminated or expires	Franchise Agreement, Article 10.2.2 and Confidential Information Agreement (Exhibit B)	The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law. After your franchise is terminated for any reason, you may not engage in any competing business or have any employment or interest in any company, firm, restaurant, or other enterprise producing or selling similar “Hawaiian” food products for 24 months within five (5) miles of any existing L&L Franchise System Restaurant.

Provision	Section in Franchise or Related Agreements	Summary
		You may not disclose or use any secret or confidential information. Liquidated damages apply of $10,000 per month plus 8% net sales for violation.
S. Modification of the agreement	Franchise Agreement, Article 4.2.4, 23.1 and 23.5	Your franchise agreement may not be modified without your and our consent, except: 1. We may change the contents of Manuals; 2. We may modify the System; and 3. A court may modify any provision of the franchise agreement under applicable law.
T. Integration/merger clause	Franchise Agreement, Article 23.3	Only the terms of franchise agreement and associated exhibits and documents attached hereto are binding, subject to state law. Any promises outside the Disclosure Document and Franchise Agreement may not be enforceable.
U. Dispute resolution by arbitration or mediation	Franchise Agreement, Article 21	Except for certain claims, all disputes must be arbitrated in Honolulu, Hawaii with each party bearing their respective costs.

Provision	Section in Franchise or Related Agreements	Summary
V. Choice of forum	Franchise Agreement, Article 21.5	Arbitration and/or Litigation in Honolulu, Hawaii.
W. Choice of law	Franchise Agreement, Article 21.3	Hawaii law applies.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchise concerning termination or non-renewal of the franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control. **Please refer to Exhibit A-1 for additional disclosures required by California law.**

These states have laws that may supersede the franchise agreement and related agreements in your relationship with us, including in the areas of termination and renewal of your franchise: NEW YORK CODE [Franchises, General Business Law, Article 33, Sections 680 et. seq.], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], HAWAII [Rev. Stat. Section 482E-1 et. Seq.], WASHINGTON [Code Chapter 19.100. 010 et. seq.]. These and other states also may have court decisions that may supersede the franchise agreement and related agreements in your relationship with us, including in the areas of termination and renewal of your franchise.

ITEM 18: PUBLIC FIGURES

We do not presently hire any public figures to promote your franchise. However, we reserve the right to do so in the future at our sole discretion.

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: (I) 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.

Historic Net Sales Financial Performance Representation

This Item 19 contains historic Net Sales information from January through December 2021 for L & L Hawaiian Barbecue and L & L Drive-Inn franchises in the United States that have been open for at least twelve months, were open and operating during the entire 2021 calendar year, and have provided financial information to us for the full 2021 calendar year. These restaurants are all generally similar to the restaurants offered under this disclosure document, even though some of them operate under the L & L Drive-Inn Restaurant trademarks (the "Item 19 Restaurants"). The small number of L & L Drive-Inn Restaurants that are included in the Item 19 Restaurants that operate under the L & L Hawaiian Barbecue System are currently in the process of converting the signage in their restaurants to the L & L Hawaiian Barbecue trademarks.

Most of the Item 19 Restaurants operate in retail shopping centers, but some of them operate in different settings, including, but not limited to, the following: a university campus, a golf course, a concession stand, an office building, and a military base. Some of the Item 19 Restaurants have atypical operating hours due to their location. (For instance, the Restaurant that is located in an office building is not open on weekends). One Item 19 Restaurant has a drive-thru.

The following Restaurants are excluded from this Item 19: two Restaurants that closed temporarily during 2021 due to COVID-19, one Restaurant that closed during 2021 due to a fire, and a handful of Restaurants that did not provide us with their complete financial information for 2021. Zero restaurants closed in 2021 after having been open for less than 12 months.

The historic Net Sales data is shown in three tables below. Table 1 below contains Net Sales data for all 194 Item 19 Restaurants. Table 2 below contains Net Sales data for the 181 Item 19 Restaurants that are considered to be "franchised" under applicable franchise laws, because they are owned and operated by third-party individuals or entities that are not us, our affiliates, or individuals disclosed in Item 2 of this disclosure document. Table 3 below contains Net Sales data for the 13 Item 19 Restaurants that are owned, directly or indirectly, by individuals who are disclosed in Item 2 of this disclosure document. We do not treat these restaurants as "company-owned," and our relationship with these Restaurants is substantially the same as our relationship with any other franchisee. However, applicable franchise laws require that we treat these restaurants as "company-owned" restaurants for the purposes of this Item 19.

Table 1: All Item 19 Restaurants

Sales	No. of Stores	% of Stores	% Cumulative
Over $750K	110	57%	57%
$650K - $750K	15	8%	64%
$550K - $650K	23	12%	76%
$450K - $550K	11	6%	82%
$350K - $450K	7	4%	86%
Less than $350K	28	14%	100%

Table 2: Franchised Restaurants

Sales	No. of Stores	% of Stores	% Cumulative
Over $750K	99	55%	55%
$650K - $750K	15	8%	63%
$550K - $650K	22	12%	75%
$450K - $550K	11	6%	81%
$350K - $450K	7	4%	85%
Less than $350K	27	15%	100%

Table 3: Restaurants Owned By Individuals Listed in Item 2

Sales	No. of Stores	% of Stores	% Cumulative
Over $750K	11	85%	85%
$650K - $750K	0	0%	85%
$550K - $650K	1	8%	92%
$450K - $550K	0	0%	92%
$350K - $450K	0	0%	92%
Less than $350K	1	8%	100%

As described above, the information reflected in the tables above for the Item 19 Restaurants is based upon the reported unaudited net sales of franchisee restaurants in the United States that have been in operation for the full calendar year ending December 31, 2021 and for which the Franchisor has received sales reports for that full calendar year. The term "Net Sales" is as defined in Item 6.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

The figures above do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information

The Net Sales representations do not reflect the costs of sales or operating expenses to obtain your Net Profit. "Net Profit" means gross profit minus all ordinary and recurring operating expenses, interest, income taxes, depreciation and amortization. This Item 19 does not include any financial performance representations pertaining to Net Profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business.

Written substantiation for the financial performance representation will be made available upon reasonable request.

Other than the preceding financial performance representation and any Supplemental Information provided to you, as described above, L&L Franchise, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. With regard to 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 Elisia Flores,

CEO of L&L Franchise, Inc., telephone number (808) 951-9888, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table 1

Systemwide Outlet Summary for years 2019 to 2021				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2019	192	200	+8
	2020	200	207	7
	2021	207	210	3
Company Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	192	200	8
	2020	200	207	7
	2021	207	210	3

Table 2

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor) for years 2019 to 2021		
State	**Year**	**Number of Transfers**
CA	2019	1
	2020	3
	2021	1
CO	2019	0
	2020	0
	2021	0
HI	2019	5
	2020	1
	2021	1
NV	2019	1
	2020	0
	2021	1
Total	2019	7

	2020	4
	2021	3

Table 3

Status of Franchise Outlets for years 2019 to 2021								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termi-nations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations-Other Reasons**	**Outlets at End of Year**
AK	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
AZ	2019	1	0	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
CA	2019	84	6	0	0	0	0	90
	2020	90	4	0	0	0	0	94
	2021	94	2	0	0	0	1	95
CO	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
FL	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	2	0	0	0	0	3
HI	2019	65	0	0	0	0	1	64
	2020	64	3	0	0	0	1	66
	2021	66	2	0	0	0	2	66
NC	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
NV	2019	18	1	0	0	0	0	19
	2020	19	0	0	0	0	0	19
	2021	19	0	0	0	0	0	19
NY	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
OR	2019	2	0	0	0	0	1	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
TN	2019	2	0	0	0	0	1	1

Status of Franchise Outlets for years 2019 to 2021								
State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
TX	2019	3	1	0	0	0	0	4
	2020	4	1	0	0	0	0	5
	2021	5	0	0	0	0	0	5
UT	2019	2	0	0	0	0	1	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
VA	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
WA	2019	8	2	0	0	0	1	9
	2020	9	0	0	0	0	1	8
	2021	8	1	0	0	0	0	9
Japan	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Total	2019	192	13	0	0	0	5	200
	2020	200	9	0	0	0	2	207
	2021	207	7	0	0	0	4	210

Table 4

Status of Company-Owned Outlets for years 2019 to 2021								
State	Year	Outlets at Start of Year	Out-lets Open-ed	Termin -ations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of Year
All States	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Japan	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

Total	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

Table 5

Projected New Franchised Outlets as of December 31, 2021			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlet in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Current Fiscal Year**
AK	1	1	0
CA	1	2	0
CO	0	1	0
FL	0	1	0
GA	2	2	0
HI	1	3	0
NV	0	1	0
SC	1	1	0
TX	1	2	0
VA	0	1	0
WA	0	1	0
Total	7	16	0

Company-Owned Restaurants

Neither we nor any affiliate of ours owns or operates a Restaurant. Therefore, we do not disclose any "company-owned" restaurants in the tables above.

However, several of our owners and personnel disclosed in Item 2 have an ownership interest in 11 Restaurants. Our relationships with those owners and restaurants are substantially similar to our relationships with our other franchisees. We consider those locations to be "franchised," and they are therefore disclosed as franchised restaurants in the tables above.

Contact Information for Current Franchisees

Contact information for our current franchisees is set forth in Exhibit F.

Former Franchisees

During the last fiscal year, the following L & L Hawaiian Barbecue franchisees have left the system:

(1) Eugene Amano - Franklin, Tennessee, the business telephone number was 615-807-1582

(2) Yan Nian Yu – Honolulu, Hawaii, the business telephone number was 808-956-61662

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

Confidentiality Agreements

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

Franchisee Association

L & L Franchise, Inc. endorses and encourages individual franchisees in a regional area to voluntarily associate for purposes of pursuing common operational and/or marketing opportunities. Presently, the following informal associations exist:

Sarah Yee
1302 Austin Highway
San Antonio, TX 78209
(210) 474-6699

Tony Cam
41-1610 Kalanianaole Highway
Waimanalo, HI 96795
(808)259-6888

Alex Wong
1380 West Campbell Avenue
Campbell, CA 95008
(408)866-0982

Richard Solomon
8280-A Mira Mesa Blvd.
Mira Mesa, CA 92126
(858)693-5888

ITEM 21: FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit C are our audited, fiscal year end financials of L & L Franchise, Inc. for fiscal years 2019, 2020, and 2021.

ITEM 22: CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document in the pages immediately following:

A. L & L Franchise, Inc. Franchise Agreement
A-1. State Addenda
B. Confidential Information Agreement
C. Financial Statements
D. Franchise Manual – Operation Manual Table of Contents
E. Agency/Agent for Service of Process
F. Current Franchisees
G. Approved Suppliers/Manufacturers
H. Personal Guaranty
I. Franchise Compliance Questionnaire
J. State Effective Dates
K. Receipts

ITEM 23: RECEIPTS

The Receipts are the last two pages of the Franchise Disclosure Document. This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

EXHIBIT A

L&L FRANCHISE, INC. Franchise Agreement

EXHIBIT “A”

L & L Franchise Agreement

L & L FRANCHISE AGREEMENT

between

L & L FRANCHISE, INC.

and

_____

TABLE OF CONTENTS

ARTICLE	TITLE	PAGE
1	Franchise Right Granted, Location	6
2	Installation and Commencement of Business	8
3	Training	9
4	Manuals and Standards of Operator Quality, Cleanliness and Service	10
5	Menus, Uniforms, Inspections, Signs	12
6	Advertising, Marketing, Promotion and Convention Contribution	15
7	Company Marks, Additional Marks and Copyrighted Materials	16
8	Distribution and Purchase of Equipment, Supplies and Other Products	21
9	Continuing Franchise Fees, Reports, Books and Records	25
10	Covenant Regarding Other Business Interests	28
11	Interference with Employment Relations	31
12	Riders, Salespersons	31
13	Local Restaurant Marketing Manuals	31
14	Nature of Interest and Transfer	31
15	Term, Default and Termination	35
16	Rights and Obligations Upon Termination	41
17	Insurance	43
18	Sole Obligations of Franchisor	44
19	Point of Sale System, Collection of Data	45
20	Relationship of Parties, Disclosure	47

21	Dispute Resolution: Arbitration and Legal Proceedings	48
22	Execution, Requests, Consents and Waivers	50
23	Miscellaneous Provisions	50

FRANCHISE AGREEMENT

THIS AGREEMENT made this ____ day of _____, 20___ (the Effective Date"), by and between L & L Franchise, Inc., a Hawaii corporation, located at 2138 Algaroba Street, Honolulu, Hawaii 96826 ("Franchisor" or "L & L"), and _____, a _____, located at _____ ("Operator" or "Franchisee" as also defined in Article 10):

DEFINITIONS

In this Agreement, the following capitalized terms shall have the meanings set forth below, unless the context otherwise requires:

(i) A L & L Franchise System Restaurant is a restaurant or other outlet that specializes in the sale of Authorized Products, as defined below, that is operated under Franchisor's Marks, as defined below, and is authorized by a Franchise or License Agreement made or approved by Franchisor. Such franchise restaurants shall be referenced herein as "L & L Franchise System Restaurant(s)."

(ii) "Authorized Products" are products approved or authorized by Franchisor in accordance with Article 5 or 8 of this Agreement.

WHEREAS, Franchisor is the owner of certain service marks or trademarks including, but not limited to, "L & L HAWAIIAN BARBECUE" (no claim is made to the exclusive right to use "Hawaiian Barbecue" apart from the mark as shown), and Franchisor may in the future become the owner, licensee and/or authorized distributor for related trademarks and service marks, including logos and designs that Franchisor may designate for use in connection with the System from time to time, at Franchisor's option (collectively, "Franchisor's Marks" or "Marks"); and

WHEREAS, the Franchisor offers franchises that operate restaurants under the name of L & L Hawaiian Barbecue, which shall be referred to herein as "L & L Franchise System restaurants," or "System Restaurant;" and

WHEREAS, Franchisor has developed and continues to develop a system for merchandising Authorized Products, which system includes distinctive signs, food recipes, products, goods and various trade secrets and other confidential information, and in some cases also includes architectural designs, equipment specifications, layout plans, inventory, record-keeping and marketing techniques (the "System"). The System and Franchisor's other mandatory and suggested recommendations are materially reflected in Franchisor's Operations Manual and other manuals (the "Manuals"). Franchisor identifies the System by Franchisor's Marks, and such other trademarks, service marks, trade names, logos and designs as may be designated by Franchisor in writing as being authorized for use under the System. Franchisor's Marks identify for

the public the source of the services rendered in accordance with the standards and specifications established by Franchisor; and

WHEREAS, the brand and the System have a reputation for quality, cleanliness, appearance and service, and through such operations and continued marketing and advertising efforts, have created demand and goodwill for the authorized L & L Franchise System Restaurant food products sold as a result of which the brand and the System has acquired valuable goodwill and a favorable reputation; and

WHEREAS, Franchisor has issued and will continue to issue franchise agreements for franchisees to operate quick service restaurant operations using primarily the L & L Hawaiian Barbecue names in states in American and other countries;

WHEREAS, Franchisor has adopted and assisted operators of L & L System restaurants to implement best practices with respect to the ongoing COVID-19 pandemic in terms of best practices with respect to the health and safety of employees and customers;

WHEREAS, Franchisor will continue to assist operators of L & L System Restaurants to adopt to the changing marketplace during the ongoing COVID-19 pandemic with respect to customer convenience and changing regulations;

WHEREAS, Operator desires to enjoy the benefits of (i) operating under the System and using Franchisor's Marks, and (ii) being authorized and licensed to operate one (1) System Restaurant as set forth below within the System in strict accordance with the standards and specifications established by Franchisor; and

WHEREAS, Franchisor is willing to grant Operator a license under Franchisor's Marks and the System, subject to Operator's strict compliance with the terms and conditions of this Agreement.

NOW, THEREFORE, the parties agree as follows:

ARTICLE 1. FRANCHISE RIGHT GRANTED, LOCATION.

1.1 GRANT.

In consideration of the issuance of the franchise granted herein, Operator shall pay to Franchisor the non-refundable sum of thirty thousand dollars ($30,000.00) (the "Initial Fee"). In exchange, Franchisor hereby awards Operator the right to open and operate, under the terms of this Agreement, one (1) System Restaurant specializing in selling high quality limited and specific food items as specified by Franchisor in Franchisor's Manuals, or subsequently added in accordance with amendments to the Manuals, under Franchisor's Marks.

No exclusive or protected territory or market is intended to be granted by this Article or this Agreement. The Franchisor and/or other franchisees may or can use alternate channels of marketing or distribution such as internet, catalogue, mail order, food delivery, telemarketing or telecommunications and may solicit or accept orders from consumers located at or near the approved restaurant Location. The Initial Fee shall be deemed fully earned by Franchisor upon the execution of this Agreement by Franchisor and Operator and shall not be refunded, in whole or in part, upon any termination of this Agreement, or at any other time or under any other circumstances.

In the event Operator enters into Franchise Agreement to operate more than one System Restaurant. Operator shall pay Franchisor a franchise fee of twenty thousand dollars ($20,000.00) for each of the second through fifth System Restaurants and fifteen thousand dollars ($15,000.00) for each of the sixth or more System Restaurants.

1.2 LICENSE.

Franchisor hereby grants and awards to Operator, for the term set forth in this Agreement, beginning on the Effective Date of this Agreement, the right and license, and Operator hereby undertakes the obligation, to operate a System Restaurant as described in this Agreement under Franchisor's Marks, to operate such business solely in accordance with the System, and only at the specific location to be agreed upon by Franchisor and Operator (the "Location"). No exclusive territory or radius protection is given to Operator. Franchisor shall have the sole and complete discretion to approve the existence of other System Restaurants at other locations without territory or radius restrictions or protections.

1.3 LOCATION.

No Location has been agreed upon at the time of the execution of this Agreement unless set forth and identified in this Agreement or an attached rider. Operator shall engage only in the business of operating a System Restaurant at the Location and no other, except with Franchisor's prior written consent. Franchisor does not lease any location to Operator. Operator shall identify proposed location and site for Operator's System Restaurant, obtain Franchisor's approval of such site and sign a lease for the location within twelve (12) months of the date of signing this Franchise Agreement. If Operator does not enter into a signed lease for the location within such twelve (12) months, Franchisor shall have the right to terminate this Franchise Agreement and keep all fees paid. In extenuating circumstances, Franchisor may grant Operator a limited extension of time to obtain a lease for an approved location. Operator acknowledges its sole risk and responsibility for finding or leasing from independent third parties a suitable and viable Location and that Franchisor is not obligated to directly or indirectly obtain an approved location for Operator. Franchisor's approval of a Location means only that such Location meets Franchisor's minimum requirements for a System Restaurant, and does not assure, guarantee, or suggest that the location will be suitable, viable or profitable.

ARTICLE 2. INSTALLATION AND COMMENCEMENT OF BUSINESS.

Operator, at its own expense, shall (i) renovate the Location into a System Restaurant; (ii) obtain all necessary governmental permits and licenses prior to beginning the renovation of its Location into a System Restaurant and Operator shall fully complete the renovation, construction and equipping within a reasonable time thereafter. Operator shall commence operation of each System Restaurant no later than thirty (30) days following substantial completion of the renovation and equipment installation at the Location, and shall give Franchisor ten (10) days written notice prior to commencing operations. Operator shall not commence operation of its System Restaurant until Operator has:

1. Obtained Franchisor's approval of the construction and development of the restaurant in accordance with Franchisor's specifications and designs,
2. Satisfactorily completed the training program required by Franchisor;
3. Paid the initial franchise fee and all other amounts due to Franchisor; and
4. Provide Franchisor with copies of all required insurance policies or such other evidence of insurance coverage and payment of premiums as Franchisor requires.

In no event shall Operator construct or remodel the interior or exterior of any System Restaurant or make any improvements which vary from the then-current standards, plans, and specifications approved by Franchisor, without first obtaining Franchisor's prior written approval. Operator, at its own expense, shall obtain all municipal and state licenses necessary to operate Operator's System Restaurant prior to commencing business at its System Restaurant and shall maintain all licenses in full force and effect during the term of this Agreement.

In the event that Operator has not commenced operation of a System Restaurant at a site acceptable to Operator and approved by Franchisor within twelve (12) months from the time the Franchise Agreement is signed, any and all of Operator's rights to open and operate a System Restaurant conferred under this Agreement shall cease, and this Agreement shall terminate. In extenuating circumstances, Franchisor may grant a limited extension at Franchisor's sole option. For the avoidance of doubt, failure to open for business within this twelve (12) month time frame shall cause the Franchise Agreement to terminate and entitle Franchisor to retain all of the initial franchise fee.

During the term of this Agreement and after the expiration, voluntary and involuntary cancellation or termination of this Agreement for any reason, or an assignment, sale or transfer of Operator's rights and/or interest under this Franchise Agreement, all of the Franchisor's rights under this Agreement, and Confidential Information Agreement, and Guarantys including but not limited to Article 4 (Confidential Manuals), and Article 10 (Covenant regarding other business interests) shall remain binding upon Operator and all guarantors as well as any and all assignees, transferees or successors of Operator's rights and/or interest under the Franchise Agreement, Confidential Information Agreement and Guarantys.

ARTICLE 3. TRAINING.

3.1 Operator will designate individuals (up to 2 persons, one of which may be Operator) as trainee(s) to attend Franchisor's training programs at the time and training location(s) selected by Franchisor. Franchisor will bear the costs of providing training programs, including the overhead costs of training, staff salaries, materials, and all technical training tools. Operator shall pay all traveling, living, wages and compensation, and other expenses incurred by Operator and/or Operator's employees in connection with attendance at training programs. The training program and manner of conducting such programs shall be at Franchisor's sole discretion and control. The training course will be structured to provide practical training in the implementation and operation of a System Restaurant. The initial training program may involve up to three (3) days of instruction at Franchisor's offices in Honolulu, Hawaii and up to four (4) weeks of intensive on-the-job training in a L & L Franchise System Restaurant in Honolulu, Hawaii or at another location designated by Franchisor. At Franchisor's sole discretion, the training requirements may be waived or shortened. In addition to the initial training program, Operator shall designate and send two principal representatives of the Operator owners to attend periodic franchisee training, marketing and operations programs at location(s) selected by Franchisor. Attendance and satisfactory completion of such additional periodic franchise training may, at Franchisor's sole discretion, be scheduled for one or more sessions totaling up to five working days per year. Such additional periodic franchise training is a mandatory obligation and requirements for franchise Operator.

3.2 Operator will not allow any System Restaurant to be opened or managed by any person who has not attended and successfully completed the training program designated by Franchisor. If Operator is an individual, and does not manage its System Restaurant on a day-to- day basis, and in the event its designated System Restaurant manager resigns or is terminated, Operator must arrange to have the successor restaurant manager (i) begin the required training programs within forty-five (45) days of first assuming the duties of a restaurant manager and (ii) successfully complete the programs.

3.3 If at any time the trainee voluntarily withdraws from, or is unable to complete its training, or fails to demonstrate an aptitude, spirit or ability to comprehend and carry out the course of study to the reasonable satisfaction of Franchisor, then Franchisor shall have the right to require Operator's trainee to attend other training class(es) or to perform additional operational training until Franchisor is reasonably satisfied that Operator's trainee has satisfactorily completed the training programs. Operator may not open its System Restaurant until training is completed to Franchisor's reasonable satisfaction.

3.4 In the event of an assignment, sale or transfer to a third party of twenty percent (20%) or more of the ownership interest in Operator (if Operator is an entity) or Operator's System Restaurant after opening, the assignee, buyer or transferee must be trained in the L & L Franchise System training program as a condition of Franchisor's

consent to such transfer. In the event of an approved non-sale management transfer to a third party of Operator's System Restaurant, the transferee shall attend the L & L Franchise System training program. For any such trainings, Operator shall pay to Franchisor a training fee, which fee shall not exceed three thousand dollars ($3,000.00). No System Restaurant shall open or re-open until the L & L training program certifies that the assignee, buyer or transferee is approved to operate the respective System Restaurant.

3.5 Additional training sessions are available at Operator's request and expense, and at Franchisor's request, at Operator's expense, except for the initial training program itself. Operator's attendance at additional training sessions is mandatory if they are scheduled in Operator's state. For these additional training sessions, Franchisor will provide the instructors and instructional materials, but Operator must arrange for transportation, lodging and food for itself and/or its manager.

ARTICLE 4. MANUALS AND STANDARDS OF OPERATOR QUALITY, CLEANLINESS AND SERVICE.

4.1 STANDARDS.

In order to promote the value and goodwill of Franchisor's Marks and the Franchise System Restaurant and to protect Franchisor's Marks and the other L & L Franchise System Restaurant operators who comprise the L & L Franchise System Restaurant network, Operator agrees to conduct its business in accordance with the standards promulgated by Franchisor from time to time, set forth in the Manuals or otherwise.

In addition, Operator agrees to adopt best practices as determined by Franchisor with respect to the health and safety of employees and customers during the ongoing COVID-19 pandemic. At all times, Operator shall comply with all applicable laws and regulations.

4.2 MANUALS.

4.2.1 In the Manuals and other publications, Franchisor will list authorized products to be sold by Operator, and promulgate standards of operation for System Restaurants, including standards of quality, cleanliness, and service for all food, beverages, furnishings, interior and exterior decor, trade dress, supplies, fixtures, and equipment used in connection with each System Restaurant. Operator agrees to operate its System Restaurant in accordance with the standards, specifications and procedures set forth in the Manuals and this Agreement. Operator acknowledges and agrees that Franchisor has the right to make changes to its standards, specifications and procedures in its Manuals in its sole and complete discretion. Operator further agrees that changes in the menu, furnishings, interior and exterior décor, trade dress, supplies, fixtures, equipment or the standards, specifications and procedures may become necessary from time to time and agrees to comply with and accept as reasonable all changes to the menu, modifications, revisions and additions to the

Manuals as authorized by Franchisor. The sale of any product or service at the Operator's Location, without Franchisor's prior written approval shall constitute a material breach of this Agreement.

4.2.2 The Manuals and all amendments to the Manuals (and copies thereof) are Franchisor's property and Franchisor claims copyright protection in these materials. They are loaned to Operator for the term of the Agreement, and must be returned to Franchisor upon the Agreement's termination, expiration or nonrenewal. The Manuals are highly confidential documents which contain certain trade secrets of Franchisor, and Operator shall never reveal, and shall take all reasonable precautions, both during and after the term of this Agreement, to assure that its employees or any other party under Operator's control, shall never reveal any of the contents of the Manuals or any other publication, recipe or secret provided by Franchisor, except as is necessary for the operation of Operator's System Restaurant.

4.3 OPERATION.

To the extent that Franchisor may recommend certain mandatory or suggested hours of operation for the System Restaurant, such recommendation shall be set forth in the Manuals.

4.4 APPEARANCE.

From time to time, Operator's System Restaurant may need a cosmetic improvement or equipment change or addition in order to comply with the Manuals and/or to maintain proper operations and an aesthetic appearance and professional image. Accordingly, Franchisor may require remodeling and renovation, and modifications to existing equipment and improvements as is reasonably necessary to maintain the brand standards. Franchisor shall not require any such work at a particular System Restaurant less than three (3) years after the opening of the System Restaurant except: (i) for additional equipment if new food preparation methods or products are developed and authorized by Franchisor; (ii) if repairs or repainting are necessary to maintain the appearance of the interior and exterior of the Location in a clean and orderly condition satisfactory to Franchisor; or (iii) upon the sale of the Operator's System Restaurant. Within ninety (90) days after receipt of written notice, Operator shall fully implement and complete such changes to its System Restaurant operating under this Agreement.

4.5 PRODUCT LINE AND SERVICE.

Operator agrees to only serve the approved product line items specified by Franchisor in this Agreement, the Manuals or as approved in writing by Franchisor and to follow all specifications and formulas of Franchisor as to specifications, contents, weight and quality of products served to its customers from Operator's System Restaurant. Operator further agrees to implement Franchisor requirements with respect to the customer experience as Franchisor may adopt from time to time.

4.6 CONTAINERS, FIXTURES AND OTHER GOODS.

4.6.1 Operator agrees that all food and drink items will be served in containers bearing accurate reproductions of Franchisor's Marks. All bags, cups, menus and other packaging and like articles used in connection with Operator's System Restaurant shall conform to Franchisor's specifications, shall be imprinted with Franchisor's Marks and shall be purchased by Operator from a distributor or manufacturer approved in writing by Franchisor, as provided in Article 8, which approval will not be unreasonably withheld.

4.6.2 No item of merchandise, furnishings, interior and exterior decor items, supplies, fixtures, equipment or utensils bearing any of Franchisor's Marks shall be used in or upon any System Restaurant unless the same shall have been first submitted to and approved in writing by Franchisor.

4.6.3 Operator further understands that it may become necessary for Operator to replace or upgrade the entire cash register or point of sale (POS) system with a larger system capable of assuming and discharging all the tasks and functions specified by Franchisor. Operator further understands and agrees that as designed and functions change periodically, Franchisor may require Operator to make substantial modifications to meet Franchisor's specifications or to require installation of entirely different systems during the term of this Agreement or during the term of any renewal Franchise Agreement.

4.6.4 Operator agrees, at Operator's expense, to keep Operator's cash register or point of sale system in good maintenance and repair. Following Franchisor's testing and determination that it will prove beneficial to Operator, Operator agrees to install at Operator's own expense such additions, changes, modifications, substitutions and/or replacements to Operator's hardware, software, telephone lines, power lines and other related facilities as Franchisor may direct on those dates and within those times specified by Franchisor in its sole and exclusive discretion in its Manuals or otherwise.

ARTICLE 5. MENUS, UNIFORMS, INSPECTIONS, SIGNS.

5.1 MENUS.

5.1.1 Operator shall not manufacture, advertise for sale, sell or give away any product unless such product has been approved in the Manuals as an Authorized Product for sale in Operator's System Restaurant and not thereafter disapproved in writing by Franchisor. All Authorized Products shall be distributed under the specific name designated by Franchisor. Operator shall establish all menu prices in its sole discretion; provided, however, that, subject to compliance with applicable federal and state laws, Franchisor may set minimum or maximum prices. If Franchisor has imposed such a minimum or maximum price or other requirement, Operator may not charge a price that is less than the minimum price, or greater than the maximum price, set by Franchisor. Operator shall offer for sale in its System Restaurant only those food products which Franchisor designates as "approved and authorized" or which

Franchisor has made available as a “regionalized” menu or has otherwise specifically approved in writing (each, an “Authorized Product,” as described above). No Authorized Product will be removed from the menu unless Operator is so instructed by Franchisor.

5.1.2 Such “Authorized Products” shall be marketed by approved menu formats to be utilized in Operator’s System Restaurant. The approved and authorized menu and menu format(s) may include, in Franchisor’s discretion, requirements concerning organization, graphics, product descriptions, illustrations, and any other matters (except prices) related to the menu, whether or not similar to those listed. In Franchisor’s discretion, the menu and/or menu format(s) may vary depending upon region, market size, and other factors. Franchisor may change the menu and/or menu format(s) from time to time or region to region or authorize tests from region to region or authorize non-uniform regions or non-uniform System Restaurant(s) within regions, in which case Operator will be given a reasonable time (not longer than thirty (30) days) to discontinue use of any old menu format(s) and implement use of the new menu format(s).

5.1.3 Operator shall, upon receipt of notice from Franchisor, add any Authorized Product to its menu according to the instructions contained in the notice. Operator shall have a minimum of thirty (30) days after receipt of written notice in which to fully implement any such change. Operator shall cease selling any previously approved product within thirty (30) days after receipt of notice that the product is no longer approved.

5.1.4 The Authorized Products sold by Operator shall be of the highest quality, and the ingredients, composition, specifications, and preparation of such food products shall comply with the instructions and recipes provided by Franchisor or contained in Franchisor’s Manuals, and with the further requirements of Franchisor as they are communicated to Operator from time to time.

5.2 COMPLIANCE.

Operator shall operate each of its System Restaurants as a clean, orderly, legal and respectable place of business in accordance with Franchisor’s business standards and merchandising policies, and shall comply with all applicable ordinances, laws, statutes and regulations, including all disability laws (including but not limited to the Americans with Disabilities Act (ADA) as amended) and any applicable state civil rights or disability rights laws), food and drug laws and regulations. Operator shall not allow any Location or part of a Location to be used for any immoral or illegal purpose.

5.3 SIGNS, MENU BOARDS, DESIGNS AND FORMS OF PUBLICITY.

5.3.1 Operator shall install and maintain a suitable sign or awning at, on, or near the front of the Location, identifying the Location as a “L & L Franchise System Restaurant” and a menu board within the location. Such sign and menu board shall conform in all respects to Franchisor’s requirements and be in accordance with the layout and design plan approved for the Location, except to the extent prohibited by local legal restrictions. Operator shall meet and maintain the highest health standards

and ratings applicable to the operation of an L & L Hawaiian Barbecue restaurant. Franchisor in its sole discretion may change, modernize and adapt new designs, logos and color schemes for System Restaurants. In such event, Operator, at its cost, agrees to install, use and maintain such new signs, menu boards and designs.

5.3.2 No menu board, exterior or interior sign or any design, advertisement, sign, or form of publicity, including form, color, number, location, and size, shall be used by Operator unless first submitted to Franchisor and approved in writing (except with respect to prices). Any request by Operator for such approval shall be properly submitted to: L & L Franchise, Inc., 2138 Algaroba Street, Honolulu, Hawaii 96826, Attn: Elisia Flores. Franchisor shall respond to such request within thirty (30) days of its receipt. Whenever Operator elects to utilize, in the form supplied, advertising supplied by Franchisor or any promotional item specifically approved by Franchisor, no further approval for use of such material is required. Upon written notice from Franchisor, Operator shall discontinue and/or remove any objectionable advertising materials or any other materials not suitable for display, in Franchisor's sole discretion.

5.4 BRANDED ATTIRE.

To preserve and protect the brand, Operator shall cause all employees, while working in System Restaurants, to: (i) wear the branded attire that Franchisor may designate from time to time, and (ii) present a neat and clean appearance.

5.5 VENDING OR OTHER MACHINES.

Operator shall not permit vending or game machines or any other mechanical device to be installed or maintained in its Location without Franchisor's prior written approval.

5.6 INSPECTION.

5.6.1 Franchisor' s authorized representatives shall have the right to enter upon the entire premises of Operator's System Restaurant at any time during business hours without prior notice or notification and without disrupting Operator's business operations, for the purposes of examining same, conferring with Operator's employees, inspecting and checking operations, food, beverages, furnishings, interior and exterior decor, supplies, fixtures, and equipment, and determining whether the business is being conducted in accordance with this Agreement, the System and the Manuals.

5.6.2 In the event any such inspection indicates any deficiency or unsatisfactory condition with respect to any matter required under this Agreement or the Manuals, including but not limited to quality, cleanliness, service, health and authorized product line, Franchisor will notify Operator in writing of Operator's non-compliance with the Manuals, the System, or this Agreement. Operator shall have twenty-four (24) hour after receipt of such notice, or such other greater time period as Franchisor in its sole discretion may provide, to correct or repair such deficiency or unsatisfactory condition, if it can be corrected or repaired within such period of time. If not, Operator shall within

such time period commence such correction or repair and thereafter diligently pursue it to completion.

ARTICLE 6. ADVERTISING, MARKETING, PROMOTION AND CONVENTION CONTRIBUTION.

6.1 Operator and Franchisor acknowledge the value of advertising and accordingly Operator agrees to pay the following amount each and every month of its operations to Franchisor (the "Advertising Fee"): (a) if Operator's System Restaurant is located on the West Coast of the continental United States, as designated by Franchisor, the Advertising Fee shall be equal to one percent (1%) of Net Sales, (b) if Operator's System Restaurant is located east of Texas in the continental United States, as designated by Franchisor, the Advertising Fee shall be equal to two percent (2%) of Net Sales, and (c) if Operator's System Restaurant is located in Hawaii, the Advertising Fee shall be equal to three hundred and five dollars ($305); provided, however, that in no event shall the Advertising Fee be equal to less than three hundred dollars ($300) per month. Net sales are defined as all revenues excluding and after deduction of sales or excise taxes (excluding price discounts and allowances) received by Operator as payment, whether in cash or for credit (and, if for credit, whether or not payment is received therefor), for all beverages, food, and other goods, services, and supplies sold in or from (each of) Operator's Restaurant(s), and gross revenues received by Operator from any other business operated at the Location (excluding revenues from any mechanical or other device, such as vending or game machines installed at the Location). Net sales shall be calculated prior to any deduction for expenses relating to the business.

These funds will be deposited, at Franchisor's sole discretion, into a segregated advertising account (with other advertising collections) controlled by Franchisor or to a regional advertising cooperative covering Operator's System Restaurant. Advertising payments will then be spent at Franchisor's sole discretion for advertising to benefit Operator and/or all or regional operators of System Restaurants. The Advertising Fee shall be paid in accordance with the procedure described in Article 9.

6.2 Franchisor, at its sole discretion, may spend the collected fees directly, or may authorize payment of the advertising collections for media time or space, production of media materials, whether for radio, television, newspapers or store level materials such as flyers, or posters, or for any other type of advertising or marketing use. Franchisor is not, under any circumstances, obligated to contribute to any national or local advertising fund, program, Association, or other organization any advertising fees or contributions.

6.3 Franchisor may authorize expenditure of the time, producing media materials (whether they be for radio, television, newspapers, or store-level materials like flyers, posters, etc.) and paying for administrative, planning, marketing, promotion or Franchisor's own advertising personnel, and/or for third party agencies or consultants and for use to organize and conduct periodic meetings or conversations on a regional or system-wide basis (including the payment in whole or in part of transportation and/or

lodging costs of the Franchisor's staff and representatives and Franchisee representatives. Twenty percent (20%) or more of the advertising, marketing, and promotional contributions may be used by Franchisor to cover Franchisor's administrative expenses. Advertising, promotion or marketing may be on television, radio, internet, newspaper, magazines, direct mail, flyers, posters, brochures, calendars, t-shirts, logo bearing merchandise and marketing materials, coupons or similar media. The coverage of the media may be local, regional or national. Franchisor may prepare advertisements, marketing and promotional material and publicity in-house or may use regional or national advertising agencies to prepare the materials.

Franchisor is not obligated to contribute any amount to any national or local advertising funds or programs. There shall be no requirements that Franchisor must spend any amount of advertising, in any particular areas or territory where Operator's System Restaurant is located. The use and expenditure of the advertising contribution shall be at Franchisor's sole discretion. If any part of the advertising contribution is not spent in the fiscal year in which such advertising contribution accrues, Franchisor may utilize the advertising contribution in any other fiscal year in its sole discretion. Operator will not receive any periodic accounting of how advertising contributions are spent. No part of the advertising contributions is to be used for advertising that is principally a solicitation for the sale of franchises.

Franchisor will prepare unaudited annual statements showing how advertising contributions have been expended. These statements will be given to Operator on written request.

At Franchisor's sole discretion, the advertising, marketing and promotion contributions may be used toward expenses of planning and conducting periodic conferences and/or meetings of the Franchisor and groups or all of the Franchisees. Franchisor will not use advertising contributions, or any associated interest earnings, for advertising or marketing that principally solicits the sale of franchises. Franchisor reserves the right to add tag lines to advertising or marketing indicating that franchises are available and giving contact information. Franchisor is not required to spend any amount of the advertising contributions on advertising or promotions in Operator's area. Other than reimbursement for reasonable costs and overhead incurred in administering and expending the advertising contributions, neither Franchisor nor any affiliate will receive any payment for providing services or products related to these activities. If any contributions, including any associated interest earnings, are not spent in the fiscal year in which they accrue, they will be kept for use in later years.

6.4 Franchisor shall have the right to require Operator to participate in marketing, gift card, gift certificate, discount pricing and/or menu items promotions on an area, regional, statewide or systemwide basis. If so, required by Franchisor, Operator agrees to and shall participate in such marketing, gift card, gift certificate, discounted pricing and/or menu item promotions.

ARTICLE 7. COMPANY MARKS, ADDITIONAL MARKS AND COPYRIGHTED MATERIALS.

7.1 Franchisee acknowledges that the Franchisor is the owner of all right, title and interest, together with all the goodwill of Franchisor's Marks. Franchisee further acknowledges that Franchisor's Marks designate the origin or sponsorship of the System Restaurant and that Franchisor desires to protect the goodwill of Franchisor's Marks and to preserve and enhance the value of Franchisor's Marks.

7.2 Franchisee further acknowledges that it is of utmost importance that the goodwill, stature, and image of quality associated with the Marks be maintained and enhanced by Franchisee. Franchisee will make no use of Franchisor's Marks without the prior approval of Franchisor, this Agreement itself not constituting such approval. To maintain and enhance the goodwill and image of quality associated by the public with Franchisor's Marks, Franchisee will conduct its business in accordance with this Agreement and specifically with the provisions of this Section 7.

7.3 Franchisee further acknowledges that the Franchisee's right to use Franchisor's Marks is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Franchisor in the Manuals and elsewhere from time to time during the Initial Term of this Agreement.

7.4 Franchisee acknowledges and agrees that the Franchisor is the sole and exclusive owner of Franchisor's Marks and that it will never dispute, contest, or challenge, directly or indirectly, the validity or enforceability of Franchisor's Marks or Franchisor's ownership of Franchisor's Marks, nor counsel, procure, or assist anyone else to do the same, nor will it take any action that is inconsistent with Franchisor's ownership of Franchisor's Marks, nor will it represent that it has any right, title, or interest in Franchisor's Marks other than those expressly granted by this Agreement.

7.5 Upon Franchisor's request, Franchisee will cooperate fully, both before and after termination or expiration of this Agreement and at Franchisor's expense, in confirming, perfecting, preserving, and enforcing Franchisor's rights in Franchisor's Marks, including but not limited to, executing and delivering to Franchisor such documents as Franchisor reasonably requests for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and marketing of the Services and other products and services. Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact for the purpose of executing such documents.

7.6 Franchisee will use Franchisor's Marks only in lettering, logos, print styles, forms, and formats, including but not limited to, advertising, marketing and promotional materials, invoices, signage, business checks, business cards, invoices, stationery, and promotional items such as clothing, pens, mugs, etc., which have been approved by

Franchisor in accordance with this Agreement, and promptly follow instructions regarding Franchisor's Marks as provided in the Manuals and otherwise given by Franchisor from time to time.

7.7 Franchisee agrees to safeguard and maintain the reputation and prestige of Franchisor's Marks and will not do anything that would tarnish the image of or adversely affect the value, reputation or goodwill associated with Franchisor's Marks. Franchisee will never attempt to dilute, directly or indirectly, the value of the goodwill attached to the Marks, nor to counsel, procure, or assist anyone else to do the same.

7.8 Franchisor may decide, in its sole and absolute discretion, to apply to register or to register any trademarks with respect to the System Restaurant and any other products and services. Failure of Franchisor to obtain or maintain in effect any such application or registration is not a breach of this Agreement. Franchisee will not, before or after termination or expiration of the Agreement, register or apply to register any of Franchisor's Marks, or any trademark or logo confusingly similar thereto, anywhere in the world.

7.9 Franchisee should mark Franchisor's Marks with a superscript "®" or "™" unless and until advised by Franchisor to use a different notice.

7.10 If, in Franchisor's reasonable determination, the use of a Franchisor's Mark in connection with the System Restaurant and other products and services will infringe or potentially infringe upon the rights of any third party or weakens or impairs Franchisor's rights in Franchisor's Marks, then upon notice from Franchisor, Franchisee will immediately terminate or modify such use in accordance with Franchisor's instructions, and Franchisee will have no rights of damages, offset, or right to terminate this Agreement as a result thereof.

7.11 Franchisee will not use any materials that are false or misleading.

7.12 Franchisee will ensure that all advertising, marketing, labeling, packaging and other materials associated with the System Restaurant and other products and services fully conform to all applicable laws and regulations.

7.13 Franchisee will conduct its business operations in accordance with all applicable laws and regulations, including but not limited to, consumer protection laws and regulations.

7.14 Franchisee will control the quality of the System Restaurant and other products and services to avoid product quality problems or product liability claims that could reflect adversely on Franchisee or Franchisor in the minds of consumers.

7.15 Franchisee shall not use any Franchisor's Mark or portion of any Franchisor's Mark as part of a corporate, entity or trade name, or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form.

Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or under applicable law.

7.16 In order to preserve the validity and integrity of Franchisor's Marks and Copyrighted Materials licensed herein and to assure that Franchisee is properly employing the same in the operation of its Business, Franchisor or its agents shall have the right of entry and inspection of Franchisee's System Restaurant and operating procedures at all reasonable times. Franchisor shall have the right to observe the manner in which Franchisee is rendering its services and conducting its operations, to confer with Franchisee's employees and customers, and to select business reports for testing of content and evaluation purposes to make certain that all such tested items are satisfactory and meet the quality control provisions and standards established by Franchisor.

7.17 If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor to modify or discontinue use of any Franchisor's Mark, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any Franchisor's Marks.

7.18 Any unauthorized use of Franchisor's Marks by Franchisee constitutes a breach of this Agreement and an infringement of the rights of Franchisor and in and to Franchisor's Marks.

7.19 Franchisee acknowledges that all usage of Franchisor's Marks by Franchisee and any goodwill established by Franchisee's use of Franchisor's Marks shall inure to the exclusive benefit of Franchisor, and that this Agreement does not confer any goodwill or other interests in Franchisor's Marks upon expiration or termination.

7.20 In the event Franchisee acquires, as a result of the exercise of any rights provided under this Agreement, any rights in Franchisor's Marks, it agrees to assign and hereby assigns all such rights to Franchisor.

7.21 Franchisee shall promptly notify Franchisor of any claim, demand, or cause of action based upon or arising from any attempt by any other person, firm or corporation to use Franchisor's Marks or any colorable imitation thereof. Franchisee shall also notify Franchisor of any action, claim or demand against Franchisee relating to Franchisor's Marks within ten (10) days after Franchisee receives notice of said action, claim, or demand. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to Franchisor's Marks, Franchisor shall have the sole right, but not the duty, to defend any such action. Franchisor shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of Franchisor's Marks and shall exercise such right in the sole discretion of Franchisor.

Franchisor shall control all actions but not be obligated to take any action. In any defense or prosecution of any litigation relating to Franchisor's Marks or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. At Franchisor's option, Franchisee will join in any action, in which case Franchisor shall bear all the out-of-pocket costs of Franchisee for such participation. If Franchisee joins in an action, then the recovery, if any, from such legal action shall be first applied to the total expenses associated therewith and then split equally between Franchisor and Franchisee. Both parties shall make every effort consistent with the foregoing to protect, maintain, and promote Franchisor's Marks as identifying the System Restaurant. Franchisor makes no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of Franchisor's Marks.

7.22 All provisions of this Agreement applicable to Franchisor's Marks apply to any and all additional trademarks, service marks and commercial symbols authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

7.23 Franchisee will make no use of the Copyrighted Materials (defined below) without the prior approval of Franchisor, this Agreement itself not constituting such approval. To maintain and enhance the rights in the Copyrighted Materials, Franchisee will conduct its business in accordance with this Agreement and specifically with the provisions of this Section 7.

7.24 Franchisee agrees that all material, including but not limited to, all artwork and designs, created by Franchisee or any other person or entity retained or employed by Franchisee, and used with Franchisor's Marks ("Copyrighted Materials") are works made for hire within the meaning of the United States Copyright Act and are the property of the Franchisor, who shall be entitled to use and license others to use the Copyrighted Materials subject to the provisions of this Agreement unencumbered by moral rights. To the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to the Franchisor, Franchisee irrevocably assigns and agrees to assign to the Franchisor, its successors and all rights, including all copyrights and related rights, in such Copyrighted Materials, which the Franchisee and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Copyrighted Materials from the author or third parties to copyright owner, its successors, and assigns that may be acquired.

7.25 Franchisee agrees to safeguard and maintain the value of the Copyrighted Materials and will not do anything that would adversely affect the value of the Copyrighted Materials. Franchisee will never attempt to dilute, directly or indirectly, the value attached to the Copyrighted Materials, nor to counsel, procure, or assist anyone else to do the same.

7.26 The Franchisor may decide, in its sole and absolute discretion, to apply to register or to register any Copyrighted Materials with respect to the Products or any other products or services. Failure of the Franchisor to obtain or maintain in effect any such application or registration is not a breach of this Agreement. Franchisee will not, before or after termination or expiration of the Agreement, register or apply to register any of the Copyrighted Materials, or any Copyrighted Materials or logo substantially similar thereto, anywhere in the world.

7.27 If, in Franchisor's reasonable determination, the use of Copyrighted Materials in connection with the Services and products will infringe or potentially infringe upon the rights of any third party or weakens or impairs Franchisor's rights in the Copyrighted Materials, then upon notice from Franchisor, Franchisee will immediately terminate or modify such use in accordance with Franchisor's instructions, and Franchisee will have no rights of damages, offset, or right to terminate this Agreement as a result thereof.

7.28 The license and related rights to use the System, the Manuals, designated and approved Franchisor's Marks and any other proprietary products granted by this Agreement are applicable only with respect to Operator's System Restaurant at the Location, and not elsewhere, except in the event of a relocation approved in writing by Franchisor. This Agreement does not authorize the use of mobile vending vehicles, carts, kiosks or any other non-traditional delivery systems.

7.29 Operator shall not interfere in any manner with, or attempt to prohibit, the use of Franchisor's Marks by any other Operator of Franchisor or in connection with any L & L Franchise System Restaurant authorized or branded products or operations.

7.30 Franchisor may, from time to time, in Franchisor's sole discretion, obtain additional trademark and/or service mark rights in words and/or designs. In the event of any of these occurrences, Franchisor may license Operator to use those trademarks or service marks by giving written notification to Operator that such marks now form part of Franchisor's Marks.

The term of such license will be coextensive with the term of this Agreement or as otherwise established by Franchisor, and will be subject to all restrictions with respect to the use of those rights as set forth in this Agreement and in the notice granting Operator the license.

7.31 Operator shall not utilize the letters, term or mark "L & L" or "Hawaiian Barbecue" or similar names or marks in its corporate, partnership and/or limited liability entity name or in its internet, website or e-mail addresses.

ARTICLE 8. DISTRIBUTION AND PURCHASE OF EQUIPMENT, SUPPLIES, AND OTHER PRODUCTS.

Operator understands and acknowledges that the serving of inferior, inconsistent and/or non-conforming products under the L & L Franchise System Restaurant name or

any of the Franchisor's trademarks can have a detrimental impact on the L & L Franchise System Restaurant name and goodwill, devalue the Franchisor's trademark(s) and subject Franchisor to a loss of business which is not readily determinable and constitutes irreparable harm. Operator agrees to use only Franchisor's approved mayonnaise, sauces, spices, recipes, ingredients, raw materials and products and portion control formulas in the preparation of Authorized Products. Operator further agrees to only buy Raw Materials, as defined below, manufactured in accordance with Franchisor's specifications from approved manufacturers, distributed by approved distributors, and sold to Operator (See Exhibit G).

8.1 DEFINITIONS.

8.1.1 For the purpose of this Agreement, "distributor" is defined as any entity, except a manufacturer, that directly or indirectly delivers raw materials to the Operator. A "manufacturer" is defined as the entity that manufactures and/or sells the raw materials to a distributor. Raw Materials mean all of the products purchased from distributors, and/or manufactured or sold by manufacturers or production entities which are used in the creation of Authorized Products. Raw Materials include, but are not limited to printed paper goods, precut and/or premarinated meats (cooked and uncooked), produce, seafood, bakery products, beverages, grocery items, clothing, processed foods, dressings, desserts, seasonings, spices, condiments, sauces, frozen entrees, prepared entrees, packaged entrees, frozen meals, prepared meals, packaged meals and such other items as designated by Franchisor as Raw Materials (collectively, the "Raw Materials") (See Exhibit G). "Authorized" means approved by Franchisor in accordance with the procedures established in this Agreement.

8.2 DISTRIBUTORS.

8.2.1 Operator acknowledges that it is generally unrealistic from a cost and service basis to have more than one distributor in the market area of Operator's System Restaurant, and that to obtain the lowest-distribution costs, all regional operators should only purchase from one authorized L & L Franchise System Restaurant distributor. Operator agrees to only purchase all equipment, supplies, Raw Materials and other products and materials necessary for the operation of its System Restaurant solely from Authorized distributors (See Exhibit G), and other authorized sources who demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's then-current standards and specifications for such items; who possess adequate quality controls and capacity to supply Operator and all other System operators needs promptly and reliably; who demonstrate the ability and willingness to work with Franchisor to provide the assistance needed by the those operators in the region and all other System Operators; who agree to distribute all authorized L & L Franchise System Restaurant products; who comply with Franchisor's reasonable requirements; and who have been approved in writing by Franchisor and not thereafter disapproved.

8.2.2 If Operator desires to purchase any items from an unapproved distributor, whom Operator desires to become an Authorized distributor, Operator shall first submit a written request, in duplicate, for such approval to Franchisor, addressed to President,

L & L Franchise, Inc., 2138 Algaroba Street, Honolulu, Hawaii 96826, accompanied by a similar written request for approval from the proposed distributor. Franchisor shall have the right to require that the proposed distributor provide reasonable financial, operational and economic information regarding its business and that Franchisor's representatives be permitted to inspect the proposed distributor's facilities and establish economic terms, delivery, service and other requirements consistent with other distribution relationships for other system restaurants. The proposed distributor shall pay to Franchisor in advance all of Franchisor's reasonable costs incurred in review of the application of the distributor to service the Operator as well as all current and future reasonable costs related to inspecting and reinspecting the distributor's facilities, equipment and Raw Materials in the distributor's possession at any time. Franchisor may revoke its approval upon the distributor's failure to continue to meet any of Franchisor's criteria. Nothing in this article shall require Franchisor to approve any distributor. Upon the receipt by Franchisor of Operator's and the proposed distributor's request for approval in full compliance of this article and the completion of all of the inspections needed by Franchisor to evaluate the distributor, Franchisor will notify Operator of its decision within ninety (90) days after the receipt of a completed request for approval or the completion of inspections (if required). In the event an alternate approved distributor to the recommended distributor is used by Operator, as a condition thereof Operator and all other operators shall authorize the alternate distributor to provide to Franchisor duplicate purchase invoices for Franchisor's records and inspection purposes and to otherwise comply with Franchisor's reasonable requests.

8.3 MANUFACTURERS.

8.3.1 The parties agree that Franchisor's product specifications and portion control system are highly confidential information and are trade secrets of Franchisor. In order to (i) achieve appropriate pricing, (ii) obtain the L & L Franchise System Restaurant authorized Raw Materials for Operator and all of Franchisor's System Restaurants, and (iii) establish consistent uniformity of L & L Franchise System Restaurant products, Operator acknowledges that purchasing by all System or regional operators from approved manufacturers is a necessity. Because of the importance of quality and uniformity of product and the significance of product specifications and portion control in the preparation of Authorized Products to achieve and maintain such quality and uniformity, it is to the mutual benefit of the parties that Franchisor closely control the production and distribution of the Raw Materials used to produce authorized products sold by Operator. Similar considerations may also apply to other products, which Franchisor may develop in the future. Operator therefore agrees to purchase only Raw Materials manufactured in accordance with Franchisor's specifications and quality standards by approved manufacturers who demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's then-current standards and specifications for such items; who possess adequate quality controls and capacity to meet the needs of Operator and all other System Operators in a given region or territory promptly and reliably; who demonstrate the ability and willingness to work with Franchisor and to provide the assistance needed by the L & L Franchise System Restaurant and who have been approved in writing by Franchisor and not thereafter disapproved.

8.3.2 If Operator desires to purchase any items from an unapproved manufacturer, who Operator desires to become an Authorized manufacturer, Operator shall first submit a written request, in duplicate, for such approval to Franchisor, addressed to President, L & L Franchise, Inc., 2138 Algaroba Street, Honolulu, Hawaii 96826, accompanied by a similar written request for approval from the proposed manufacturer. Franchisor shall have the right to require that the proposed manufacturer provide reasonable financial, operational and economic information regarding its business and that Franchisor's representatives be permitted to inspect the proposed distributor's facilities and establish economic terms, delivery, service and other requirements consistent with other with other manufacturing relationships for other system restaurants. The proposed manufacturer shall pay to Franchisor in advance all of Franchisor's reasonable costs incurred in review of the application of the manufacturer to service the Operator as well as all current and future reasonable costs related to inspecting and reinspecting the manufacturer's facilities, equipment and Raw Materials at any time. Franchisor may revoke its approval upon the manufacturer's failure to continue to meet any of Franchisor's criteria. Nothing in this article shall require Franchisor to approve any manufacturer. Upon the receipt by Franchisor of Operator and the proposed manufacturer's request for approval in full compliance of this article and the completion of all of the inspections needed by Franchisor to evaluate the manufacturer, Franchisor will notify Operator of its decision within 90 days after completion of such application and inspections. If an alternate approved manufacturer to the recommended manufacturer is used by Operator, as a condition thereof Operator and all other operators shall authorize the alternate manufacturer to provide to Franchisor duplicate purchase invoices for Franchisor's records and inspection purposes and to otherwise comply with Franchisor's reasonable requests.

8.3.3 Franchisor reserves the right in its sole discretion to add, delete and/or change authorized products and/or raw materials for use by Operator.

8.4 PURCHASE OBLIGATIONS.

Operator agrees to purchase the following items from the approved distributor and manufacturer designated by Franchisor:

8.4.1 all L & L Franchise System Restaurant Products that bear Franchisor's Mark. Operator agrees to cooperate with Franchisor with respect to the purchase, display and sale of any Authorized Products authorized for sale by Franchisor. Operator consents to the receipt by Franchisor of licensing fees from manufacturers who manufacture Authorized Products, which fees compensate Franchisor for such use of Franchisor's Marks.

8.4.2 L & L Franchise System Restaurant standard exterior and interior signs; These signs require the prior fabrication of sign molds or advance production in quantity to be either affordable or promptly available. If Franchisor has entered into an agreement with approved sign manufacturer(s), granting rights to use Franchisor's Marks in connection with the signs and to sell such signs to L & L Franchise System

Restaurant operators, Operator agrees to purchase its signs from the authorized sign manufacturer(s). Operator shall obtain and use only building storefront signs, lighted or digital animated menu boards from sign manufacturing vendor approved in writing by Franchisor. All such signage and menu boards must be of style, design, look and appearance approved in writing by Franchisor.

8.4.3 Pepsi-Cola fountain service products: Franchisor has entered into an exclusive agreement with the Pepsi-Cola Company to be the only approved fountain service beverage supplier to the L & L Franchise System Restaurant. Operator agrees to only use the fountain service Pepsi-Cola products authorized by Franchisor and no other beverages, unless replacement or additional beverages are approved in writing by Franchisor.

Franchisor reserves the right in its sole discretion to add or change fountain service beverage supplier(s) for Operators and Locations in the L & L Franchise System Restaurant.

8.4.4 Operator agrees that at such times that Franchisor establishes a regional or national purchasing program for any of the Raw Materials, which may benefit Operator by reduced price, lower labor costs, production of improved Authorized Product(s), increased reliability in supply, improved distribution, Raw Material cost control (establishment of consistent pricing for reasonable periods to avoid market fluctuations), improved operations by Operator or other tangible benefits to Operator, Operator will participate in such purchasing program in accordance with the terms of such program.

8.4.5 If and when, and as Franchisor establishes or identifies distributor(s) or manufacturer(s) of pre-seasoned, pre-cut, pre-marinated and/or pre-prepared food products or raw materials for preparation and/or sale in L & L Franchise System Restaurant, Operator shall purchase and shall exclusively use such food products and raw materials in the L & L Franchise System Restaurant.

ARTICLE 9. CONTINUING FRANCHISE FEES, REPORTS, BOOKS AND RECORDS.

9.1 CONTINUING FRANCHISE FEES.

9.1.1 Operator shall pay to Franchisor monthly by the tenth (10^{th}) of each month the following amount as a continuing franchise fee or royalty fee: (a) if Operator's System Restaurant is located on the West Coast of the continental United States, as designated by Franchisor, the continuing franchise fee shall be equal to three percent (3%) of Net Sales, (b) if Operator's System Restaurant is located east of Texas in the continental United States, as designated by Franchisor, the continuing franchise fee shall be equal to four percent (4%) of Net Sales, and (c) if Operator's System Restaurant is located in Hawaii, the continuing franchise fee shall be equal to one percent (1%) of Net Sales; provided, however, that in no event shall the continuing franchise fee be equal to less than nine hundred dollars ($900) per month. In the event there is an express mutual written agreement between Franchisor and Operator for the

renewal or extension of the term of this Agreement, the continuing franchise fee shall be subject to increase. Franchise operators who became Franchisee operators under earlier versions of franchise agreements were afforded a different initial and/or continuing franchise fee.

In the event Operator enters into Franchise Agreement to operate more than one System Restaurant, Operator shall pay Franchisor such continuing franchise fees for each System Restaurant.

9.1.2 At Franchisor's request, Operator shall promptly execute or re-execute within five (5) days after Franchisor's request, and deliver to Franchisor appropriate pre-authorized check forms or such other instruments or drafts required by Franchisor's bank, payable against Operator's bank account, to enable Franchisor to electronically (draft on Operator's account by electronic withdrawal), collect the continuing franchise fees and Advertising Fee payable under the terms of this Agreement. At Franchisor's request, Operator shall, within five (5) days after such request, promptly perform such acts as to enable Franchisor or its designee to access, receive and copy any and all information regarding Operator's "Net Sales" as defined in this Agreement and/or to connect its computers to Operator's computer(s) or Operator's POS System so that Franchisor or its designee may electronically obtain statistical information regarding Operator's business activities that Franchisor may in its sole discretion seek to obtain. Operator agrees to not disconnect Franchisor or its designee from such connection or phone line at any time, for any reason, without Franchisor's prior written approval. Operator specifically authorizes Franchisor to either "upload" or "download" information in and from or to its computers, cash registers or other such devices as allowed by law, as it relates to the System Operation by internet, intranet and other networks or other means as they become available.

9.1.3 Operator shall report its Net Sales the tenth (10^{th}) of each month or at such other times as established by Franchisor in its sole discretion. If Operator fails to report its sales on a timely basis, Franchisor may estimate the amount of Operator's sales. Franchisor will then deposit or transfer the reported, or in the absence of a report, the estimated, amounts due into its own account, using the System Operator's pre-authorized checks or other instruments. If any draft, electronic or otherwise, is unpaid because of insufficient funds or otherwise, then Operator shall pay Franchisor's expenses arising from such non-payment, including bank fees in the amount of at least fifty dollars ($50.00), hourly staff charges arising from such default, and any other related expenses incurred by Franchisor. By the tenth (10^{th}) day of each month Operator shall pay to Franchisor any sums unpaid for the prior month to adjust for sales owed for any partial month or sales that were unpaid, improperly recorded or not credited on Operator's books and records. Operator hereby agrees to pay any sales, use or other tax now or hereinafter imposed on franchise fees, advertising fees or any additional rental collected under the sublease for the Location, imposed by any Federal, state or local governmental authorities. Franchisor, at its sole discretion, may collect the taxes in the same manner as franchise fees are collected herein and if Franchisor collects such taxes, Franchisor shall promptly pay the tax collections to the appropriate governmental authority.

9.2 REPORTS AND INSPECTION OF RECORDS.

9.2.1 The Franchisee shall keep such complete records of its Restaurant as a prudent and careful businessperson would normally keep. The Franchisee shall keep its financial books and records as the Franchisor may from time to time direct in the Manuals or otherwise, including retention of all invoices, order forms, payroll records, cash register tapes, check records, bank deposit receipts, sales tax records, refunds, cash disbursements journals and general ledgers. The Franchisee shall advise the Franchisor of the location of all original documents and shall not destroy any records without the written consent of the Franchisor. The Franchisee shall prepare on a current basis, complete and accurate records concerning all financial, marketing and other operating aspects of the Business conducted under this Agreement. The Franchisee shall maintain an accounting system which accurately reflects all operational aspects of the System Restaurant Business including uniform reports as may be required by the Franchisor. The Franchisee's records shall include tax returns, daily reports, statements of Net Revenues (to be prepared each month for the preceding month), profit and loss statements and balance sheets (to be prepared at least annually by an independent Certified Public Accountant, in accordance with generally accepted accounting principles, and shall provide Operator's sales, expenses and financial status with respect to Operator's System Restaurant. Operator shall submit to Franchisor a copy of the original signed 1120 or 1120S tax form each and every year or any other forms which take the place of the 1120 or 1120S forms. Operator shall also provide Franchisor with copies of signed original sales and use tax forms contemporaneously with their filing with the appropriate state or local authority. Franchisor reserves the right to require such further information concerning Operator's System Restaurant as Franchisor may from time to time reasonably request.

The Franchisee shall also submit to the Franchisor current financial statements and other reports as the Franchisor may reasonably request to evaluate or compile research and performance data on any operational aspect of the System Restaurant Business. On or before April 30th each year, the Franchisee shall provide the Franchisor with a copy of its federal tax return for the previous tax year and the federal tax returns, bank and investment account records of the owners of the corporation, LLC or partnership that owns this franchise. The records required under this Section 9.2.1 pertain only to the Franchisee's operation of the Business. The Franchisor has no right to inspect, audit or copy the records of any unrelated business activity the Franchisee may have. The Franchisee shall keep the books and records of the Business separate from the records of any unrelated business activity or personal activity.

9.2.2 From the date the Franchisee and the Franchisor sign this Agreement until three (3) years after the end of the Initial Term of this Agreement or as required by law whichever is longer, the Franchisor or Franchisor's authorized agent shall have the right to request, receive, inspect and audit any of the records referred to above wherever they may be located. The Franchisor agrees to do inspections and audits at reasonable times. Upon ten (10) days prior written notice, Franchisor, its agents or representatives may audit Operator's books and records in accordance with generally

accepted standards established by certified public accountants. In connection with such audit(s) or other operational visits, Operator agrees to keep its cash receipts records, weekly and monthly control forms, accounts payable records including all payments to Operator's suppliers in its System Restaurant or at its business office for five (5) years after their due date or any longer period of time as required by law, which records shall be available for examination by Franchisor or its representative(s), at Franchisor's request. Without any prior written notice, Franchisor, its agents or representatives may inspect Operator's entire System Restaurant and Operator's daily, weekly and monthly statistical information which is required under the Manuals. Operator shall make such Information available for such inspections in recognition that an operational inspection cannot succeed without review of essential statistical information.

9.2.3 If any audit or other investigation reveals an under-reporting or under-recording error of two percent (2%) or more, then in addition to any other sums due, the expenses of the audit/inspection shall be borne and paid by Operator upon billing by Franchisor, plus interest at the highest rate authorized by the state in which the System Restaurant is located, but not to exceed the rate of ten percent (10%) per annum in California. If the Franchisee's records and procedures are insufficient to permit a proper determination of Net Sales, the Franchisor shall have the right to deliver to the Franchisee an estimate, made by the Franchisor, of Net Sales for the period under consideration and the Franchisee shall immediately pay to the Franchisor any amount shown thereby to be owing on account of the continuing franchise fee and other sums due on account of any understatement. Any such estimate shall be final and binding upon the Franchisee.

9.2.4 Operator acknowledges that Franchisor's Operations Department regularly reviews ongoing operations at System Restaurants to ensure consistency of products and service and compliance with the Manuals and this Agreement. Operator therefore agrees to promptly complete and submit all forms requested by Franchisor's Operations Department, whether on a daily, weekly or monthly basis. Non-compliance with this obligation constitutes a material violation of this Agreement.

The Franchisee hereby authorizes the Franchisor to make reasonable inquiries of the Franchisee's bank, suppliers and trade creditors concerning the System Restaurant business and hereby directs such persons and companies to provide to the Franchisor such information and copies of documents pertaining to the System Restaurant business as the Franchisor may request.

ARTICLE 10. COVENANT REGARDING OTHER BUSINESS INTERESTS.

10.1 For purposes of this Article only, "Operator" shall mean and include the individual Operator; Operator's spouse and children, Operator's shareholders, officers, and directors, if Operator is a corporation; and any one or more partners or participants in Operator, if Operator is a partnership or joint venture, or members, if Operator is an LLC.

10.2 Operator acknowledges that the L & L Franchise System Restaurant is unique and distinctive and has been developed by Franchisor at great effort, time, and expense, and that Operator has regular and continuing access to valuable and confidential information, training, training manuals, training videos and trade secrets regarding the L & L Franchise System Restaurant. Operator recognizes its obligations and agrees to not disclose, share or communicate such information and to keep confidential such information. “Confidential Information” means all knowledge, know-how, standards, recipes, methods and procedures related to the establishment and operation of an L & L Franchise System Restaurant. The Franchisee acknowledges that its entire knowledge of the operation of an L & L Franchise System Restaurant business is derived from Franchisor’s Confidential Information. Such Confidential Information is proprietary and constitutes valuable trade secrets of the Franchisor. The Franchisee acknowledges and agrees that all of the Confidential Information is the property of the Franchisor and that the Franchisor has the right to use the Confidential Information in any manner it wishes at any time. The Franchisor has the right to contact any and/or all of Franchisee’s customers, suppliers and other service providers for quality control, market research and such other purposes as the Franchisor deems appropriate, in its sole and absolute discretion. The Franchisee shall maintain the confidentiality of the Confidential Information and will not use the Confidential Information in an unauthorized manner or disclose the same to any unauthorized person without first obtaining the Franchisor’s written consent. The Franchisee acknowledges the Franchisor’s Marks and System have valuable goodwill attached to them, that the protection and maintenance thereof is essential to the Franchisor and that any unauthorized use or disclosure of the Franchisor’s Marks, the System, or the Confidential Information will result in irreparable harm to the Franchisor.

The Franchisee acknowledges that the Confidential Information is a valuable asset of the Franchisor’s, includes trade secrets of the Franchisor and is disclosed to the Franchisee on the condition that the Franchisee, and the Franchisee’s owners and employees who have access to the Confidential Information agree that during and after the Initial Term of the applicable agreement they: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; and (4) will adopt and implement all reasonable procedures the Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information including requiring employees, cooks, training class attendees, and owners who have access to the Confidential Information to execute nondisclosure and noncompetition agreements as the Franchisor may require periodically, and provide the Franchisor, at the Franchisor’s request, with signed copies of each of those agreements.

The restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information, and knowledge which are or become generally known in the Operation of a restaurant business, other than through disclosure the Franchisee makes (whether deliberate or inadvertent); and (b) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that the Franchisee is legally compelled to disclose the information, if the Franchisee has

notified the Franchisor before disclosure and used the Franchisee's best efforts, and afforded the Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to the Franchisor of confidential treatment for the information required to be disclosed.

10.2.1 During the term of this Agreement, except with Franchisor's prior written consent, Operator shall not, in any capacity whatsoever, either directly or indirectly, individually or as a member of any business organization, engage in the production or sale at retail or wholesale of any food product or any other main course item authorized by Franchisor, now or in the future approved by Franchisor for use in Operator's System Restaurant, or have any employment or interest in any firm engaged in the production or sale of such products.

10.2.2 Upon the termination, expiration or nonrenewal of this Agreement, or if Operator assigns or transfers its interest herein to any person or business entity, or if any person identified in the first paragraph of this Article terminates his, her or its relationship with Operator, then for a period of twenty-four (24) months thereafter such Operator shall not within five (5) miles of any L & L Franchise System Restaurant, in any capacity whatsoever, either directly or indirectly, individually or as a member of any business organization, engage in the production or sale at retail of any food product called or designated as "Hawaiian" food and/or barbecued meat and/or chicken katsu and/or breaded cutlet of chicken or meat and/or spam musubi and/or chicken musubi, kalua style or smoke flavored meat, lau lau and/or plate lunches with scoop(s) of rice and/or macaroni salad, and/or have any employment or interest in any firm engaged in the production or sale at retail or wholesale of any such products unless Franchisor gives its prior written consent. If Operator violates the terms of this paragraph, Operator shall pay to Franchisor, as liquidated damages, an amount equal to ten thousand dollars ($10,000.00) per month for each month this covenant is violated, plus eight percent (8%) of the Net Sales achieved at the site during the continuation of such violation. THE FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE THE FRANCHISEE OF THE ABILITY TO EARN A LIVING. This franchise agreement contains a covenant not to compete with extends beyond the termination of the franchise. The provision may not be enforceable under California law. This franchise agreement contains a liquidated damages clause, Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

10.2.3 In the event any portion of the above covenants violates laws affecting Operator, or is held invalid or unenforceable in a final judgment to which Franchisor and Operator are parties, then the maximum legally allowable restriction permitted by law shall control and bind Operator. The parties have attempted in Section 10.2.2 above to limit the Franchisee's right to compete only to the extent necessary to protect the Franchisor from unfair competition. The parties hereby expressly agree that if the scope of enforceability of the provision of Section 10.2.2 is disputed at any time by the Franchisee, a court or arbitrator, as the case may be, may modify Section 10.2.2 to the

extent that it deems necessary to make such provision enforceable under applicable law. Franchisor may at any time unilaterally reduce the scope of any part of the above covenants, and Operator shall comply with any such reduced covenant upon receipt of written notice.

10.3 The provisions of this Article shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor for any infringement of, violation of, or interference with, this Agreement, or Franchisor's Marks, System, trade secrets, or any other proprietary aspects of Franchisor's business.

ARTICLE 11. INTERFERENCE WITH EMPLOYMENT RELATIONS.

Franchisee agrees that in the conduct of its business and operations as a L & L Franchise System Restaurant it will strive to avoid interference with employment relations in accordance with applicable laws and legal principles.

ARTICLE 12. RIDER, SALESPERSONS.

Inasmuch as this Agreement has not been executed by the Operator at the office of Franchisor, Franchisor requires certain assurances that this Agreement has been sold in accordance with applicable laws, rules and regulations. Accordingly, in order to induce Franchisor to execute this Agreement, Operator confirms to Franchisor and, if so requested by Franchisor, Operator agrees to execute a Rider/Questionnaire to this agreement that acknowledges that Franchisor is relying upon the acknowledgments, representations and commitments of Operator that, other than the person signing this Franchise Agreement on behalf of Franchisor, no other salesman, staff member, entity, or associate of Franchisor has met Operator regarding this franchise sale or the offer and acceptance thereof other than those set forth therein. If a rider is provided, the rider shall identify all sales persons involved in the sales, negotiation and execution of this Agreement and shall identify the franchisor. Franchisor shall be entitled to rely on Operator's confirmation herein and/or the Rider/Questionnaire, and Operator shall be bound by its contents.

ARTICLE 13. LOCAL RESTAURANT MARKETING IN THE MANUALS

Operator acknowledges that Franchisor' s Manuals and other marketing and advertising material may emphasize the implementation of marketing efforts within a certain radius of Operator's System Restaurant. Such references, suggestions and emphasis do not directly or indirectly grant to Operator a protected market or other exclusive right within such marketing area, but rather reflects the reality that Operator's local marketing activities should initially be commenced in the area immediately adjacent to its System Restaurant and that such marketing activities may be in competition with the marketing activities of other L & L Franchise System Restaurant operators.

ARTICLE 14. NATURE OF INTEREST AND TRANSFER.

14.1 GENERAL PROVISIONS.

14.1.1 This Agreement shall inure to the benefit of the successors and assigns of Franchisor. Franchisor shall have the right to merge with or be acquired by and/or to transfer or assign this Agreement to any person or legal entity who assumes its terms and agrees to comply with Franchisor's obligations contained herein. Franchisor shall have no liability for the performance of any obligations contained in this Agreement after the effective date of such transfer or assignment.

14.1.2 The rights and duties created by this Agreement are personal to Operator. Accordingly, except as otherwise permitted herein, neither Operator nor any person with an interest in Operator shall, without Franchisor's prior written consent, directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber any direct or indirect interest in this Agreement or, if Operator is a partnership, joint venture, LLC (limited liability company) or corporation, any shares of stock, partnership interest, equity interest, direct or indirect interest in Operator. Any such purported assignment occurring by operation of law or otherwise without Franchisor's prior written consent shall constitute a default of this Agreement by Operator, and shall be null and void. This provision may not be enforceable under the federal bankruptcy law, 11 U.S.C.A. Section 101 et seq. Except in the instance of Operator advertising to sell its System Restaurant pursuant to the terms hereof, Operator shall not, without Franchisor's prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the furnishings, interior and exterior decor items, supplies, fixtures, equipment, Operator's lease or the real or personal property used in connection with Operator's System Restaurant.

14.1.3 In the event Operator, if Operator is an individual, or any person with an interest in Operator wishes to, directly or indirectly, sell, assign, transfer, convey and/or give away any direct or indirect interest in this Agreement or if operator is a partnership, joint venture, LLC or corporation, any shares of stock, partnership interest, equity, interest, direct or indirect interest in Operator and/or if such operator or person with an interest in Operator receives a bona fide offer to purchase from another person, party or entity to purchase or acquire any interest in this Agreement or any interest in Operator, such Operator or person with an interest in Operator shall first give written notice to Franchisor by certified or registered mail stating the terms and conditions of any proposed sale, assignment, transfer, conveyance or gift. Upon receipt of such notice by Franchisor, it shall have the first right, privilege and option to purchase such interest from the seller, assignor or transferor upon any of the following terms and conditions at Franchisor's sole election and discretion: (1) the same terms and conditions of the proposed sale, assignment, transfer, conveyance or gift or (2) at a price determined by taking forty percent (40%) of the average of Operator's annual Net Sales for the three (3) full calendar years preceding the date of the proposed sale, assignment, transfer, conveyance or gift multiplied by the percentage interest being sold, assigned, transferred, conveyed or gifted, whichever is lower. Franchisor's option to purchase or exercise its right of first refusal may be exercised by Franchisor providing notice in

writing to the seller, assignor or transferor within ninety (90) days after Franchisor's receipt of written notice from the seller, assignor or transferor.

If Franchisor does not purchase all of stock, partnership interest, equity interest or direct or indirect interest in this Agreement or in Operator, under the option given and granted Franchisor by this section, the seller, assignor or transferor may sell or dispose of the same, or so much thereof as shall not to have been so purchased, to the person or persons named in the aforementioned notice; provided, however, that he shall not sell or dispose of such interest (a) at a lower price or on more favorable terms to the purchaser or transferee than the price and the terms set forth in such bona fide offer to purchase, or (b) in a greater quantity than that offered to Franchisor. If the seller, assignor or transferor does not, within ninety (90) days after termination of the last of the options hereinabove granted to the Franchisor, sell or dispose of the interest so designated for sale or disposition, then such proceedings for sale, transfer or attempted sale shall thereupon terminate, and the foregoing right of the seller, assignor or transferor to sell or dispose of such interest to others shall likewise terminate; thereafter, such seller, assignor or transferor shall again give the same notice and Franchisor shall again have the same rights, privileges and options, all as hereinabove provided.

Any persons acquiring an interest in this Agreement or in Operator shall acquire such interest subject to all the terms, conditions and restrictions contained in this Agreement.

14.2 CONSENT TO TRANSFER.

For all proposed transfers or assignments of this Agreement by Operator or transfers of more than twenty percent (20%) of the outstanding and issued stock partnership or equity interest of Operator by one or more transfers or any transfer which, directly or indirectly, effectively changes management control of Operator, Franchisee shall provide written notice to Franchisor not less than thirty (30) days prior to transfer. Franchisor will not unreasonably withhold its consent to any transfer or assignment which is subject to the restrictions of this Article, provided however, Franchisor shall not be required to give its consent unless all of the following conditions are met prior to the effective date of assignment:

14.2.1 All transfer or assignments shall be processed through an independent escrow company unless waived by Franchisor.

14.2.2 Upon the execution of this Agreement and upon each direct or indirect transfer of an interest in this Agreement or in Operator and at any other time upon Franchisor's request, Operator shall, within five (5*)* days prior to such transfer or at any other time at Franchisor's request, furnish Franchisor with the following: (a) a general release (in a form prescribed by Franchisor) in favor of Franchisor releasing Franchisor and its owners, affiliates, and employees from any claims arising during the term of this

Agreement; and (b) an estoppel agreement indicating any and all causes of action, if any, that Operator may have against Franchisor or if none exist and a list of all shareholders or partners having an interest in this Agreement or in Operator, the percentage interest of each shareholder or partner, and a list of all officers and directors, in such form as Franchisor may require.

14.2.3 The Operator is not in default under the terms of this Agreement, the Manuals or any other obligations owed Franchisor, and all of its then-due monetary obligations to Franchisor have been paid in full.

14.2.4 The Operator if an individual or partners and its shareholders or members, if the Operator is a corporation or limited liability company, have executed a general release under seal, in a form prescribed by Franchisor, of any and all claims against Franchisor, its affiliates, subsidiaries, shareholders, directors, officers, subfranchisors and employees.

14.2.5 The transferee/assignee has demonstrated to Franchisor's satisfaction that it meets all of Franchisor's then-current requirements for new operators or for holders of an interest in a franchise, including, without limitation, possession of good moral character and reputation, satisfactory credit ratings, acceptable business qualifications, and the ability to fully comply with the terms of this Agreement.

14.2.6 The transferee/assignee has assumed this Agreement by a written assumption agreement approved by Franchisor, or has agreed to do so at closing, and at closing executes an assumption agreement approved by Franchisor.

14.2.7 The transferee/assignee, its manager or other employees responsible for the operation of the System Restaurant have satisfactorily completed Franchisor's training program.

14.2.8 The transferee/assignee executes such other documents as Franchisor may require, including a replacement franchise agreement on the then franchise agreement form used by Franchisor, in order to assume all of the obligations of this Agreement, to the same extent, and with the same effect and for the same remaining term of this Agreement as previously assumed by the assignor.

14.2.9 Prior to the completion of Operator's sale transaction, Operator shall pay to Franchisor an administrative/transfer fee of seven thousand five hundred dollars ($7,500.00) or in the event of a non-sale management transfer, a for two thousand dollars ($2,000 to cover Franchisor's training expenses. The seven thousand five hundred dollars ($7,500.00) administrative transfer fee will not be due with respect to any transfer that (together with all other related previous, simultaneous, or proposed transfer) does not result in the transfer of control of Operator.

14.2.10 Operator's rights may pass to Operator's next of kin or legatee if they assume Operator's obligations and attend and complete Franchisor's training program.

Upon Operator's disability, Operator may sell the franchise or keep it, if operated by trained personnel.

14.2.11 Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party arising out of this Agreement or otherwise and the transferring party and/or individuals shall remain obligated and liable to Franchisor for all of Operator's and Guarantor's obligations under this Agreement and any Guarantys given to Franchisor.

14.2.12 If Operator is an individual, Franchisor hereby consents to the assignment of this Agreement and any and all obligations referable thereto without any fee charged by Franchisor to a corporation or limited liability company principally owned by Operator within ninety (90) days from the date hereof. Upon such assignment and assumption by the corporation along with delivery of executed originals of same to Franchisor, an individual Operator shall not be released from any and all personal liability.

14.3 TRANSFEROR OBLIGATION TO PROVIDE TRANSITION ASSISTANCE.

In the event Operator or any person with an interest in Operator wishes to directly or indirectly, sell, assign, transfer, convey and/or give away any direct or indirect interest in this Agreement or in any stock, partnership interest, equity, direct or indirect interest in Operator which, directly or indirectly, effectively changes management control of Operator, the transferor of such interest shall be required, as a condition of any such proposed transfer, to provide to the proposed transferee or assignee training, consultation and assistance for a minimum period of six (6) weeks to facilitate the transition of ownership, management and control of the franchise agreement.

ARTICLE 15. TERM, DEFAULT AND TERMINATION.

15.1 TERM.

15.1.1 Provided Operator is not in default of the terms and conditions contained in its Location lease and this Agreement shall continue for a period of ten (10) years.

15.1.2 Provided that Franchisee shall have complied with all the terms of this Agreement, and subject to fulfillment of the conditions in Section 15.1.3 below, Franchisor and Franchisee shall negotiate whether the parties wish to extend or renew the franchise granted pursuant to this Agreement for a term mutually agreed upon and subject to availability of an extension of any lease for a Franchise Restaurant premises. The term of the Franchise Agreement or any renewal thereof and franchisee continues to operate after the end of the ten (10) year term of the Franchise Agreement or any renewal thereof, the Franchise Agreement shall be deemed to continue on a month to month basis terminated by either Franchisor or Franchisee upon ninety (90) day written notification. During the period of such month to month operation, Franchisee shall pay continuing franchise fees and advertising and marketing contributions at the rates set forth in Franchisor's then most current form of Franchise Agreement.

15.1.3 As conditions to renewal, Franchisee must:

a. provide Franchisor written notice ("Renewal Notice") of Franchisee's intent to renew this franchise not less than six (6) months nor more than thirteen (13) months prior to the end of this Agreement's Term;

b. pay a processing fee of up to one thousand dollars ($1,000.00) and a renewal fee up to ten thousand dollars ($10,000.00) (the "Renewal Fee") not latter than six (6) months prior to the end of the Term.

c. execute the then-current franchise agreement and all other documents or instruments required by Franchisor in connection therewith including but not limited to personal guarantees and confidentiality agreements;

d. be in compliance with this Agreement, including payment of all fees due, the requirements described in the Manuals, and all other agreements then in effect between Franchisor and Franchisee;

e. be current with all financial obligations to third parties, including Franchisee's landlord and other vendors of products or services;

f. remodel and refurbish the interior and exterior image of Franchisee restaurant as mandated by Franchisor to comply with Franchisor's then-current Manuals;

g. execute a general release (in a form prescribed by Franchisor) in favor of Franchisor releasing Franchisor and its owners, affiliates, and employees from any claims arising during the term of this Agreement;

h. provide Franchisor written confirmation, satisfactory to Franchisor, that Franchisee maintains the right to operate a restaurant at the Location for the ten-(10) year term of the renewal Franchise Agreement;

i. deliver to Franchisor (if it has not already done so) an "Addendum to Lease" that is fully executed between the lessor and the renewing franchisee, covering the ten (10) year term, plus any extensions thereof;

j. no later than sixty (60) days prior to the end of this Agreement's term, Franchisee must have purchased, installed, and be using all the equipment (including computers) required, in order to upgrade Franchisee's restaurant to then-current POS hardware, software and any other computer-related systems required for an L & L Hawaiian Barbecue franchise system restaurant; and

k. successfully complete any franchisee training that may be required by Franchisor at Franchisee's sole expense.

15.1.4 Franchisee's right to enter into a renewal Franchise Agreement shall be subject to Franchisee's continuing compliance with all of the provisions of this Agreement up to the date of its expiration/termination.

15.2 DEFAULTS WITHOUT OPPORTUNITY TO CURE.

Operator shall be in default and Franchisor may, at its option, upon sixty (60) days written notice to Operator, terminate this Agreement and all rights granted by it, without affording Operator any opportunity to cure the default, upon the occurrence of any of the following events:

15.2.1 Operator's knowingly, intentionally or negligently maintaining false books or records, or submitting any false report or payment to Franchisor;

15.2.2 Operator's conduct of the System Restaurant licensed pursuant to this Agreement, as reasonably determined by the Franchisor, is so contrary to this Agreement, the System and the Manuals as to constitute an imminent danger to the public health or safety (for example, selling spoiled food knowing that the food products are spoiled or allowing a dangerous condition arising from a lack of security for customers to continue despite Operator's knowledge of such condition), or selling unauthorized products to the public after notice of default and continuing to sell such products whether or not Operator has cured the default after one or more notices;

15.2.3 The conviction of a crime relevant to the franchise, or a crime involving moral turpitude, or any other crime or offense that is reasonably likely, in the sole reasonable opinion of Franchisor, to adversely affect the System, Franchisor's Marks; the goodwill associated with the System or Franchisor's interest in each of them by Operator's, or its controlling or operating shareholders or members if Operator is a limited liability company, or Operator's partners if Operator is a partnership, excluding non-managing partners;

15.2.4 Operator's disclosure or use of the contents of the Manuals, trade secrets or confidential or proprietary information provided to Operator by Franchisor in violation of this Agreement; or

15.2.5 If Operator repeatedly commits defaults under any provisions of this Agreement three (3) or more occasions in any twelve (12) month period, or six (6) or more occasions in any consecutive thirty-six (36) month period, even if Operator cured each such prior default, and even if Operator would otherwise be given an opportunity to cure the current default.

15.2.6 Operator's, without Franchisor's consent, ceasing to operate or otherwise abandoning its System Restaurant or, upon destruction of its System Restaurant, failure to rebuild and resume operation within a reasonable time. Cessation of the business shall not constitute a default under this Agreement if caused by condemnation, expiration of a Location lease pursuant to its terms at execution, natural,

governmental or supplier related causes out of Operator's control, or when failure to rebuild following destruction of the System Restaurant is prohibited by law or the Location lease. For purposes of this article, ceasing to operate or otherwise abandoning its System Restaurant shall be defined as Operator's failure to open its L & L Franchise System Restaurant for business for five consecutive days.

15.2.7 Underreporting monthly Net Sales or underpaying continuing franchise fees to Franchisor by more than five (5) percent for any annual period, even if Operator cures such underreporting or underpayment.

15.2.8 If during the period in which the franchise is in effect, there occurs any of the following events which is relevant to the franchise, immediate notice of termination without an opportunity to cure, shall be deemed reasonable:

a. The franchisee or the business to which the franchise relates has been the subject of an order for relief in bankruptcy, judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.);

b. The franchisee abandons the franchise by failing to operate the business for five (5) consecutive days during which the franchisee is required to operate the business under the terms of the franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for the franchisor to conclude that the franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the franchisee's control;

c. The franchisor and franchisee agree in writing to terminate the franchise;

d. The franchisee makes any material misrepresentations relating to the acquisition of the franchise business or the franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the franchise business or system;

e. The franchisee fails, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the franchise;

f. The franchisee, after curing any failure engages in the same noncompliance whether or not such noncompliance is corrected after notice;

g. The franchisee repeatedly fails to comply with one or more requirements of the franchise, whether or not corrected after notice;

h. The franchised business or business premises of the franchise are seized, taken over, or foreclosed by a government official in the exercise of his or her duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the franchisee remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed); or a levy of execution has been made upon the license granted by the franchise agreement or upon any property used in the franchised business, and it is not discharged within five (5) days of such levy;

i. The franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the franchise;

j. The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within a reasonable time after receiving written notice that such fees are overdue; or

k. The franchisor makes a reasonable determination that continued operation of the franchise by the franchisee will result in an imminent danger to public health or safety.

15.3 DEFAULTS WITH OPPORTUNITY TO CURE.

15.3.1 Except as otherwise provided in this Agreement, Operator shall have sixty (60) days after Franchisor's written notice of default within which to remedy any default under this Agreement, and to provide evidence of such remedy to Franchisor. If any such default is not cured within that time period, or such longer time period as applicable law may require, Franchisor may, at its option, terminate this Agreement and all rights granted by it, by sending a five (5) day written notice of cancellation of this Agreement to Operator. Upon the expiration of such five (5) day period, this Agreement shall end and expire as if it were the day fixed for termination of this Agreement.

15.3.2 Operator shall be in material default under this Article for any failure to comply with any of the requirements imposed by this Agreement. Such material defaults shall include, without limitation, the occurrence of any of the following events:

15.3.2.1 Operator's failure, refusal, or neglect to promptly pay any monies owed to Franchisor, its subsidiaries or affiliates, when due, or to submit the financial or other information required by Franchisor under this Agreement.

15.3.2.2 Operator's failure to maintain the standards specified by Franchisor in the Manuals or otherwise.

15.3.2.3 Operator's failure, refusal or neglect to obtain Franchisor's prior written approval or consent as required by this Agreement.

15.3.2.4 Operator's misuse or unauthorized use of Franchisor's Marks or other impairment of the goodwill associated therewith or Franchisor's rights therein.

15.3.2.5 Operator's commencement or conducting of any business operation, or marketing of any product, under a name or mark that, in Franchisor's reasonable opinion, is confusingly similar to Franchisor's Marks.

15.3.2.6 Operator's default, without cure after the applicable grace period, under any lease, sublease, sub-sublease, mortgage, or deed of trust covering the Location.

15.3.2.7 Operator's failure to procure or maintain the insurance required by Franchisor or in the lease for the Location.

15.3.2.8 Operator's default in the performance of any term, condition or obligation in payment of any indebtedness to its landlord, distributors or suppliers or others arising out of the purchase of inventory, supplies or purchase or lease of equipment for operation of its System Restaurant, and if any such default is not cured within thirty (30) days after written notice by Franchisor to Operator, unless Operator is determined by an arbitrator or a court of competent jurisdiction to be not in default.

15.3.2.9 Operator's failure to use only Franchisor's approved mayonnaise, sauces, spices, recipes, ingredients, raw materials, product and portion control formulas in the preparation of authorized products.

15.3.2.10 Operator's failure to attend and satisfactorily complete any and all required initial training, system orientation programs and periodic franchisee training programs.

15.3.2.11 Operator's failure to make all menu items in strict compliance with our specifications, recipes and requirements, failure to sell, serve, dispense food items and products which franchisor requires its L & L franchisees to sell.

15.4 In the event of a default by Operator, any and all of Franchisor's costs and expenses related to or arising from such default, including reasonable legal, accounting, audit, and/or consultant fees and costs, any and all of Franchisor's administrative staff and support costs and expenses incurred and/or related to such default shall be paid to Franchisor by Operator within five (5) days after written notice by Franchisor to Operator for and during any and all periods of time when Operator is in default in the performance of any term, condition or obligation of Operator under this Agreement, Operator shall pay to Franchisor an additional administrative costs and expenses surcharge of twenty percent (20%) of the continuing franchise fees to further offset Franchisor's t. Operator and Franchisor agree that calculation of all such costs and expenses referenced in this paragraph may be difficult and/or uncertain and that the agreed minimum surcharge of twenty percent (20%) of the continuing franchise fee represents a reasonable and agreed minimum calculations of such costs and expenses. If Franchisor is able to establish that its actual costs and expenses incurred

relating to Operator's default is greater than the agreed minimum surcharge, Operator shall promptly pay Franchisor the actual costs and expenses incurred but in no event less than the agreed minimum. Once Operator cures any and all defaults in the performance of any term, condition or obligation of Operator under this Agreement, Operator's obligation to pay the agreed minimum surcharge or Franchisor's actual costs and expenses incurred, whichever is higher, shall end until and unless Operator again becomes in default under this Agreement.

15.5 Notwithstanding the obligations of Operator and Franchisor to arbitrate all disputes and other conflicts, Operator and Franchisor acknowledge that certain defaults require immediate action to protect the appropriate party. Accordingly, Franchisor and Operator each hereby consent to and authorize the other party to apply to any court of competent jurisdiction for judicial assistance in restraining and enjoining violations of this Agreement. Both Franchisor or Operator are entitled to an injunction restraining Franchisor or Operator from committing or continuing to commit any default, breach or threatened breach of this Agreement, without showing or proving any actual damage sustained by the party seeking such relief.

15.6 Non-enforcement by Franchisor of any violation of the terms of this Agreement by Operator shall not constitute a waiver of such violation by Franchisor nor shall Franchisor be deemed to have waived any of its rights to enforce compliance by Operator of such breach or any other breach of this Agreement.

ARTICLE 16. RIGHTS AND OBLIGATIONS UPON TERMINATION.

Upon the termination of Operator's rights granted under this Agreement, (whether during the term of the Agreement or at its conclusion) the following apply:

16.1 Upon termination of this Agreement by lapse of time or by default, Operator's right to use Franchisor's Marks, or any other mark distributed by Franchisor or insignia or slogan used in connection therewith, or any confusingly similar trademark, service mark, trade name or insignia shall cease. Operator shall immediately discontinue use of Franchisor's Marks, System, and color scheme. Operator shall at its own cost, make cosmetic changes to Operator's System Restaurant from Franchisor's proprietary designs including but not limited to, the removal of all L & L Franchise System Restaurant identifying materials and distinctive L & L Franchise System Restaurant cosmetic finishes, tile walls, interior wall coverings and colors, exterior finishes and colors, signage and L & L Franchise System Restaurant counter equipment (which shall be deemed proprietary to Franchisor) from the Location as Franchisor may reasonably direct.

16.2 Franchisor may retain all fees paid pursuant to this Agreement.

16.3 Any and all obligations of Franchisor to Operator under this Agreement shall immediately cease and terminate.

16.4 Any and all rights of Operator under this Agreement shall immediately cease and terminate.

16.5 In no event shall a termination or expiration of this Agreement affect Operator's obligations to take or abstain from taking any action in accordance with this Agreement. The provisions of this Agreement which constitute post-termination covenants and agreements including but not limited to the obligations of Operator to not compete, to preserve confidential information and the obligation of Franchisor and Operator to arbitrate any and all disputes shall survive the termination or expiration of this Agreement.

16.6 Operator acknowledges and agrees that rights in and to Franchisor's Marks and the use thereof shall be and remain the property of Franchisor.

16.7 If Operator has registered any of Franchisor's Marks or the name L & L Hawaiian Barbecue and/or L & L Hawaiian Grill and/or L & L Hawaiian Mixplate and/or the name L & L as part of Operator's assumed, fictitious or corporate name, Operator shall promptly amend such registration to delete Franchisor's Marks therefrom.

16.8 Operator shall immediately pay any and all amounts owing to Franchisor, its subsidiaries and affiliates.

16.9 Franchisor shall have the option, exercisable by written notice within thirty (30) days after the termination of this Agreement, to take an assignment of all Internet addresses, websites and/or telephone numbers (and associated listings) for Operator's System Restaurant. Operator is not entitled to any compensation from Franchisor if Franchisor exercises this option.

16.10 Upon the termination or expiration of this Agreement, Operator shall: (a) not thereafter, directly or indirectly, at any time or in any manner identify itself or any business as a current or former L & L Franchise System Restaurant or as a current or former franchisee of or as otherwise associated with Franchisor, or use any Marks, any colorable imitation thereof or any Mark substantially identical to or deceptively similar to any Mark in any manner or for any purpose, or utilize for any purpose any trade name, trademark or service mark, Domain Name, or other commercial symbol or all signs containing any Mark and return them to Franchisor or destroy forms and material containing any Mark or otherwise identifying or relating to a L & L Hawaiian Barbecue Franchise System Restaurant.

ARTICLE 17. INSURANCE.

17.1 Operator shall obtain and maintain insurance coverage which shall in each instance designate Franchisor, and its officers, directors, managers, agents, related companies and subsidiaries, as an additional named insured, with an insurance company approved by Franchisor, which approval shall not be unreasonably withheld as follows:

17.1.1 insurance on Operator's inventory, fixtures, furniture, equipment, improvements, betterments, and wares in an amount equal to not less than the full replacement cost thereof with coverage against the perils of fire and standard extended coverage, including malicious mischief and burglary;

17.1.2 commercial general liability and property damage insurance, including personal injury liability, contractual liability, products and completed operations, public liability, employer's liability, and tenant's liability, with coverage of not less than $3,000,000 for any one occurrence and such greater amount as Franchisor may specify; plus excess liability umbrella coverage for the general liability coverages in an amount of not less than $5,000,000 per occurrence and in the aggregate;

17.1.3 business interruption insurance in such amount as will reimburse Operator for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent restaurant owners, or attributable to prevention of access to the premises, with coverage for a period of interruption of 180 days and such longer period as may be specified by Franchisor;

17.1.4 tenant's liability insurance;

17.1.5 such other insurance as may be required by law, including Workers' Compensation Insurance in such amounts as prescribed by statute;

17.1.6 data privacy/cyber liability insurance, including first party coverage (forensics investigation, notification, credit monitoring, loss of business income, crisis management) and third party coverage, with coverage limits of no less than $250,000 per occurrence and aggregate; and

17.1.7 such other insurance coverage as reasonably required by Franchisor or Operator's landlord.

17.1.8 If Operator establishes a delivery service for Authorized Products, Operator shall obtain separate non-owned auto coverage insurance. Operator may not directly or indirectly deliver any Authorized Products until such insurance is obtained and Franchisor named as additional insured therein.

17.1.9 Any insurance carried by Franchisor which may be applicable shall be deemed to be excess insurance and Operator's insurance shall be primary for all purposes despite any conflicting provision in Operator's policies to the contrary.

17.2 In the event of damage to the System Restaurant covered by insurance, the proceeds of any such insurance shall be used to restore the System Restaurant to its original condition as soon as possible, unless such restoration is prohibited by the Location lease or Franchisor has otherwise consented to in writing. Upon obtaining such insurance, Operator shall promptly provide to Franchisor proof of such insurance coverage and/or at such other times upon the request of Franchisor.

17.3 Operator shall, prior to opening its System Restaurant, file with Franchisor and regularly update, certificates of such insurance or such other evidence of coverage as Franchisor may require, and shall promptly pay all premiums on the policies as they become due. In addition, the policies shall contain a provision requiring thirty (30) days prior written notice to Franchisor of any proposed cancellation, modification, or termination of insurance. If Operator fails to obtain and maintain the required insurance, Franchisor may, at its option, in addition to any other rights it may have, procure such insurance for Operator without notice and Operator shall pay, upon demand, the premiums and Franchisor's costs in taking such action.

ARTICLE 18. SOLE OBLIGATIONS OF FRANCHISOR.

18.1 As described in Franchisor's Franchise Disclosure Document, received by Operator at least fourteen (14) full days prior to the execution of this Agreement, Franchisor has obligated itself to provide specific services to Operator. Franchisor also provides other voluntary services at its sole discretion. Franchisor and Operator agree that the following are the only required obligations of Franchisor:

18.1.1 To approve the Location of Operator in accordance with the terms of this Agreement.

18.1.2 To reasonably assist Operator with any operational or financial problem encountered by Operator, after notice to Franchisor sent to: L & L Franchise, Inc., Attn: President, 2138 Algaroba Street, Honolulu, Hawaii 96826, by certified mail (return receipt requested) or at any subsequent addresses established by Franchisor, of Operator's problem and the type of assistance needed. At no time shall reasonable assistance be interpreted to require Franchisor to pay any money to or for the benefit of Operator. Franchisor, in its sole discretion, may provide any assistance at Franchisor's designated office or upon Franchisor's election where Operator is located, at a time to be determined by Franchisor.

18.1.3 To reasonably administer the advertising program in accordance with Franchisor's sole discretion.

18.1.4 To supply to Operator a set of standard decor and layout plans and to thereafter approve the initial decor and layout of Operator's System Restaurant provided they are consistent with Franchisor's requirements.

18.1 5 To loan Operator a copy of its Manuals, in hard copy or electronically, which Manuals contain mandatory and suggested specifications, standards and procedures. The Manuals are confidential and remains Franchisor's property.

18.1.6 To train Operator in accordance with Article 3 herein and to provide representatives of Franchisor to assist in opening the System Restaurant.

18.2 Franchisor shall not, and can not be held in breach of this Agreement until (i) Franchisor has received notice of any alleged breach from Operator, by certified

mail, sent to the party(ies) set forth in subparagraph 18.1.2 of this Article; and (ii) Franchisor has failed to remedy the breach within a reasonable period of time after such notice, which period shall not be less than sixty (60) days. This is a material term of this Agreement and may not be modified or changed by any arbitrator in an arbitration proceeding or otherwise in any court of competent jurisdiction.

18.3 If Operator or any of Operator's owners fail to comply with any provision of this Agreement or any mandatory specification, standard, or operating procedure prescribed by us, Franchisor may terminate this Agreement effective immediately upon delivery of written notice of termination to Operator.

ARTICLE 19. POINT OF SALE SYSTEM, COLLECTION OF DATA.

19.1 This Agreement and the Manuals may require the submission of daily, weekly or periodic statistical control forms as well as other financial and operational information required by Operator and Franchisor to: (i) assist Operator in the operation of its System Restaurant in accordance with the System; (ii) allow Franchisor to monitor the Operator's Net Sales, purchases, costs and expenses; (iii) enable Franchisor to develop chainwide statistics which may improve bulk purchasing; (iv) assist Franchisor in the development of new authorized products or the removal of existing unsuccessful Authorized Products; (v) enable Franchisor to refine existing Authorized Products; (vi) generally improve chainwide understanding of the System; and (vii) obtain new types of information unknown at this time (collectively, the "Information"). To achieve these results, cash collection and data processing systems are necessary.

In addition to the POS system, Operator must purchase and maintain a personal computer with high-speed internet and an active e-mail address, but Operator may purchase any brand of hardware capable of running the software application Operator will need to prepare operating and financial reports, communicate through e-mail, receive, send and store documents and perform other back-office business functions. On request, Operator must maintain on-line communications between Operator's computer system and Franchisor's computer systems, and permit Franchisor independent access to, and retrieval of, data from Operator's computer system at all times. Nothing limits Franchisor's right to access or use the data Franchisor retrieves.

Franchisor may modify its specifications for computer systems at any time and will notify Operator of these developments by written bulletin or supplements to the Manuals. Depending on changes in software specifications, Operator may have to upgrade Operator's computer hardware. There are no contract limitations on the frequency or costs of upgrades or changes in the computer systems Franchisor may impose.

19.2 Operator must and shall only use Clover point of sale system supported by FISERV, software and systems that allow periodic and real time access by Franchisor to all of the information described in the preceding paragraph. Operator shall purchase and use the point of sale cash collection and data processing system (the "POS System") and only the specified software authorized by Franchisor, as

specified in the Manuals or otherwise by Franchisor in writing. The POS System includes a PC based cash register with touch screen keyboard, register tape printer, magnetic strip reader, electronic cash drawer, defined Franchisor polling and register software and telecommunications equipment. Operator expressly agrees that Franchisor shall thereafter have the free and unfettered right to retrieve such data and information from Operator's system as Franchisor, in its sole and exclusive discretion, deems necessary or appropriate. The cost of such retrieval shall be borne by Franchisor. Operator shall bear the sole cost of the foregoing items to be installed or purchased and activities to be accomplished by Operator and the delivery and installation cost of all hardware and software.

19.2.1 Operator shall furnish to Franchisor (a) within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to us of Operator's compliance with the forgoing paragraph and (b) within thirty (30) days after the later of expiration of Franchisor's option to purchase the L & L Franchise System Restaurant as provided in Section 14.1 or receipt of notice that Franchisor elected not to purchase the L & L Franchise System Restaurant pursuant to Section 14.1, evidence satisfactory to Franchisor of Operator's compliance with the foregoing obligations.

19.3 Operator shall (i) connect the POS System to a cable, DSL or broadband line(s) and/or the internet dedicated line which is accessible by Franchisor at all times; (ii) maintain it in good working order; and (iii) not disconnect any POS System connection from such internet connection at any time, for any reason, without prior written approval. Operator agrees, at Franchisor's request, to maintain membership in a designated third-party network for the purpose of implementing, transmitting, collecting and maintaining any Information or data exchange system.

Operator specifically authorizes Franchisor to either "upload" or "download" information in and from or to its computers, cash registers or other such devices as allowed by law, as it relates to the System Operation by inter net, intranet; and other networks and other means as they become available.

19.4 Operator may be required to upgrade or update its POS System. On Franchisor's request, Operator must apply for and maintain a debit card, credit card or other non-cash payment systems to enable customers to purchase products through these procedures. There is no contractual limitation on Franchisor's right to receive information through the POS System.

19.4.1 Upon termination or expiration of this Agreement, neither Operator nor any individual who owns more than 10% of the ownership interests in Operator (if Operator is an entity) shall directly or indirectly, for a period of two (2) years commencing on the effective date of such termination or expiration or the date on which Operator ceases to operate the L & L Franchise System Restaurant, whichever is later, have any interest as a disclosed or beneficial owner in any competitive business located or operated within a five (5) mile radius of any L & L Franchise System Restaurant, including through a member of her or his immediate family or otherwise.

ARTICLE 20. RELATIONSHIP OF PARTIES, DISCLOSURE.

20.1 Franchisor and Operator are not and shall not be considered joint ventures, partners, or agents of each other, or anything other than Franchisor and Operator, and neither shall have the power to bind or obligate the other except specifically as set forth in this Agreement. Franchisor and Operator agree that the relationship created by this Agreement is not a fiduciary relationship. Operator shall not, under any circumstances, act or hold itself out as an agent or representative of Franchisor. Operator agrees that in all public records and in its relationships with other entities or agencies, on its letterheads and business forms and on a notification exhibited in Operator's premises, Operator will indicate clearly that it is an independent franchisee of Franchisor.

The Franchisor shall have no liability for the Franchisee's obligations to pay any third parties, including without limitation, any product vendors, or any value added, sales, use, service, occupation, excise, Net Sales, income, property or other tax levied upon the Franchisee, the Franchisee's property, the Franchisee's business or upon the Franchisor in connection with the sales made or business conducted by the Franchisee.

20.2 As set forth in the Franchise Disclosure Document delivered to Operator as described above, Operator acknowledges that Franchisor has entered or may in the future enter into certain franchise agreements with subfranchisors and/or area developers in certain areas and territories. Pursuant to these contracts, the subfranchisors of Franchisor are obligated to provide certain sales, operational and support services for Franchisor. Operator acknowledges that the relationship between Franchisor and all of its subfranchisors and/or area developers is strictly contractual and that no subfranchisor and/or area developer is an agent of Franchisor. Accordingly, Operator acknowledges and agrees that any past, current or future subfranchisor is not the actual, express or implied agent of Franchisor, and has no power or authority to: (i) act on Franchisor's behalf; (ii) enter into or execute any agreement on Franchisor's behalf; (iii) make any representation or promise on Franchisor's behalf; or (iv) bind Franchisor in any way. Unless otherwise specifically agreed to in writing, Franchisor expressly disavows any acts by others, including subfranchisors, that purport to bind Franchisor in any way. Operator agrees to waive any claim or defense in any litigation or arbitration proceeding that a subfranchisor is the express or implied agent of Franchisor. Operator agrees that any attempt to raise, assert or justify such claim or defense in any proceeding constitutes a material default of this Agreement.

ARTICLE 21. DISPUTE RESOLUTION: ARBITRATION AND LEGAL PROCEEDINGS.

21.1 Franchisor and Operator acknowledge that disputes or disagreements may arise during the term of this Agreement and any renewals thereto. Franchisor and Operator have elected to resolve such disputes or disagreements in a non-judicial alternative dispute resolution format ("ADR"). An ADR format seeks to minimizes the

expense of dispute resolution and generally can be accomplished in a more expeditious and effective manner. By agreeing to an ADR format, both Operator and Franchisor are also waiving a number of rights, remedies and privileges which may arise in a judicial resolution format including, but not limited to right as a jury trial and full judicial appeals. In view, however, of the continuing relationship between Operator and Franchisor over the original and renewal terms of this Agreement, both Operator and Franchisor agree that an ADR format is the most economical, efficient and practical way to resolve disputes and disagreements.

21.2 Accordingly, except as otherwise provided in this Agreement, in the event of any dispute or disagreement between Franchisor and Operator with respect to any issue arising out of or relating to this Agreement and/or any associated or related Confidential Information Agreement and/or Personal Guaranty, any claimed breach, interpretation or any other disagreement between Operator and Franchisor, the parties agree to pursue good faith mediation of such matter in accordance with the then current Commercial Mediation Rules of the American Arbitration Association. Should the matter not be resolved in mediation, such dispute or disagreement shall be resolved by arbitration in accordance with the then current Commercial Arbitration Rules of the American Arbitration Association. In the event of any dispute or disagreement, Operator and Franchisor both agree to submit the dispute to arbitration in accordance with the least expensive procedure of the American Arbitration Association ("AAA"), and the application for such arbitration shall be filed in the AAA's Western Case Management Center, 6795 N. Palm Ave., 2nd Fl., Fresno, CA 93704. Franchisor and Operator agree that the hearing(s) shall be held in Honolulu, Hawaii before one Arbitrator who has at least five (5) years of experience in franchise law. The franchise agreement requires binding arbitration. The arbitration will occur in Honolulu, Hawaii with the costs being born by Franchisor and Franchisee in accordance with the Arbitration Rules of the American Arbitration Association. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California

In the event that Franchisor or Operator fail or refuses to pay for their respective share of any fees required or requested to be paid by the American Arbitration Association in connection with the agreed dispute resolution process, the other party shall have the right, at its option, to either proceed with the ADR format or to pursue resolutions of any and all disputes or disagreement through court or judicial procedures.

21.3 Franchisor and Operator agree that this Agreement evidences a transaction involving interstate commerce and that the enforcement of this arbitration provision and the confirmation of any award issued to any party by reason of an arbitration conducted pursuant to this arbitration provision is governed by applicable law.

21.4 Punitive or exemplary damages or attorney's fees may not be awarded by the arbitrator(s), and any such award shall not be enforceable or enforced by any court.

Except as otherwise provided, each party shall bear its own attorneys' fees, expert witness fees, and other court or arbitration costs incurred in connection with any legal action or arbitration between Franchisor and Operator. If the waiver of punitive or exemplary damages or legal fees and related costs are in violation of the laws of the state where the Operator's System Restaurant is located, such claims may be awarded by the arbitrator(s), and any such award shall be enforceable or enforced in any court of appropriate jurisdiction. In no event can the provisions of this Agreement including, but not limited to the method of operation, Authorized Product line or monetary obligations specified in this Agreement, amendments to this Agreement or in the Manuals be modified or changed by the arbitrator.

21.5 In the event that the Franchisor commences an action or proceeding which seeks, in whole or part, injunctive relief, such injunctive relief may be obtained without the necessity of posting a cash or security bond of any kind. Except for a proceeding for injunctive relief (including temporary restraining orders, preliminary injunction, injunctions or similar relief which must be brought in an appropriate local forum), any legal proceeding authorized by this Agreement shall be commenced only in the Federal District Court, Honolulu, Hawaii and both Franchisor and Operator consent to the jurisdiction in the Federal District Court, Honolulu, Hawaii. In the event the parties do not meet the jurisdictional requirements for Federal Court, the party's consent to jurisdiction in the State Court located in Honolulu, Hawaii. Operator agrees that mailing to its last known address by certified mail of any process shall constitute lawful and valid process. In all cases, Operator and Franchisor each waives any right to a trial by jury. Notwithstanding the foregoing, if the laws of the state where Operator's System Restaurant is located require jurisdiction of the courts of that state or control by the laws of that state, then this Agreement shall be deemed modified to comply with the applicable laws.

21.6 Operator agrees to hold harmless, defend, and indemnify Franchisor and its past, present and future affiliates, officers, directors, interest holders, members, shareholders, agents, attorneys, consultants, and employees against any claims, losses, costs, expenses (including, but not limited to, reasonable attorneys' fees, costs, and expenses (and interest on such fees, costs, and expenses), costs of investigation, settlement costs, and interest), liabilities and damages (collectively in this Section 21.6, "Claims") arising directly or indirectly from, as a result of, or in connection with this Agreement, Operator's operation of the Restaurant, Operator's and/or Operator's employees' actions or inactions, any claim that Franchisor is a joint employer with Operator for any reason, Operator's activities under this Agreement, and/or Operator's breach of this Agreement, including, without limitation, those Claims alleged to be caused by our negligence unless (and then only to the extent that) the Claims are determined to be caused solely by Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction (including, but not limited to, Claims brought by Operator). In the event Franchisor incurs any costs or expenses, including, without limitation, legal fees (including, but not limited to, attorneys' fees, costs, and expenses, and interest on such fees, costs, and expenses), travel expenses, and other charges in connection with any proceeding involving Operator in which Franchisor is not a party, Operator must

reimburse Franchisor for all such costs and expenses promptly upon presentation of invoices. With respect to any threatened or actual litigation, proceeding, or dispute that could directly or indirectly affect Franchisor or any of the other indemnitees under this Section, if Operator does not assume the active defense of the matter within a reasonable time, Operator will have the right, but not the obligation, to: (i) choose counsel; (ii) direct and control the handling of the matter; and (iii) settle any claim against the indemnitees. This Section applies to Claims even if they exceed the limits of Operator's insurance coverage.

21.7 The terms of this article shall survive termination, expiration or cancellation of this Agreement.

ARTICLE 22. EXECUTION, REQUESTS, CONSENTS AND WAIVERS.

22.1 This Agreement takes effect upon its acceptance and execution by Operator and Franchisor, and shall be governed by and construed in accordance with the laws of the State of Hawaii. Franchisor will consider written requests by Operator for Franchisor's consent to a waiver of any obligation imposed by this Agreement. Operator agrees, however, that Franchisor is not required to act uniformly with respect to waivers, requests and consents as each request will be considered on a case by case basis, and nothing shall be construed to require Franchisor to grant any such request. Any waiver granted by Franchisor shall be without prejudice to any other rights Franchisor may have, will be subject to continuing review by Franchisor, and may be revoked, in Franchisor's sole discretion, at any time and for any reason, effective upon ten (10) days prior written notice to Operator. Franchisor makes no warranties or guarantees upon which Operator may rely, and assumes no liability or obligation to Operator by providing any waiver, approval, consent, assistance, or suggestion to Operator in connection with this Agreement, or by reason of any neglect, delay, or denial of any request.

22.2 Unless otherwise provided, whenever this Agreement requires Operator to obtain Franchisor's prior written consent, Operator shall timely address its written request for such consent to the party(ies) set forth in paragraph 2 of Article 18 or such other persons as Franchisor may designate in writing. Franchisor will then consider such request and advise Operator of the decision, in writing, within forty-five (45) days. Franchisor's failure to advise Operator will constitute Franchisor's consent to such request. The forty-five (45) day period shall not begin to run, however, until Operator has provided Franchisor with all information and documentation requested by Franchisor. Neither Operator nor Franchisor shall be deemed to have waived or impaired any right, power or option reserved by this Agreement, including, without limitation, its right to demand strict compliance with every term, condition, and covenant herein, or to declare any breach thereof a default and to terminate this Agreement prior to the expiration of its term, by virtue of any custom or practice of the parties at variance with the terms hereof; by any forbearance, delay, failure, or omission to exercise any right, power, or option, whether of the same, similar, or different nature, against Franchisor, Operator, or any other operator; or by the acceptance of any payments due after any breach of this Agreement.

ARTICLE 23. MISCELLANEOUS PROVISIONS.

23.1 This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed an original, but such counterparts together shall constitute but one and the same instrument.

23.2 This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations Franchisor made in the franchise disclosure document that it furnished to Operator. Operator acknowledges that it is entering into this Agreement as a result of its own independent investigation of the franchised business and not as a result of any representations about Franchisor made by its shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to Operator pursuant to applicable law.

23.3 There is no other agreement, representation or warranty made by Franchisor or any other entity or person associated with Franchisor other than contained in this Agreement. This Agreement is not subject to or conditioned upon the obtaining of a Location for Operator's System Restaurant.

23.4 Except as otherwise provided, each party shall bear its own attorneys' fees arising from the negotiations and execution or lack of execution of this Agreement.

23.5 Each article, paragraph, subparagraph, term, and condition of this Agreement shall be considered severable. If for any reason, any portion of this Agreement is determined to be invalid or in conflict with any law or rule in a final ruling issued by any court, agency, or tribunal with valid jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not affect the validity or enforceability of any other portion of this Agreement.

23.6 All notices to Franchisor required by the terms of this Agreement, unless otherwise provided, shall be sent by certified mail or by overnight delivery service, addressed to the parties set forth in this Agreement, or at such other address as Franchisor designates. All notices to Operator required by the terms of this Agreement shall be sent by certified mail or by overnight delivery service, addressed to Operator at the Location, or at such other or additional address as Operator designates in writing. If Operator refuses acceptance of any certified or overnight delivery, acceptance shall be deemed to have occurred forty-eight (48) hours after rejection of such notice.

23.7 Franchisee shall pay to Franchisor the continuing franchise fee and the Advertising Fee by no later than the tenth (10^{th}) day of the month immediately following each month of operation. If all or any portion of the required initial franchise fee referenced in Article 1, continuing franchise fee and/or the Advertising Fee is not paid

promptly as and when due, Franchisee shall pay interest thereon at the rate of ten percent (10%) per annum or at the highest rate authorized by law.

Signatures are on the following pages.

IN WITNESS WHEREOF, the parties hereof have executed this Agreement as of the date of execution by Franchisor.

FRANCHISOR

L & L FRANCHISE, INC., a Hawaii corporation

_____ BY: _____

Date Signed Its:

STATE OF HAWAII)
) SS.
CITY AND COUNTY OF HONOLULU)

On the _____ day of _____, 20__, before me personally appeared _____, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____

Notary Public, State of Hawaii
My commission expires:

FRANCHISEE

_____ BY: _____
Signature Its:

_____ BY: _____
Signature Its:

_____ BY: _____
Signature Its:

_____ BY: _____
Signature Its:

_____
Date Signed

STATE OF _____)
) SS.
COUNTY OF _____)

On the _____ day of _____, 20__, before me personally appeared _____, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____
Notary Public, State of _____
My commission expires:

STATE OF _____)
) SS.
COUNTY OF _____)

On the _____ day of _____, 20__, before me personally appeared _____, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____
Notary Public, State of _____
My commission expires:

STATE OF _____)
) SS.
COUNTY OF _____)

On the _____ day of _____, 20__, before me personally appeared _____, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____
Notary Public, State of _____
My commission expires:

STATE OF _____)
) SS.
COUNTY OF _____)

On the _____ day of _____, 20__, before me personally appeared _____, to me personally known, who being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____
Notary Public, State of _____
My commission expires:

EXHIBIT A-1

State Addenda

STATE-SPECIFIC ADDENDA TO THE FDD

1. California
2. Hawaii
3. Illinois
4. New York
5. Virginia
6. Washington

CALIFORNIA ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the California Franchise Investment Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

Item 3 of the Disclosure Document is amended by adding the following paragraph:

Neither we nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.

Item 17 of the Disclosure Document is amended by adding the following paragraphs:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

The Franchise Agreement requires application of the laws of California. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).OUR WEBSITE HAS NOT BEEN

REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

The highest interest rate allowed by law in California is ten percent (10%) annually.

HAWAII ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 applies, the terms of this Addendum apply.

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

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

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

ILLINOIS ADDENDUM
TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Illinois Franchise Disclosure Act, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Franchise Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Franchise Agreement may provide for arbitration to take place outside of Illinois.

3. The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

Franchisee Disclosure Questionnaire:

The representations under this Affiliate Disclosure Questionnaire are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Registration and Disclosure Law

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

> Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.
>
> Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred

upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

"According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure:

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

STATE-SPECIFIC ADDENDA TO THE FRANCHISE AGREEMENT

1. California
2. Illinois
3. New York
4. Virginia
5. Washington

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).
>
> The Franchise Agreement requires application of the laws of California. This provision may not be enforceable under California law.
>
> The Franchise Agreement contains a liquidated damages clause. Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.
>
> California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[*Signature Page Follows*]

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	**FRANCHISEE:**
L & L Franchise, Inc.	
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Franchise Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Franchise Agreement may provide for arbitration to take place outside of Illinois.

The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision of the Franchise Agreement purporting to bind you to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	**FRANCHISEE:**
L & L Franchise, Inc.	
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
>
> Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
>
> Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
>
> The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	**FRANCHISEE:**
L & L Franchise, Inc.	
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Agreement, to the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Agreement.

3. Except as expressly modified by this Addendum, the Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Agreement. In the event of any conflict between this Addendum and the Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

L & L Franchise, Inc.

By: _____
Its: _____
Date: _____

FRANCHISEE:

By: _____
Its: _____
Date: _____

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

> "According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:	**FRANCHISEE:**
L & L Franchise, Inc.	
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, QUESTIONNAIRE, AND RELATED AGREEMENTS

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

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

[*Signature Page Follows*]

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISOR:	**FRANCHISEE:**
L & L Franchise, Inc.	
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

EXHIBIT B

Confidential Information Agreement

CONFIDENTIAL INFORMATION AGREEMENT

During the period of time _____ ("Franchisee") will be a L & L Hawaiian franchisee, it is anticipated that L & L Franchise, Inc. ("Franchisor") will from time to time disclose to Franchisee certain confidential technical and business information and trade secrets belonging to Franchisor ("Confidential Information").

Now, therefore, in consideration of training and receipt of Confidential Information to be acquired during the term of Franchisee's license agreement, Franchisee and/or the undersigned agrees as follows:

I. For a period of 5 years following the date of each such training period, or each disclosure of Confidential Information, or termination or expiration of Franchisee's franchise or license agreement, whichever is later, Franchisee and/or the undersigned shall maintain the confidentiality of such Confidential Information, except in case of Confidential Information which:

   A. is or becomes known publicly through no fault of Franchisee;

   B. is already known to Franchisee before disclosure from Franchisor, as shown by Franchisee's prior written records.

2. Franchisee and/or the undersigned shall not, without prior written permission of Franchisor, furnish to any third party any Confidential Information or any equipment or material embodying or made by use of any Confidential Information received hereunder.

3. All Confidential Information in tangible form received by Franchisee and/or the undersigned shall be returned to Franchisor at Franchisor's request.

4. Franchisee and the Associate(s) signing below agree that any claimed breaches, disputes or disagreements that may arise in connection with this Confidential Information Agreement shall be subject to and resolved in accordance with the Article 21 Dispute Resolution: Arbitration and Legal Proceedings provision of the Franchise Agreement executed by Franchisee and that all such claimed breaches, disputes or disagreements may be joined with and/or consolidated with disputes and disagreements arising under such Franchise Agreement and/or associated Personal Guaranty.

Franchisee agrees that each of its associates, officers and employees to whom any of Franchisor's Confidential Information are furnished or disclosed shall sign this Agreement at the place indicated below to indicate their awareness of this Agreement and these obligations of confidentiality.

Signed this _____ day of _____, 20___.

_____
Franchisee

Associates of Franchisee to Receive Confidential Information: _____

_____

I agree to the terms of this Confidential Information Agreement.

_____ DATE: _____

_____ DATE: _____

_____ DATE: _____

_____ DATE: _____

EXHIBIT C

Financial Statements

KDLY LLC
CERTIFIED PUBLIC ACCOUNTANTS

L & L Franchise, Inc.

Financial Statements
(With Independent Auditors' Report Thereon)

December 31, 2021

L & L FRANCHISE, INC.

Financial Statements

December 31, 2021

Table of Contents

	Page
Independent Auditors' Report	1
Balance Sheet	3
Statement of Income and Retained Earnings	4
Statement of Cash Flows	5
Notes to Financial Statements	6

Independent Auditors' Report

The Board of Directors
L & L Franchise, Inc.:

Opinion

We have audited the accompanying financial statements of L & L Franchise, Inc. (a Hawaii corporation), which comprise the balance sheet as of December 31, 2021, and the related statements of income and retained earnings, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of L & L Franchise, Inc. as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Topa Financial Center | 745 Fort Street | Suite 2100 | Honolulu, Hawaii 96813
P: 808.521.3962 | F: 808.531.3217 | www.kkdly.com

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 auditing standards generally accepted in the United States of America 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 reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about L & L Franchise, Inc.'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.

KKDLY LLC

Honolulu, Hawaii
April 18, 2022

L & L FRANCHISE, INC.

Balance Sheet

December 31, 2021

Assets	
Current assets:	
Cash	$ 641,844
Restricted cash	965,702
Accounts receivable, less allowance for doubtful accounts of $454,973	953,105
Rebates receivable	195,192
Investment securities	915,763
Prepaid expenses and other	93,358
Total current assets	3,764,964
Property and equipment, net	3,177,519
Other property, net	568,085
Notes receivable and accrued interest	666,581
Deposits	4,350
Total assets	$ 8,181,499
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	$ 77,306
Gift cards payable	159,859
Accrued expenses	119,516
Advances from related parties	500,000
Deferred revenue - current	159,667
Total current liabilities	1,016,348
Deferred revenue - noncurrent	75,111
Total liabilities	1,091,459
Stockholders' equity:	
Common stock - par value $1 per share; 1,000 (100 voting and 900 non-voting) shares authorized, issued, and outstanding	1,000
Additional paid-in capital	200,000
Retained earnings	6,889,040
Total stockholders' equity	7,090,040
Commitments and contingencies	
Total liabilities and stockholders' equity	$ 8,181,499

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Income and Retained Earnings

Year Ended December 31, 2021

Revenues:	
Royalty and advertising fees	$ 5,790,110
Rebate income	559,681
Franchise fees	156,500
Other income	74,728
Total revenues	6,581,019
Operating expenses:	
Salaries and wages	1,224,329
Advertising	1,039,281
Bad debt expense	304,506
Insurance	293,604
Taxes and licenses	191,542
General and administration	120,594
Travel	79,062
Profit sharing contribution	67,393
Professional fees	63,567
Repairs and maintenance	34,052
Lease rent	25,217
Contributions	19,315
Depreciation	17,663
Total operating expenses	3,480,125
Income from operations	3,100,894
Other income (expense):	
Gain on sale of assets	354,678
PPP loan forgiveness	250,761
Rental expense	(178,667)
Rental income	161,317
Interest and dividend income	66,304
Net realized and unrealized loss on investment securities	(18,384)
Other income	44,126
Total other income, net	680,135
Net income	3,781,029
Retained earnings - beginning of year	5,113,873
Distributions	(2,005,862)
Retained earnings - end of year	$ 6,889,040

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Cash Flows

Year Ended December 31, 2021

Cash flows from operating activities:	
Net income	$ 3,781,029
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	46,071
Forgiveness of debt	(250,761)
Bad debt expense	304,506
Gain on sale of assets	(354,678)
Net realized and unrealized loss on investment securities	18,384
Changes in assets and liabilities:	
Accounts receivable	(319,644)
Rebates receivable	145,486
Prepaid expenses and other	(10,132)
Notes receivable and accrued interest	90,257
Accounts payable	54,013
Gift cards payable	74,901
Accrued expenses	19,324
Deferred revenues	333
Net cash provided by operating activities	3,599,089
Cash flows from investing activities:	
Purchases of property and equipment and other assets	(2,902,631)
Proceeds from sale of investment securities	2,515,732
Purchases of investment securities	(2,431,557)
Proceeds from sale of assets	602,927
Net cash used in investing activities	(2,215,529)
Cash flows from financing activities:	
Distributions to stockholders	(2,005,862)
Proceeds from advances from related parties	500,000
Proceeds from issuance of long-term debt	250,761
Net cash used in financing activities	(1,255,101)
Net increase in cash and restricted cash	128,459
Cash and restricted cash at beginning of year	1,479,087
Cash and restricted cash at end of year	$ 1,607,546

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

Nature of Activities

L & L Franchise, Inc. (the Company) was incorporated in March 1991 in the State of Hawaii. The Company is the franchisor of a restaurant chain with national and international locations. The Company collects franchise, royalty, and advertising fees from the owner(s) of each restaurant and in return provides advertising, marketing, and administrative and operational support.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances and does not bear interest. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Company does not have any off-balance-sheet credit exposure related to their franchises. Certain receivables have been converted to interest bearing notes.

Investment Securities

The Company invests in fixed income mutual funds which are recorded at fair value. Unrealized gains or losses in the fair value of the securities are included in net income. Upon the sale of securities, realized gains and losses are determined on a specific identification basis in computing the costs of securities sold. Dividend and interest income are recognized when earned.

Property and Equipment and Other Property

Property and equipment and other property are stated at cost. Depreciation of property and equipment and other property is provided using the straight-line method over the estimated useful lives of the respective assets, as follows:

	Estimated Useful Lives
Real estate	7 - 39 years
Furniture and equipment	5 - 7 years
Automobile	5 years

Repairs and maintenance costs are charged directly to expense, and expenditures for major improvements and additions are capitalized. Cost and accumulated depreciation of property and equipment and other property retired or otherwise disposed of are eliminated from the accounts at the time of retirement or sale, and profit or loss, if any, is credited or charged to income.

Gift Cards

The Company has gift card service agreements to receive and hold the proceeds of gift card sales until a customer uses the card to purchase items from a participating franchisee. When a customer uses a gift card to purchase items from a participating franchisee, the participating franchisee is obligated to accept the gift card as payment for its items and the Company is obligated to reimburse the participating franchisee for the sales price of the items purchased with the gift card. The Company is primarily liable to the customer for the value of the gift card until the card is redeemed. When the gift cards are issued, a liability is recorded by the Company. When the gift cards are redeemed and the participating franchisee is reimbursed there is an offset of the liability account and payment to the participating franchisee.

Revenue Recognition

Included in the Company's revenues are fees from restaurants operated by franchisees. The Company grants franchises to operators who in turn pay franchise, royalty, and advertising fees, for each restaurant. The franchise fee is a one-time fee which is paid prior to the opening of the restaurant. Advertising fees are a fixed monthly fee for restaurants located in Hawaii, and a percentage of monthly sales for restaurants not located in Hawaii. Royalty fees are based on a percentage of monthly sales and are recognized as income on the accrual basis. Management, at their discretion, can waive any of the above mentioned fees.

Under the terms of the franchise agreements, the Company typically promises to provide pre-opening activities such as training courses and use of operational manuals, and post-opening activities such as supervision by a team of corporate chefs and trainers upon restaurant opening. The Company has determined that the pre-opening activities, and the post-opening activities, represent two separate performance obligations. Franchise fee revenue is allocated to the two

separate performance obligations. Revenue allocated to pre-opening and post-opening activities is recognized when these services are performed.

Rebate income received from vendors is based on the volume of sales of the product and is recorded in the period of sale. Initial fees from vendors are classified as deferred revenue and straight lined over the life of the contract.

Rentals are reported as rental income on a straight-line basis over the term of the lease.

Advertising

Advertising expense is comprised of promotional, media, agency, and production costs. Advertising expenses are expensed when incurred. Advertising expense for the year ended December 31, 2021 amounted to $1,039,281.

Income Taxes

The Company has elected to be treated as an S Corporation for federal and state income tax reporting purposes. Accordingly, in lieu of corporate income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability has been included in the financial statements.

Uncertain Tax Positions

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained upon examination, including resolution of related appeals or litigation processes, based on the technical merits of the position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Management has determined that the Company does not have uncertain tax positions that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its stockholders will not be subject to additional tax, penalties, and interest as a result of such challenge. With few exceptions, the Company is no longer subject to U.S. federal examinations by tax authorities for years ended December 31, 2017 and prior.

Long-Lived Assets

Long-lived assets, such as property and equipment and other property, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined using various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized in the year ended December 31, 2021.

Recently Issued Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. ASU 2016-02 increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new standard establishes a right-of-use model that requires a lessee to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term of longer than 12 months. ASU 2016-02 is effective for the Company's reporting period beginning January 1, 2022. The Company is currently evaluating the potential impact the update will have on the financial statements.

(2) Concentration of Credit Risk

The Company maintains its cash balances at one financial institution located in Hawaii. At times and as of the balance sheet date, such deposits were in excess of federally insured limits.

(3) Fair Value Measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs: Other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The financial instruments' categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The measurements described may produce a fair value calculation that may not be indicative of realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodology used at December 31, 2021.

The following is a description of the valuation methodology used for the investment securities measured at fair value:

Mutual funds - Valued at the daily closing price reported on the active markets on which the individual security is traded. The fund is required to publish its daily net asset value and to transact at that price.

The following table sets forth by level, within the fair value hierarchy, the Company's investment securities at fair value as of December 31, 2021.

	Investment Securities at Fair Value as of December 31, 2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Investment securities:				
Mutual funds - fixed income	$ 915,763	$ 915,763	$ -	$ -

(4) Property and Equipment

Property and equipment at December 31, 2021 consist of the following:

Real estate	$ 3,136,953
Furniture and equipment	196,817
Automobile	60,131
Construction in progress	50,000
	3,443,901
Less: accumulated depreciation	(266,382)
	$ 3,177,519

Depreciation expense for the year ended December 31, 2021 totaled $17,663, and is included in depreciation expense in the accompanying statement of income and retained earnings.

As of December 31, 2021, the Company had approximately $230,000 of open commitments to contractors for renovations on work to be performed.

(5) Other Property

Other property, which relates to rental activities, at December 31, 2021 consist of the following:

Real estate	$	785,109
Furniture and equipment		12,384
		797,493
Less: accumulated depreciation		(229,408)
	$	568,085

Depreciation expense for these rental properties totaled $28,408 for the year ended December 31, 2021 and is included in rental expense in the accompanying statement of income and retained earnings.

(6) Revenue

Franchise and Related Revenue

The Company has franchised restaurants in markets in which it considers expansion to be of benefit. Franchisees bear all direct costs involved in the development, construction, and operation of their restaurants. The Company provides franchisees support for architectural plans, interior and exterior design and layout, training, marketing, and opening assistance. The current standard franchise agreement generally provides for payment to the Company of a nonrefundable franchise fee of $15,000 to $30,000 dependent on location and the number of restaurants opened by the franchisee. Franchise revenues are recognized when performance obligations are met. Franchise fees, included in revenues in the accompanying statement of income and retained earnings, totaled $156,500 for 2021.

In addition to the initial franchise fee, the agreement generally provides for royalties of 1% to 3% of monthly gross sales and a monthly advertising fee of $300 for franchises in Hawaii or 1% of monthly gross sales for franchises outside of Hawaii.

Royalty income is recognized during the respective franchise agreement based on the royalties earned each month as the underlying franchise store sales occur. Since the Company acts as the principal and generally oversees all advertising programs with sole discretion over the creative concepts, materials, and media used in such programs and the placement and allocation thereof, the Company records advertising fees in revenues and advertising expenditures in expense as incurred in the accompanying statement of income and retained earnings.

Franchisees may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by the current owner which then terminates that franchise agreement. A franchise agreement is signed with the new franchisee with no franchise fee required.

Rebate Revenue

As part of the Company's franchise agreements, the franchisee purchases products and supplies from designated vendors. The Company may receive various fees and rebates from the vendors on product purchases by franchisees. Additionally, the Company may collect various initial fees, which are classified as deferred revenue in the accompanying balance sheet. The Company does not possess control of the products prior to their transfer to the franchisee and products are delivered to franchisees directly from the vendor. The Company recognizes the rebates as franchisees purchase products and supplies from vendors and recognizes initial fees over the contract life.

(7) Notes Receivable and Accrued Interest

Notes receivable and accrued interest at December 31, 2021 consist of the following:

Interest bearing note receivable of $292,151; monthly principal and interest payments of $5,000; interest accrues at 6% per annum; entire principal balance plus unpaid interest due in full no later than March 2026; secured by the assets of property in Tennessee and ownership interests in corporations in Fresno, California and San Marcos, California	$	257,602
Interest bearing note receivable of $175,000; monthly principal and interest payments of $1,600; interest accrues at 10% per annum decreasing to 5% effective February 2022; entire principal balance plus unpaid interest due in full no later than December 2024; secured by the assets of property in Colorado and ownership interest in a corporation in Aurora, Colorado		171,931
Interest bearing note receivable of $150,000; monthly principal and interest payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than September 2022; secured by the assets of a certain business in National City, California		131,303
Interest bearing note receivable of $153,749; monthly principal and interest payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than October 2023; personally guaranteed by the borrowers and secured by real estate located in San Diego, California		54,323
Interest bearing note receivable of $153,749; monthly principal and interest payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than October 2023; personally guaranteed by the borrowers and secured by real estate located in San Diego, California		51,422
	$	666,581

(8) Related Party Transactions

The Company is related to various companies and individuals through financial interests and management control.

Certain franchises of the Company are owned by stockholders of the Company, their trust, or an immediate family member. Total revenues earned from these franchises during 2021 amounted to $578,211. Total receivables owed from these franchises totaled $95,172 as of December 31, 2021. During the year, certain royalty fees were waived for two franchises owned by a related party.

The Company received non-interest bearing advances from two stockholders of the Company. At December 31, 2021, total advances from these stockholders amounted to $500,000 and were subsequently repaid in March 2022.

(9) Lease Commitments - Lessor

The Company leases office space and other real estate in Hawaii to tenants under noncancelable operating leases with terms expiring at various dates through December 2022.

The following is a schedule of future minimum rentals under all noncancelable operating leases:

Year Ending December 31:		
2022	$	28,800

Rental income amounted to $161,317 for the year ended December 31, 2021.

(10) Lease Commitments - Lessee

The Company leases vehicles and office equipment under noncancelable operating leases. These leases expire at various dates through September 2026. Annual future minimum lease payments required under these leases are as follows:

Year Ending December 31:		
2022	$	23,200
2023		11,300
2024		3,700
2025		3,100
2026		2,300
	$	43,600

For the year ended December 31, 2021, lease rent expense totaled $25,217.

(11) Employee Benefit Plan

The Company has a profit sharing plan covering all eligible employees with a minimum age of 21 and who have completed one year of service in which the employee completed at least 1,000 hours of service. The Company may make discretionary contributions as determined by the Board of Directors up to the maximum contribution calculated in accordance with plan provisions, employee data, and government regulations. Total contributions for the year ended December 31, 2021 amounted to $67,393.

(12) Coronavirus Disease 2019 Pandemic

The Company's operations have been and will continue to be affected by the ongoing outbreak of the coronavirus disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. The COVID-19 outbreak has caused business disruption through mandated governmental restrictions reducing customer traffic to the franchises. The extent to which the disruption will ultimately impact the Company's financial position, results of operations, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted, including the duration, spread, and severity of the COVID-19 pandemic.

(13) Paycheck Protection Program

In February 2021, the Company received a $250,761 loan from a financial institution under the United States Small Business Administration (SBA) Paycheck Protection Program (the Program). This program was established by the Coronavirus Aid, Relief, and Economic Security Act to assist eligible companies in paying employees and other allowed costs during the COVID-19 crisis. Interest on the loan accrues at 1% and matures five years from the date of loan disbursement. The Company may request forgiveness up to the full principal amount and accrued interest of the loan from the lender provided the loan proceeds are used for qualified purposes as stipulated in the Program and employee headcounts and compensation levels are maintained.

The Company received forgiveness decisions by the lending financial institution and the SBA, which determined that the Company has met the requirements for full forgiveness of the Program's loan. In accordance with FASB Accounting Standards Codification (ASC) 740, *Debt*, the Company recorded the forgiven portion of the loan as other income. The loan amount forgiven totaling $250,761 is included in other income in the accompanying statement of income and retained earnings for the year ended December 31, 2021.

(14) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through April 18, 2022, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

KKDLY LLC
CERTIFIED PUBLIC ACCOUNTANTS

Consent of Independent Auditors

KKDLY LLC consents to the use in the Franchise Disclosure Document issued by L & L Franchise, Inc. on May 1, 2021, as it may be amended, of our reports dated May 18, 2021, April 24, 2020, and March 8, 2019 relating to the financial statements of L & L Franchise, Inc. for the years ended December 31, 2020, 2019, and 2018, respectively.

KKDLY LLC

Honolulu, Hawaii
May 18, 2021

Topa Financial Center | 745 Fort Street | Suite 2100 | Honolulu, Hawaii 96813
P: 808.521.3962 | F: 808.531.3217 | www.kkdly.com

KDLY LLC
CERTIFIED PUBLIC ACCOUNTANTS

L & L Franchise, Inc.

Financial Statements
(With Independent Auditors' Report Thereon)

December 31, 2020

L & L FRANCHISE, INC.

Financial Statements

December 31, 2020

Table of Contents

	Page
Independent Auditors' Report	1
Balance Sheet	3
Statement of Income and Retained Earnings	4
Statement of Cash Flows	5
Notes to Financial Statements	6

KDLY LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Directors
L & L Franchise, Inc.:

We have audited the accompanying financial statements of L & L Franchise, Inc. (a Hawaii corporation), which comprise the balance sheet as of December 31, 2020, and the related statements of income and retained earnings, and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Topa Financial Center | 745 Fort Street | Suite 2100 | Honolulu, Hawaii 96813
P: 808.521.3982 | F: 808.531.3217 | www.kkdly.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of L & L Franchise, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

KKDLY LLC

Honolulu, Hawaii
May 18, 2021

L & L FRANCHISE, INC.

Balance Sheet

December 31, 2020

Assets	
Current assets:	
Cash	$ 686,865
Restricted cash	792,222
Accounts receivable, less allowance for doubtful accounts of $397,704	937,967
Rebates receivable	340,678
Investment securities	1,018,322
Prepaid expenses and other	83,226
Total current assets	3,859,280
Property and equipment, net	292,551
Other property, net	844,742
Notes receivable and accrued interest	756,838
Deposits	4,350
Total assets	$ 5,757,761
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	$ 23,293
Gift cards payable	84,958
Accrued expenses	100,192
Deferred revenue - current	124,667
Total current liabilities	333,110
Deferred revenue	109,778
Total liabilities	442,888
Stockholders' equity:	
Common stock - par value $1 per share; 1,000 (100 voting and 900 non-voting) shares authorized, issued, and outstanding	1,000
Additional paid-in capital	200,000
Retained earnings	5,113,873
Total stockholders' equity	5,314,873
Commitments and contingencies	
Total liabilities and stockholders' equity	$ 5,757,761

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Income and Retained Earnings

Year Ended December 31, 2020

Revenues:	
Royalty and advertising fees	$ 4,800,522
Rebate income	672,416
Franchise fees	210,000
Other income	123,577
Total revenues	5,806,515
Operating expenses:	
Salaries and wages	1,160,088
Advertising	863,709
Bad debt expense	792,160
Insurance	231,446
Taxes and licenses	153,053
General and administration	99,192
Profit sharing contribution	64,616
Payments to franchisees	62,500
Professional fees	56,078
Travel	33,908
Repairs and maintenance	32,162
Lease rent	28,799
Contributions, net	21,200
Depreciation and amortization	12,601
Total operating expenses	3,611,512
Income from operations	2,195,003
Other income (expense):	
PPP loan forgiveness	259,200
Rental expense	(158,697)
Rental income	133,541
Interest and dividend income	48,297
Other income	45,968
Total other income, net	328,309
Net income	2,523,312
Retained earnings - beginning of year	4,503,199
Distributions	(1,912,638)
Retained earnings - end of year	$ 5,113,873

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Cash Flows

Year Ended December 31, 2020

Cash flows from operating activities:	
Net income	$ 2,523,312
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	44,466
Forgiveness of debt	(259,200)
Bad debt expense	792,160
Net unrealized gains on investment securities	(5,513)
Changes in assets and liabilities:	
Accounts receivable	(566,782)
Rebates receivable	111,704
Prepaid expenses and other	(36,615)
Notes receivable and accrued interest	18,380
Deposits	(4,111)
Accounts payable	(23,513)
Gift cards payable	5,838
Accrued expenses	(38,987)
Deferred revenues	55,334
Net cash provided by operating activities	2,616,473
Cash flows used in investing activities:	
Purchases of property and equipment	(12,709)
Purchases of investment securities	(499,000)
Net cash used in investing activities	(511,709)
Cash flows from financing activities:	
Distributions to stockholders	(1,912,638)
Proceeds from issuance of long-term debt	259,200
Net cash used in financing activities	(1,653,438)
Net increase in cash and restricted cash	451,326
Cash and restricted cash at beginning of year	1,027,761
Cash and restricted cash at end of year	$ 1,479,087

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

Nature of Activities

L & L Franchise, Inc. (the Company) was incorporated in March 1991 in the State of Hawaii. The Company is the franchisor of a restaurant chain with national and international locations. The Company collects franchise, royalty, and advertising fees from the owner(s) of each restaurant and in return provides advertising, marketing, and administrative and operational support.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances and does not bear interest. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Company does not have any off-balance-sheet credit exposure related to their franchises. Certain receivables have been converted to interest bearing notes.

Investment Securities

The Company invests in fixed income mutual funds which are recorded at fair value. Unrealized gains or losses in the fair value of the securities are included in net income. Upon the sale of securities, realized gains and losses are determined on a specific identification basis in computing the costs of securities sold. Dividend and interest income are recognized when earned.

Property and Equipment and Other Property

Property and equipment and other property are stated at cost. Depreciation of property and equipment and other property is provided using the straight-line method over the estimated useful lives of the respective assets, as follows:

	Estimated Useful Lives
Real estate	7 - 39 years
Furniture and equipment	5 - 7 years
Automobile	5 years

Repairs and maintenance costs are charged directly to expense, and expenditures for major improvements and additions are capitalized. Cost and accumulated depreciation of property and equipment and other property retired or otherwise disposed of are eliminated from the accounts at the time of retirement or sale, and profit or loss, if any, is credited or charged to income.

Gift Cards

The Company has gift card service agreements to receive and hold the proceeds of gift card sales until a customer uses the card to purchase items from a participating franchisee. When a customer uses a gift card to purchase items from a participating franchisee, the participating franchisee is obligated to accept the gift card as payment for its items and the Company is obligated to reimburse the participating franchisee for the sales price of the items purchased with the gift card. The Company is primarily liable to the customer for the value of the gift card until the card is redeemed. When the gift cards are issued, a liability is recorded by the Company. When the gift cards are redeemed and the participating franchisee is reimbursed there is an offset of the liability account and payment to the participating franchisee.

Revenue Recognition

Included in the Company's revenues are fees from restaurants operated by franchisees. The Company grants franchises to operators who in turn pay franchise, royalty, and advertising fees, for each restaurant. The franchise fee is a one-time fee which is paid prior to the opening of the restaurant. Advertising fees are a fixed monthly fee for restaurants located in Hawaii, and a percentage of monthly sales for restaurants not located in Hawaii. Royalty fees are based on a percentage of monthly sales and are recognized as income on the accrual basis. Management, at their discretion, can waive any of the above mentioned fees.

Under the terms of the franchise agreements, the Company typically promises to provide pre-opening activities such as training courses and use of operational manuals, and post-opening activities such as supervision by a team of corporate chefs and trainers upon restaurant opening. The Company has determined that the pre-opening activities, and the post-opening activities,

represent two separate performance obligations. Franchise fee revenue is allocated to the two separate performance obligations. Revenue allocated to pre-opening and post-opening activities is recognized when these services are performed.

Rebate income received from vendors is based on the volume of sales of the product and is recorded in the period of sale. Initial fees from vendors are classified as deferred revenue and straight lined over the life of the contract.

Rentals are reported as rental income on a straight-line basis over the term of the lease.

Advertising

Advertising expense is comprised of promotional, media, agency, and production costs. Advertising expenses are expensed when incurred. Advertising expense for the year ended December 31, 2020 amounted to $863,709.

Income Taxes

The Company has elected to be treated as an S Corporation for federal and state income tax reporting purposes. Accordingly, in lieu of corporate income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability has been included in the financial statements.

Uncertain Tax Positions

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company is recognizing franchise, royalty, and advertising fees in the State of Hawaii rather than the various states or countries of origin. Management is currently assessing the impact and propriety of filing in the state or country of origin. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its stockholders will not be subject to additional tax, penalties, and interest as a result of such challenge. With few exceptions, the Company is no longer subject to U.S. federal examinations by tax authorities for years ended December 31, 2016 and prior.

Long-Lived Assets

Long-lived assets, such as property and equipment and other property, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined using various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized in the year ended December 31, 2020.

Recently Adopted Accounting Standard

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies certain disclosure requirements on fair value measurements. The update removes the disclosure requirements of the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels, and the valuation processes for Level 3 fair value measurements. The Company adopted ASU 2018-13 beginning January 1, 2020.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new standard establishes a right-of-use model that requires a lessee to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term of longer than 12 months. ASU 2016-02 is effective for the Company's reporting period beginning January 1, 2022. The Company is currently evaluating the potential impact the update will have on the financial statements.

In January 2021, the FASB issued ASU 2021-02, *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient*, to help reduce the cost and complexity of applying the revenue recognition guidance to pre-opening services for franchisors that are not public business entities by providing a practical expedient for applying Topic 606 to pre-opening activities. ASU 2021-02 is effective for the Company's reporting period beginning January 1, 2021. The Company is currently evaluating the potential impact the update will have on the financial statements.

(2) Concentration of Credit Risk

The Company maintains its cash balances at one financial institution located in Hawaii. At times and as of the balance sheet date, such deposits were in excess of federally insured limits.

(3) Fair Value Measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs: Other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The financial instruments' categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The measurements described may produce a fair value calculation that may not be indicative of realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodology used at December 31, 2020.

The following is a description of the valuation methodology used for the investment securities measured at fair value:

Mutual funds - Valued at the daily closing price reported on the active markets on which the individual security is traded. The fund is required to publish its daily net asset value and to transact at that price.

The following table sets forth by level, within the fair value hierarchy, the Company's investment securities at fair value as of December 31, 2020.

	Investment Securities at Fair Value as of December 31, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Investment securities:				
Mutual funds - fixed income	$ 1,018,322	$ 1,018,322	$ -	$ -

(4) Property and Equipment

Property and equipment at December 31, 2020 consist of the following:

Real estate	$ 380,241
Furniture and equipment	137,601
Automobile	23,429
	541,271
Less: accumulated depreciation	(248,720)
	$ 292,551

Depreciation expense for the year ended December 31, 2020 totaled $12,284, and is included in depreciation and amortization expense in the accompanying statement of income and retained earnings.

(5) Other Property

Other property, which relates to rental activities, at December 31, 2020 consist of the following:

Real estate	$ 1,126,712
Furniture and equipment	12,384
	1,139,096
Less: accumulated depreciation	(294,354)
	$ 844,742

Depreciation expense for these rental properties totaled $32,182 for the year ended December 31, 2020 and is included in rental expense in the accompanying statement of income and retained earnings.

(6) Revenue

Franchise and Related Revenue

The Company has franchised restaurants in markets in which it considers expansion to be of benefit. Franchisees bear all direct costs involved in the development, construction, and operation of their restaurants. The Company provides franchisees support for architectural plans, interior and exterior design and layout, training, marketing, and opening assistance. The current standard franchise agreement generally provides for payment to the Company of a nonrefundable franchise fee of $15,000 to $30,000 dependent on location and the number of restaurants opened by the franchisee. Franchise revenues are recognized when performance obligations are met. Franchise fees, included in revenues in the accompanying statement of income and retained earnings, totaled $210,000 for 2020.

In addition to the initial franchise fee, the agreement generally provides for royalties of 1% to 3% of monthly gross sales and a monthly advertising fee of $300 for franchises in Hawaii or 1% of monthly gross sales for franchises outside of Hawaii.

Royalty income is recognized during the respective franchise agreement based on the royalties earned each month as the underlying franchise store sales occur. Since the Company acts as the principal and generally oversees all advertising programs with sole discretion over the creative concepts, materials, and media used in such programs and the placement and allocation thereof, the Company records advertising fees in revenues and advertising expenditures in expense as incurred in the accompanying statement of income and retained earnings.

Franchisees may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by the current owner which then terminates that franchise agreement. A franchise agreement is signed with the new franchisee with no franchise fee required.

Rebate Revenue

As part of the Company's franchise agreements, the franchisee purchases products and supplies from designated vendors. The Company may receive various fees and rebates from the vendors on product purchases by franchisees. Additionally, the Company may collect various initial fees, which are classified as deferred revenue in the accompanying balance sheet. The Company does not possess control of the products prior to their transfer to the franchisee and products are delivered to franchisees directly from the vendor. The Company recognizes the rebates as franchisees purchase products and supplies from vendors and recognizes initial fees over the contract life.

(7) Notes Receivable and Accrued Interest

Notes receivable and accrued interest at December 31, 2020 consist of the following:

Interest bearing note receivable of $300,000; monthly interest only payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than December 2021; secured by the assets of property in Tennessee and ownership interests in corporations in Fresno, California and San Marcos, California	$	302,253
Interest bearing note receivable of $175,000; monthly principal and interest payments of $1,600; interest accrues at 10% per annum; entire principal balance plus unpaid interest due in full no later than December 2024; secured by the assets of property in Colorado and ownership interest in a corporation in Aurora, Colorado		173,833
Interest bearing note receivable of $150,000; monthly principal and interest payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than August 2022; secured by the assets of a certain business in National City, California		137,128
Interest bearing note receivable of $153,749; monthly principal and interest payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than October 2023; personally guaranteed by the borrowers and secured by real estate located in San Diego, California		73,152
Interest bearing note receivable of $153,749; monthly principal and interest payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than October 2023; personally guaranteed by the borrowers and secured by real estate located in San Diego, California		70,472
	$	756,838

(8) Related Party Transactions

The Company is related to various companies and individuals through financial interests and management control.

Certain franchises of the Company are owned by stockholders of the Company, their trust, or an immediate family member. Total revenues earned from these franchises during 2020 amounted to $477,764. Total receivables owed from these franchises totaled $72,012 as of December 31, 2020. During the year, certain royalty fees were waived for two franchises owned by a related party.

The Company makes contributions to a related foundation. During the year ended December 31, 2020, the Company made contributions to this foundation amounting to $10,000.

(9) Lease Commitments - Lessor

The Company leases office space and other real estate in Hawaii to tenants under noncancelable operating leases with terms expiring at various dates through December 2021.

The following is a schedule of future minimum rentals under all noncancelable operating leases:

Year Ending December 31:		
2021	$	20,300

Rental income amounted to $133,541 for the year ended December 31, 2020.

(10) Lease Commitments - Lessee

The Company leases vehicles and office equipment under noncancelable operating leases. These leases expire at various dates through February 2024. Annual future minimum lease payments required under these leases are as follows:

Year Ending December 31:		
2021	$	23,700
2022		8,100
2023		7,000
2024		600
	$	39,400

For the year ended December 31, 2020, lease rent expense totaled $28,799.

(11) Employee Benefit Plan

The Company has a profit sharing plan covering all eligible employees with a minimum age of 21 and who have completed one year of service in which the employee completed at least 1,000 hours of service. The Company may make discretionary contributions as determined by the Board of Directors up to the maximum contribution calculated in accordance with plan provisions, employee data, and government regulations. Total contributions for the year ended December 31, 2020 amounted to $64,616.

(12) Coronavirus Disease 2019 Pandemic

The Company's operations have been and will continue to be affected by the ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The COVID-19 outbreak has caused business disruption through mandated governmental restrictions and shelter-in-place orders reducing customer traffic to the franchises. The extent to which the disruption will ultimately impact the Company's financial position, results of operations, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted, including the duration, spread, and severity of the COVID-19 pandemic.

As a result of the COVID-19 pandemic, the Company elected to waive February and March 2020 advertising fees for all franchises. Additionally, the Company deferred the payment of February and March 2020 royalty fees from each of the franchises for two months.

(13) Paycheck Protection Program Loan

In April 2020, the Company received a $259,200 loan from a financial institution under the United States Small Business Administration Paycheck Protection Program (the Program). This program was established by the Coronavirus Aid, Relief, and Economic Security Act to assist eligible companies in paying employees and other allowed costs during the COVID-19 crisis. Interest on the loan accrues at 1% and matures two years from the date of loan disbursement. The Company may request forgiveness up to the full principal amount and accrued interest of the loan from the lender provided the loan proceeds are used for qualified purposes as stipulated in the Program and employee headcounts and compensation levels are maintained.

The Company has determined that it has met the requirements for full forgiveness of the loan as of December 31, 2020. In accordance with FASB Accounting Standards Codification (ASC) 740, *Debt*, the Company recorded the original loan and recognized the loan forgiveness as other income. The loan amount forgiven totaling $259,200 is included in other income in the accompanying statement of income and retained earnings.

(14) Subsequent Events

In February 2021, the Company received an additional $250,760 loan from a financial institution under the Paycheck Protection Program.

The Company has evaluated subsequent events from the balance sheet date through May 18, 2021, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

KDLY LLC
CERTIFIED PUBLIC ACCOUNTANTS

L & L Franchise, Inc.

Financial Statements
(With Independent Auditors' Report Thereon)

December 31, 2019

L & L FRANCHISE, INC.

Financial Statements

December 31, 2019

Table of Contents

	Page
Independent Auditors' Report	1
Balance Sheet	3
Statement of Income and Retained Earnings	4
Statement of Cash Flows	5
Notes to Financial Statements	6

KKDLY LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Directors
L & L Franchise, Inc.:

We have audited the accompanying financial statements of L & L Franchise, Inc. (a Hawaii corporation), which comprise the balance sheet as of December 31, 2019, and the related statements of income and retained earnings, and cash flows for the year then ended, and related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Topa Financial Center | 745 Fort Street | Suite 2100 | Honolulu, Hawaii 96813
P: 808.521.3962 | F: 808.531.3217 | www.kkdly.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of L & L Franchise, Inc. as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

KKDLY LLC

Honolulu, Hawaii
April 24, 2020

L & L FRANCHISE, INC.

Balance Sheet

December 31, 2019

Assets	
Current assets:	
Cash	$ 796,057
Restricted cash	231,704
Accounts receivable, less allowance for doubtful accounts of $257,130	1,163,345
Rebates receivable	452,382
Investment securities	513,809
Prepaid expenses and other	46,611
Total current assets	3,203,908
Property and equipment, net	292,126
Other property, net	876,924
Notes receivable and accrued interest	775,218
Deposits	6,056
Total assets	$ 5,154,232
Liabilities and Stockholders' Equity	
Current liabilities:	
Accounts payable	$ 46,806
Gift cards payable	79,120
Accrued expenses	139,179
Deposits	5,817
Total current liabilities	270,922
Deferred revenues	179,111
Total liabilities	450,033
Stockholders' equity:	
Common stock - par value $1 per share; 1,000 (100 voting and 900 non-voting) shares authorized, issued, and outstanding	1,000
Additional paid-in capital	200,000
Retained earnings	4,503,199
Total stockholders' equity	4,704,199
Commitments and contingencies	
Total liabilities and stockholders' equity	$ 5,154,232

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Income and Retained Earnings

Year Ended December 31, 2019

Revenues:	
Royalty and advertising fees	$ 4,656,618
Rebate income	663,563
Franchise fees	241,250
Other income	164,164
Total revenues	5,725,595
Operating expenses:	
Advertising	1,085,339
Salaries and wages	1,073,663
General and administration	325,194
Travel	155,928
Taxes and licenses	154,710
Professional fees	103,305
Profit sharing contribution	66,180
Conference	62,837
Bad debt expense	61,145
Contributions, net	41,800
Lease rent	29,250
Repairs and maintenance	26,090
Depreciation and amortization	11,675
Total operating expenses	3,197,116
Income from operations	2,528,479
Other income (expense):	
Rental income	256,918
Rental expense	(233,318)
Interest and dividend income	43,328
Other income	15,124
Total other income, net	82,052
Net income	2,610,531
Retained earnings - beginning of year	4,042,668
Distributions	(2,150,000)
Retained earnings - end of year	$ 4,503,199

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Cash Flows

Year Ended December 31, 2019

Cash flows from operating activities:	
Net income	$ 2,610,531
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	43,509
Bad debt expense	61,145
Net unrealized gains on investment securities	(10,336)
Changes in assets and liabilities:	
Accounts receivable	(376,482)
Rebates receivable	(57,211)
Prepaid expenses and other	(39,199)
Notes receivable and accrued interest	(442,016)
Deposits	3,246
Accounts payable	(16,471)
Gift cards payable	11,928
Accrued expenses	(6,480)
Deferred revenues	179,111
Net cash provided by operating activities	1,961,275
Cash flows used in investing activities:	
Purchases of property and equipment	(13,729)
Cash flows used in financing activities:	
Distributions to stockholders	(2,150,000)
Net decrease in cash and restricted cash	(202,454)
Cash and restricted cash at beginning of year	1,230,215
Cash and restricted cash at end of year	$ 1,027,761

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

Nature of Activities

L & L Franchise, Inc. (the Company) was incorporated in March 1991 in the State of Hawaii. The Company is the franchisor of a restaurant chain with national and international locations. The Company collects franchise, royalty, and advertising fees from the owner(s) of each restaurant and in return provides advertising, marketing, and administrative and operational support.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

Accounts Receivable

Accounts receivable is stated at the amount management expects to collect from outstanding balances and does not bear interest. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Company does not have any off-balance-sheet credit exposure related to their franchises. Certain receivables have been converted to interest bearing notes.

Investment Securities

The Company invests in an equity security which is recorded at fair value. Realized and unrealized gains or losses in the fair value of the security are included in net income.

See discussion of the adoption of Accounting Standards Update (ASU) 2016-01 in the *Recently Adopted Accounting Standards* section of this Note 1 below.

Property and Equipment and Other Property

Property and equipment and other property are stated at cost. Depreciation of property and equipment and other property is provided using the straight-line method over the estimated useful lives of the respective assets, as follows:

	Estimated Useful Lives
Real estate	7 - 39 years
Furniture and equipment	5 - 7 years
Automobile	5 years

Repairs and maintenance costs are charged directly to expense, and expenditures for major improvements and additions are capitalized. Cost and accumulated depreciation of property and equipment and other property retired or otherwise disposed of are eliminated from the accounts at the time of retirement or sale, and profit or loss, if any, is credited or charged to income.

Gift Cards

The Company has gift card service agreements to receive and hold the proceeds of gift card sales until a customer uses the card to purchase items from a participating franchisee. When a customer uses a gift card to purchase items from a participating franchisee, the participating franchisee is obligated to accept the gift card as payment for its items and the Company is obligated to reimburse the participating franchisee for the sales price of the items purchased with the gift card. The Company is primarily liable to the customer for the value of the gift card until the card is redeemed. When the gift cards are issued, a liability is recorded by the Company. When the gift cards are redeemed and the participating franchisee is reimbursed there is an offset of the liability account and payment to the participating franchisee.

Revenue Recognition

Included in the Company's revenues are fees from restaurants operated by franchisees. The Company grants franchises to operators who in turn pay franchise, royalty, and advertising fees, for each restaurant. The franchise fee is a one-time fee which is paid prior to the opening of the restaurant. Advertising fees are a fixed monthly fee for restaurants located in Hawaii, and a percentage of monthly sales for restaurants not located in Hawaii. Royalty fees are based on a percentage of monthly sales and are recognized as income on the accrual basis. Management, at their discretion, can waive any of the above mentioned fees.

Under the terms of the franchise agreements, the Company typically promises to provide pre-opening activities such as training courses and use of operational manuals, and post-opening activities such as supervision by a team of corporate chefs and trainers upon restaurant opening. The Company has determined that the pre-opening activities, and the post-opening activities,

represent two separate performance obligations. Franchise fee revenue is allocated to the two separate performance obligations. Revenue allocated to pre-opening and post-opening activities is recognized when these services are performed.

Rebate income received from vendors is based on the volume of sales of the product and is recorded in the period of sale. Initial fees from vendors are classified as deferred revenue and straight lined over the life of the contract.

Rentals are reported as rental income on a straight-line basis over the term of the lease.

Advertising

Advertising expense is comprised of promotional, media, agency, and production costs. Advertising expenses are expensed when incurred. Advertising expense for the year ended December 31, 2019 amounted to $1,085,339.

Income Taxes

The Company has elected to be treated as an S Corporation for federal and state income tax reporting purposes. Accordingly, in lieu of corporate income taxes, the stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability has been included in the financial statements.

Uncertain Tax Positions

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company is recognizing franchise, royalty, and advertising fees in the State of Hawaii rather than the various states or countries of origin. Management is currently assessing the impact and propriety of filing in the state or country of origin. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax returns will not be challenged by the taxing authorities and that the Company or its stockholders will not be subject to additional tax, penalties, and interest as a result of such challenge. With few exceptions, the Company is no longer subject to U.S. federal examinations by tax authorities for years ended December 31, 2015 and prior.

Long-Lived Assets

Long-lived assets, such as property and equipment and other property, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible

impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined using various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized in the year ended December 31, 2019.

Recently Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in accounting principles generally accepted in the United States of America. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Company adopted ASC 606 with a date of the initial application of January 1, 2019.

The Company applied ASC 606 using a modified retrospective transition approach, which requires recognizing the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of retained earnings at January 1, 2019. Based on the Company's analysis, no such adjustment was required.

As part of the adoption of ASC 606, the Company elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of the initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocation of the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of the application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

Under the new revenue standards, revenue is recognized when a customer obtains control of the promised goods or services and in an amount that the entity expects to receive in exchange for those goods or services. Based on the Company's evaluation of its contracts with franchisees, the timing and amount of revenue previously recognized is consistent with how revenue is recognized under the new standard and therefore, the adoption of ASC 606 had no material impact on the Company's financial statements and no cumulative effect adjustment was recognized upon adoption. Additionally, the Company does not expect the adoption of the new revenue standard to have a material impact on its operations on an ongoing basis.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which makes targeted improvements to the accounting for, and presentation and disclosure of, financial instruments. ASU 2016-01 requires that most equity investments be measured at fair value, with subsequent changes in fair value recognized in net income. ASU 2016-01 does not apply to equity investments in consolidated subsidiaries or those accounted for under the equity method of accounting. The new standard also affects financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments.

Prior to the adoption of ASU 2016-01, marketable equity securities not accounted for under the equity method were classified as either trading or available-for-sale. Both realized and unrealized gains and losses on equity securities classified as trading securities were recognized in net income. For equity securities classified as available-for-sale, realized gains and losses were included in net income. Unrealized gains and losses on equity securities classified as available-for-sale were recognized in accumulated other comprehensive income (loss), net of tax. Equity securities without readily determinable fair values were recorded at cost. Prior to the adoption of ASU 2016-01, the Company classified the investment in an equity security as a trading security.

The Company adopted ASU 2016-01 on January 1, 2019, and completed its evaluation of the provisions of ASU 2016-01 determining that there was no net income impact upon adoption of ASU 2016-01, and no cumulative effect adjustment to opening retained earnings was deemed necessary.

Effective January 1, 2019, the Company adopted ASU 2016-18, *Restricted Cash*. As a result of adopting the standard, the Company includes cash and restricted cash when reconciling the beginning of year and end of year total amounts shown on the statement of cash flows.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 increases transparency and comparability among organizations recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new standard establishes a right-of-use model that requires a lessee to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term of longer than 12 months. ASU 2016-02 is effective for the Company's reporting period beginning January 1, 2021. The Company is currently evaluating the potential impact the update will have on the financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies certain disclosure requirements on fair value measurements. The update removes the disclosure requirements of the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing of transfers between levels and the valuation processes for Level 3 fair value measurements. ASU 2018-13 is effective for the Company's reporting period beginning January 1, 2020. The Company is currently evaluating the potential impact the update will have on the financial statements.

(2) Concentration of Credit Risk

The Company maintains its cash balances at one financial institution located in Hawaii. At times and as of the balance sheet date, such deposits were in excess of federally insured limits.

(3) Fair Value Measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Inputs: Other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The financial instruments' categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The measurements described may produce a fair value calculation that may not be indicative of realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodology used during 2019.

The following is a description of the valuation methodology used for the investment security measured at fair value:

Mutual funds - Valued at the daily closing price reported on the active markets on which the individual security is traded. The fund is required to publish its daily net asset value and to transact at that price.

The following table sets forth by level, within the fair value hierarchy, the Company's investment security at fair value as of December 31, 2019.

	Investment Security at Fair Value as of December 31, 2019			
	Total	**Level 1**	**Level 2**	**Level 3**
Investment securities:				
Mutual funds - fixed income	$ 513,809	$ 513,809	$ -	$ -

The Company's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of level 1 for the year ended December 31, 2019.

(4) Property and Equipment

Property and equipment at December 31, 2019 consisted of the following:

Real estate	$ 380,241
Furniture and equipment	124,892
Automobile	23,429
	528,562
Less: accumulated depreciation	(236,436)
	$ 292,126

Depreciation expense for the year ended December 31, 2019 totaled $11,329, and is included in depreciation and amortization expense in the accompanying statement of income and retained earnings.

(5) Other Property

Other property, which relates to rental activities, at December 31, 2019 consisted of the following:

Real estate	$	1,126,712
Furniture and equipment		12,384
		1,139,096
Less: accumulated depreciation		(262,172)
	$	876,924

Depreciation expense for these rental properties totaled $32,180 for the year ended December 31, 2019 and is included in rental expense in the accompanying statement of income and retained earnings.

(6) Revenue

Franchise and Related Revenue

The Company has franchised restaurants in markets in which it considers expansion to be of benefit. Franchisees bear all direct costs involved in the development, construction, and operation of their restaurants. The Company provides franchisees support for architectural plans, interior and exterior design and layout, training, marketing, and opening assistance. The current standard franchise agreement generally provides for payment to the Company of a nonrefundable franchise fee of $15,000 to $30,000 dependent on location and the number of restaurants opened by the franchisee. Franchise revenues are recognized when performance obligations are met. Franchise fees, included in revenues in the accompanying statement of income and retained earnings, totaled $241,250 for 2019.

In addition to the initial franchise fee, the agreement generally provides for royalties of 1% to 3% of monthly gross sales and a monthly advertising fee of $300 for franchises in Hawaii or 1% of monthly gross sales for franchises outside of Hawaii.

Royalty income is recognized during the respective franchise agreement based on the royalties earned each month as the underlying franchise store sales occur. Since the Company acts as the principal and generally oversees all advertising programs with sole discretion over the creative concepts, materials, and media used in such programs and the placement and allocation thereof, the Company records advertising fees in revenues and advertising expenditures in expense as incurred in the accompanying statement of income and retained earnings.

Franchisees may transfer a franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid by the current owner which then terminates that franchise agreement. A franchise agreement is signed with the new franchisee with no franchise fee required.

Rebate Revenue

As part of the Company's franchise agreements, the franchisee purchases products and supplies from designated vendors. The Company may receive various fees and rebates from the vendors on product purchases by franchisees. Additionally, the Company may collect various initial fees, which are classified as deferred revenue in the accompanying balance sheet. The Company does not possess control of the products prior to their transfer to the franchisee and products are delivered to franchisees directly from the vendor. The Company recognizes the rebates as franchisees purchase products and supplies from vendors and recognizes initial fees over the contract life.

(7) Notes Receivable and Accrued Interest

Notes receivable and accrued interest at December 31, 2019 consist of the following:

Interest bearing note receivable of $300,000; monthly interest only payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than December 2021; secured by the assets of property in Tennessee and ownership interests in corporations in Fresno, California and San Marcos, California	$	302,151
Interest bearing note receivable of $175,000; monthly principal and interest payments of $1,600; interest accrues at 10% per annum; entire principal balance plus unpaid interest due in full no later than December 2024; secured by the assets of property in Colorado and ownership interest in a corporation in Aurora, Colorado		174,859
Interest bearing note receivable of $150,000; monthly principal and interest payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than August 2022; secured by the assets of a certain business in National City, California		136,092
Interest bearing note receivable of $153,749; monthly principal and interest payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than October 2023; personally guaranteed by the borrowers and secured by real estate located in San Diego, California		82,295
Interest bearing note receivable of $153,749; monthly principal and interest payments of $2,000; interest accrues at 8% per annum; entire principal balance plus unpaid interest due in full no later than October 2023; personally guaranteed by the borrowers and secured by real estate located in San Diego, California		79,821
	$	775,218

(8) Related Party Transactions

The Company is related to various companies and individuals through financial interests and management control.

Certain franchises of the Company are owned by stockholders of the Company, their trust, or an immediate family member. Total revenues earned from these franchises during 2019 amounted to $525,798. Total receivables owed from these franchises totaled $85,687 as of December 31, 2019. During the year, certain royalty fees were waived for two franchises owned by a related party.

The Company makes contributions to a related foundation. During the year ended December 31, 2019, the Company made contributions to this foundation amounting to $45,000.

(9) Lease Commitments - Lessor

The Company leases office space and other real estate in Hawaii to tenants under noncancelable operating leases with terms expiring at various dates through March 2021.

The following is a schedule of future minimum rentals under all noncancelable operating leases:

Year Ending December 31:		
2020	$	34,800
2021		2,900
	$	37,700

Rental income amounted to $256,918 for the year ended December 31, 2019.

(10) Lease Commitments - Lessee

The Company leases vehicles and office equipment under noncancelable operating leases. These leases expire at various dates through February 2024. Annual future minimum lease payments required under these leases are as follows:

Year Ending December 31:	
2020	$ 24,600
2021	19,100
2022	3,600
2023	3,600
2024	600
Total minimum lease payments	$ 51,500

For the year ended December 31, 2019, rental expense totaled $29,250.

(11) Employee Benefit Plan

The Company has a profit sharing plan covering all eligible employees with a minimum age of 21 and who have completed one year of service. The Company may make discretionary contributions as determined by the Board of Directors up to the maximum contribution calculated in accordance with plan provisions, employee data, and government regulations. Total contributions for the year ended December 31, 2019 amounted to $66,180.

(12) Subsequent Events

The Company's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The COVID-19 outbreak has caused business disruption through mandated governmental restrictions and shelter-in-place orders reducing customer traffic to the franchises. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Company expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

In April 2020, the Company received a $259,200 loan from a financial institution under the United States Small Business Administration Paycheck Protection Program (the Program). This Program was established by the Coronavirus Aid, Relief, and Economic Security Act to assist eligible companies in paying employees and other allowed costs during the COVID-19 crisis. Interest on the loan accrues at 1% and matures two years from the date of loan disbursement. The Company may request forgiveness of up to the full principal amount and accrued interest of the loan from the

lender provided the loan proceeds are used for forgivable purposes as stipulated in the Program and employee headcounts and compensation levels are maintained. The Company is currently assessing the amount of the loan that will be forgiven in accordance with the provisions of the Program.

The Company has evaluated subsequent events from the balance sheet date through April 24, 2020, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

EXHIBIT D

SAMPLE RELEASE

GENERAL RELEASE LANGUAGE

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer as well as on other occasions that we deem appropriate. We may, at our sole option, periodically modify the release.

THIS GENERAL RELEASE (the "**Release**") is made and entered into on this _____ day of _____, 20__ (the "**Effective Date**"), by and between:

- L & L Franchise, Inc., a Hawaii corporation ("**Franchisor**"); and
- _____ ___ a [resident of] [corporation organized in] [limited liability company organized in] [("**Franchisee**")] [("**Transferor**")].

BACKGROUND:

A. Franchisor and [Franchisee] [Transferor] are parties to a Franchise Agreement dated _____ (the "**Franchise Agreement**") regarding the operation of a "L & L Hawaiian Barbecue" restaurant (the "**Restaurant**," also referred to as the "**Franchised Business**");

B. Franchisor and [Franchisee] [Transferor] have agreed, pursuant to the Franchise Agreement, [to renew or extend Franchisee's rights under the Franchise Agreement (the "**Renewal Transaction**")] [to permit a transfer or assignment pursuant to the Franchise Agreement (the "**Transfer Transaction**")], and in connection with the [Renewal Transaction] [Transfer Transaction], Franchisor and [Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Renewal Transaction] [Transfer Transaction].

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. Release. [Franchisee] [Transferor], its officers and directors and principals, and their respective agents, heirs, administrators, successors and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, employees, agents, representatives, heirs, administrators, successors and assigns (the "**Franchisor Group**") from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which [Franchisee] [Transferor] and/or its owners had, have or may have against any member of the Franchisor Group, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the

Franchise Agreement, and Franchisor's performance thereunder, the relationship created by the Franchise Agreement, [all other agreements between either of the Transferors and any member of the Franchisor Group, the sale of franchises to the Transferor,] or the development, ownership or operation of the Franchised Business. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants' and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Franchise Agreement or the Franchised Business. The Franchisee Group and its Principals represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements or promises described herein.

[Note for California Release – add the following:

Except as set forth herein, Franchisee Group expressly relieves and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California ("Section 1542"), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT."

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, Franchisee Group expressly acknowledges that this Release is intended to include in its effect without limitation, all claims described in this paragraph which Franchisee Group does not know or suspect to exist in its favor at the time of execution hereof, and that this Release contemplates the extinguishment of any such claims.]

[Note for Maryland Release – add the following to Section 1, at the end of the first sentence: "excluding only such claims arising under the Maryland Franchise Registration and Disclosure Law."]

[Note for Minnesota Release – add the following to Section 1, at the end of the first sentence: "excluding only such claims arising under the Minnesota Franchises Law."]

[Note for Washington Release – add the following to Section 1, at the end of the first sentence: "excluding only such claims arising under the Washington Franchise Investment Protection Act."]

2. General Terms.

2.1 This Release will be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns.

2.2 This Release will take effect upon its acceptance and execution by each of the parties hereto.

2.3 This Release may be executed in counterparts, and signatures exchanged by fax or pdf, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, will be considered as one Release.

2.4 The captions in this Release are for the sake of convenience only, and will neither amend nor modify the terms hereof.

2.5 The parties agree that all actions arising under this Release must be commenced in the state or federal court of general jurisdiction in California, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he/she/it might have to either the jurisdiction of or venue in those courts. This Release will be interpreted and construed under the laws of the State of California. In the event of any conflict of law, the laws of the State of California will prevail (without regard to, and without giving effect to, the application of Maryland conflict of law rules).

2.6 This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.7 No amendment, change, or variance from this Release will be binding on either party unless in writing and agreed to by all of the parties hereto.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written.

L & L Franchise, Inc. Franchisor	_____ [Franchisee] [Transferor]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT E

Agencies/Agents for Service of Process

CALIFORNIA
Commissioner of Business Oversight
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, California 94104-4428

HAWAII
Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registrations Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

ILLINOIS
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA
Secretary of State
201 State House
200 W. Washington Street
Indianapolis, Indiana 46204

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

MICHIGAN
Department of Labor & Economic Growth
Commercial Services & Corporations Bureau
611 W. Ottawa Street
Lansing, Michigan 48909

MINNESOTA
Minnesota Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

NORTH DAKOTA
North Dakota Securities Department
600 East Boulevard, Fifth Floor
Bismarck, ND 58505
(701) 328-4712

OREGON
Director
Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310

RHODE ISLAND
Director
Department of Business Regulation
233 Richmond Street, Suite 232
Providence, Rhode Island 02903

SOUTH DAKOTA
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre SD 57501
(605) 773-3563

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

WASHINGTON
Director of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN
Commissioner of Securities

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty Street
New York, New York 10005
(212) 416-8236

Fourth Floor
345 West Washington Avenue
Madison, Wisconsin 53703

EXHIBIT F

Current Franchisees

EXHIBIT "F"

CURRENT FRANCHISEES OF L & L FRANCHISE, INC.
(As of 6/15/2022)

STATE	DIST	TRADESTYLE/ CONTACT PERSON	ADDRESS	ZIP CODE	PHONE NUMBER
Alaska		Ryan Kim	800 E. Dimond Blvd., #3-011 Anchorage	99515	(907) 375-9988
Alaska		Ryan Kim	2834 E. Tudor Rd. Anchorage	99507	(907) 865-8188
Arizona		Jim Liu	2501 W. Happy Valley Rd., Ste. 50-1250 Phoenix	85085	(623) 434-4119
Arizona		Soledad Leano	MCX FoodCourt 3E Bldg 965 Thomas Street Yuma	85365	(928) 726-2223
California		Sandeep Grover Gurindar Singh	2219-B Ball Rd. Anaheim	92804	(714) 781-5718
California		Hanping Gu	5035 Lone Tree Way, Ste. A Antioch	94531	(925) 779-1818

California	Michael Khan	2445 E. Imperial Hwy., #C Brea	92821	(714) 990-8999
California	Alexander Wong Crystal Wong	1380 W. Campbell Ave. Campbell	95008	(408) 866-0982
California	Dong Hwah Suh Keum Sun Woo	272 E. Sepulveda Blvd. Carson	90745	(310) 549-2913
California	Tejinder Jassal Gurpreet Jassal	501 East Albertoni Street, Ste. B2 Carson	90746	(310) 769-6988
California	Zhu He	20438 Redwood Rd. Castro Valley	94546	(510) 493-8400
California	Yan Min Li	2517 Mitchell Rd., Ste. A Ceres	95307	(209) 596-4510
California	Sanju Salman Monica Aima	11413 South St. Cerritos	90703	(562) 809-9292
California	Soledad Leano	2260 Otay Lakes Rd., Ste. 105 Chula Vista	91915	(619) 216-7788
California	Kevin Lee	1600 Azusa Ave., #169J City of Industry	91748	(626) 581-3338
California	Denise Lam	2300 Harbor Blvd., Ste. N-4 Costa Mesa	92627	(949) 287-6689

California	John Lim	5633 Lincoln Ave. Cypress	90630	(714) 761-9530
California	Lawrence Kam	6893 Mission St. Daly City	94014	(650) 756-7188
California	Arsen Shahnazarian Vartan Shanazarian	4430 York Blvd., Ste. B Eagle Rock	90041	(323) 259-8888
California	Rudy Bilan Rudy Arucan	354 Broadway Ave. El Cajon	92021	(619) 444-4323
California	Sung Hee On	954 Main St. El Segundo	90245	(310) 414-9523
California	Benny Hom	7419 Laguna Blvd., Ste. 120 Elk Grove	95758	(916) 478-3768
California	Khanh Thai-Tat Phuc Tat	5121 Business Center Dr. Fairfield	94533	(707) 864-9873
California	Henry Chew Kam Eng Chew	5255 Mowry Ave., Ste. S Fremont	94530	(510) 794-8885
California	Alixander Soto	3314 West Shaw Ave., Ste. 10 Fresno	93711	(559) 277-9888
California	Judy Hwang Sonia Hwang	339 N. State College Blvd. Fullerton	92831	(714) 870-8888

California	Jeffrey Liang Ka Wong	1258-C Redondo Beach Blvd. Gardena	90247	(310) 630-5868
California	Jun Xiao	7201 Camino Arroyo, Ste. 104 Gilroy	95020	(408) 846-0917
California	Ruben Shahnazarian	118 S. Maryland Ave Glendale	91205	(818) 637-8566
California	Scott Endow	7127 Hollister Ave., Ste. 21 Goleta	93117	(805) 968-8880
California	Mi Kyeong Chae	5257 W. Rosecrans Ave. Hawthorne	90250	(310) 643-5195
California	Ming Hui Zhi Qiong	27328 Hesperian Blvd. Hayward	94545	(510) 782-0880
California	Bilong Liu	1572-B Sycamore Ave. Hercules	94547	(510) 799-9788
California	John Sungho Lee	19692 Beach Blvd. Huntington Beach	92648	(714) 968-1898
California	Kiva Morita David Iwamiya	14310 Culver Blvd., Unit A Irvine	92604	(949) 262-9088
California	Jiaming Li To	4150 Regents Park Row La Jolla	92037	(858) 554-0888

California	Mariano Palpallatoc Catherine Palpallatoc Nemie Oanes	2400-A Foothill Blvd. La Verne	91750	(909)392-6938
California	Peida Zheng	141-T E. Willow St. Long Beach	90806	(562) 427-5109
California	John On	4248 Lincoln Blvd. Marina Del Rey	90292	(310) 301-0123
California	Lawrence Kam	340 Adrian Rd. Millbrae	94030	(650) 259-8063
California	Jianguo Wei	273 W. Calaveras Blvd. Milpitas	95035	(408) 262-5880
California	Richard Solomon	8280-A Mira Mesa Blvd. Mira Mesa	92126	(858) 693-5888
California	Mariebel Galban	2660 Antares Dr., Ste. B Miramar	92145	(858) 271-8888
California	Denise Lam	25800 Jeronimo Rd., #401B Mission Viejo	92691	(949) 380-8803

California	Lawrence Kam	2430 E. Charleston Rd. Mountain View	94043	(650) 967-2555
California	Benjamin Gudoy	1860-B Sweetwater Rd. National City	91950	(619) 336-6888
California	Arsen Shahnazarian Vartan Shanazarian	18657 Devonshire St. Northridge	91324	(818) 363-8840
California	Denise Lam Myra Mao	12431 S. Norwalk Blvd., Unit. C Norwalk	90650	(562) 868-8077
California	Wen Mo	7320 Redwood Blvd., Ste. B Novato	94945	(415) 892-6565
California	Johnny Mendiola	4225 Oceanside Blvd., Ste. E Oceanside	92056	(760) 726-0888
California	Andre Beglarian	321 West Esplanade Drive, #20 Oxnard	93036	(805) 278-8082
California	Shirley Chan Joseph Chan	1231 Linda Mar Blvd. Pacifica	94044	(650) 355-9988
California	Soknea Hort	3890 El Camino Real Palo Alto	94306	(650) 858-2878

California	Sandeep Grover Gurindar Singh	319 South Arroyo Parkway, Ste. 10 Pasadena	91105	(626) 583-4960
California	Andy Cheung	1010 W. Las Palmas Ave. Patterson	95363	(209) 894-7088
California	Danny He	8760 Washington Blvd. Pico Rivera	90660	(562) 222-1722
California	Zhu He	4515 Rosewood Dr., #600 Pleasanton	94588	(925) 847-9888
California	Benjamin Gudoy	3145 Sports Arena Blvd., #102 Point Loma	92110	(619) 223-8888
California	Erwin Corpuz Alixander Soto	1662 Main Street, Suite A Ramona	92065	(760) 654-3138
California	Annette Lewis Angie Aguilar	1821 S. Catalina Ave. Redondo Beach	90277	(310) 375-0333
California	June Kuang	324 Walnut St. Redwood City	94063	(650) 299-1544
California	Yan Min Li	2447 Claribel Rd., Ste. A Riverbank	95367	(209) 863-8876
California	Benny Hom	9050 Fairway Dr., #160 Roseville	95678	(916) 788-1129

California	Stanfield Shek	960 Sunrise Avenue, Suite 100 Roseville	95661	(916) 784-6333
California	Peter Yeung	1900 Fulton St. Sacramento	95825	(916) 913-1128
California	Mark Hayashida	1030 Florin Rd. Sacramento	95831	(916) 392-5555
California	Stanfield Shek	6301 Mack Rd. Sacramento	95823	(916) 689-9331
California	Wei Dong Li	1230 El Camino Real, Unit M&N San Bruno	94066	(650) 873-7188
California	Soledad Leano	3421 Surface Navy Blvd. San Diego	92136	(619) 814-8072
California	Erwin Corpuz Alixander Soto	6353 El Cajon Blvd., Ste. 120 San Diego	92115	(619) 229-6888
California	Richard Solomon	3410 Palm Ave., Ste. A San Diego	92154	(619) 429-7988
California	Erwin Corpuz	11975 Carmel Mountain Rd., Ste. 607 Carmel Mountain	92128	(858) 451-6888
California	Richard Solomon	2850 National Ave., Ste. 102 San Diego	92113	(619) 232-1888

California	Millie Lee	312 Kearny St. San Francisco	94108	(415) 956-2888
California	Lawrence Kam	1 Curtner Ave., #80 San Jose	95125	(408) 288-9839
California	Anna Yi	1712 Berryessa Rd., Ste. 10 San Jose	95133	(408) 929-3188
California	Minh Lam	579 Coleman Ave., #40 San Jose	95110	(408) 920-7772
California	David Lee	1805 E. Capitol Expressway San Jose	95121	(408) 274-1388
California	Wei Dong Li	5353 Almaden Expressway, #48 San Jose	95118	(408) 266-9888
California	Alexander Wong	5730 Cottle Rd., Ste. 120 South San Jose	95123	(760) 290-3036
California	Dan Malicsi	137 S. Las Posas Rd., Ste. 152 San Marcos	92078	(760) 290-3036
California	Alixander Soto	732 Center Drive San Marcos	92070	(760) 957-3690
California	Jasmine Yuan	94 East 3rd Ave. San Mateo	94401	(650) 347-8885

California	Willy Wong	3580 Homestead Rd. Santa Clara	95051	(408) 246-0896
California	Gabriel Khoury	18727 Via Princesa Parkway Santa Clarita	91387	(661) 251-8333
California	Kong Yi Xie Chun Hua Lin	460 7th Ave. Santa Cruz	95062	(831) 475-8898
California	Richard Solomon	9621 Mission Gorge Rd., Ste. 107 Santee	92071	(619) 562-1888
California	Terry Kennedy	4555 N. Pershing Ave., Ste. 33-A Stockton	95207	(209) 478-0500
California	Erwin Corpuz Alixander Soto	40573 Margarita Rd., Ste. G Temecula	92591	(951) 296-2988
California	Mo Ching Fong Denise Lam Wing Wong	24223 Crenshaw Blvd. Ste. G Torrance	90505	(310) 326-0810
California	Frankie Lorico	2271 W. Grant Line Rd., #113 Tracy	95377	(209) 832-3388
California	Zhu He	1668 Decoto Rd. Union City	94587	(510) 324-8838
California	Mei Fang He	1631 E. Monte Vista Ave. Vacaville	95688	(707) 455-8881

California	Kevin Won	165 Plaza Dr., #707 Vallejo	94591	(707) 647-7070
California	Shuet Kin Poon	4300 Sonoma Blvd., Ste. 724 & 732 Vallejo	94589	(707) 648-0315
California	Sandeep Grover Gurindar Singh	21565 Valley Blvd. Walnut	91789	(909) 444-0030
California	Michael Yang	323 N. Azusa Ave. West Covina	91791	(626) 732-2221
California	Tejinder Jassal Gurpreet Jassal	6731 Westminster Blvd. #108 Westminster	92683	(714) 903-6988
California	Gabriel Ochoa Blanca Figueroa	353 W Main St., Ste. E Woodland	95695	(530) 723-5001
Colorado	Stanley Yamagata II	14221 E. Cedar Ave., Unit C Aurora	80012	(303) 340-8824
Colorado	Stanley Yamagata II Avery Arakaki	5650 S. Chambers Rd. Aurora	80015	(303) 766-4950
Colorado	Eva Stetler Melanie Corbett	5850 Barnes Rd. Colorado Springs	80922	(719) 570-1888

Florida	Pablo Orana	6001 Argyle Forest Drive, Ste. 60 Jacksonville	32244	(904) 647-5228
Florida	Josie Furlano Pablo Orana	8380 Baymeadows Rd., Ste. 4 Jacksonville	32256	(904) 326-8888
Florida	Gregg Barker Kim Barker	5301 Fruitville Road Sarasota	34232	(941) 315-9008
Hawaii	Di Di Chen	99-115 Aiea Heights Dr., Ste. 125 Aiea	96701	486-0577
Hawaii	Bryan Andaya	550 Paiea St., Ste. 13 Honolulu	96819	839-1111
Hawaii	Eric Li	1501 Ala Moana Blvd. Honolulu	96814	941-8882
Hawaii	Eric Li	1201 Ala Moana Blvd. Honolulu	96814	596-8882
Hawaii	Fong Wah Wu	404 Kapahulu Ave. Honolulu	96815	737-0288
Hawaii	Bing Yan Li	1505 Dillingham Blvd. Honolulu	96817	841-8877
Hawaii	Zhong Shi Chi	1111-B Fort Street Mall Honolulu	96813	521-8891

Hawaii	Sam Chen	999 Bishop St. Honolulu, HI	96813	587-8008
Hawaii	Eric Ishisaka Robyn Ishisaka	1100 Ward Ave., 5th Floor Honolulu	96814	840-0505
Hawaii	Julio Luy	1020 Keolu Dr., Ste. C-6 Kailua	96734	262-4411
Hawaii	Zi Jun Zhou Jun Chow	91-896 Makule Rd. Ewa Beach	96706	689-3388
Hawaii	Sam Pun	91-1401 Ft.Weaver Rd., Ste. A-107 Ewa Beach	96706	685-2888
Hawaii	Peter Dong	66-197 Kamehameha Hwy. Haleiwa	96712	637-4700
Hawaii	Yuhong Ye	377 Keahole St., Ste. 102 Honolulu	96825	396-3885
Hawaii	Peiting Chen	801 Dillingham Blvd., Ste. 1-E Honolulu	96817	521-8886
Hawaii	Chao Tian Pang	4618 Kilauea Ave. Honolulu	96816	732-4042
Hawaii	Queenie Cung Jung Cung	2752 Woodlawn Drive, Suite 5-111 Honolulu	96822	988-4979

Hawaii	Elaine Chow	26 Hoolai St., Ste. 300 Kailua	96734	262-1113
Hawaii	Hao Guo Dong	3133 Waialae Ave. Honolulu	96816	735-1813
Hawaii	Vivian Pang	1620 N. School St., #D-2 Honolulu	96817	841-1777
Hawaii	Raymond Won	46-047 Kamehameha Hwy. Kaneohe	96744	235-5115
Hawaii	Shaojian Nie	45-480 Kaneohe Bay Dr. Kaneohe	96744	236-3030
Hawaii	Fong Wah Wu	1255 5th St. Kaneohe	96863	744-4328
Hawaii	Henry Tam	590 Farrington Hwy., Ste. 516 Kapolei	96707	674-8088
Hawaii	Sharon Tam	4850 Kapolei Pkwy., #B-3 Kapolei	96707	674-2277
Hawaii	Sharon Tam	91-5431 Kapolei Pkwy., Ste. C-110 Kapolei	96707	670-2588
Hawaii	Christina Kam	710 Keeaumoku St. Honolulu	96814	955-3382

Hawaii	Tommy Shi	55-510 Kamehameha Hwy. Laie	96762	293-8887
Hawaii	Sam Pun	1711 Liliha St. Honolulu	96817	533-3210
Hawaii	Henry Lee	970 Ahua St. Honolulu	96819	834-8848
Hawaii	Janet Chen	94-780 Meheula Pkwy. Mililani	96789	623-8886
Hawaii	Shirley Hu	95-1057 Ainamakua Dr., #F7-8 Mililani	96789	626-8828
Hawaii	Sharon Tam	2919 Kapiolani Blvd., #103 Honolulu	96826	737-8899
Hawaii	Fong Po Wu	2320 S. King St. Honolulu	96820	951-8333
Hawaii	Sharon Tam	1029 Makolu St., Ste. G Pearl City	96782	456-0708
Hawaii	Billy Tran	98-1005 Moanalua Rd., #6B Aiea	96701	633-8011
Hawaii	Kun Rong Fang	94-615 Kupuohi St., Ste. 211 Waipahu	96797	680-9368

Hawaii	Zhi Hang Ma	94-050 Farrington Hwy., #B1-3 Waipahu	96797	678-9800
Hawaii	Hong Chen	111 Sand Island Access Rd., Ste. R-7 Honolulu	96819	843-1806
Hawaii	Tony Cam Boyu Huang	2560 McCarthy Mall Honolulu	96822	956-3170
Hawaii	Sheng Li Cheng	138 S. Kamehameha Hwy. Wahiawa	96786	621-3969
Hawaii	Zi Jun Zhou Jun Chow	89-102 Farrington Hwy., Ste. 4F Nanakuli	96792	668-6888
Hawaii	Kenneth Lee	85-080 Waianae Valley Rd. Waianae	96792	696-7989
Hawaii	Tony Wong Cam	41-1610 Kalanianaole Hwy. Waimanalo	96795	(808) 259-6888
Hawaii	Run Hui Huang	94-300 Farrington Hwy., Ste. F-6 Waipahu	96797	(808) 671-3883
Hawaii	Xunfeng Chen	310 Kamakee St. Honolulu	96814	(808) 597-9088

Hawaii	Fang Jie Wu	3-2600 Kaumualii Hwy., #B14 Lihue	96766	(808) 246-3688
Hawaii	Peter Wu	4492 Moana Rd. Waimea	96796	(808) 826-7388
Hawaii	Yanny Jiang	5-5190 Kuhio Hwy. Hanalei	96714	(808) 826-7388
Hawaii	Fang Fei Wu	4-1011 Kuhio Hwy., Ste. A-3 Kapaa	96746	(808) 823-8986
Hawaii	Jessica Cao	3350 Lower Honoapiilani Hwy., #401 Lahaina	96761	(808) 667-7788
Hawaii	Cindy Liu	170 Papalaua St., #C-1 Lahaina	96761	(808) 662-3388
Hawaii	Kip Johner Lynn Johner	247 Piikea Ave., Ste. 102 Kihei	96753	(808) 875-8898
Hawaii	Mei Liang	270 Dairy Rd. Kahului	96732	(808) 873-0323
Hawaii	Dayong Zhao	275 W. Kaahumanu Ave., #FC06 Kahului	96732	(808) 873-8889
Hawaii	Fong Wah Wu	74-5035 Queen Kaahumanu Hwy. Kailua-Kona	96740	(808) 329-2838

Hawaii	Fong Wah Wu	81-6602 Hawaii Belt Rd. Kealakekua	96720	(808) 323-1916
Hawaii	Tai Chen	81-6224 Mamalahoa Hwy. Captain Cook	96704	(808) 323-9888
Hawaii	Fong Wah Wu	76-6831 Alii Dr., Ste. D-124 Kona	96740	(808) 322-9888
Hawaii	Larry Kwong	75-5595 Palani Road, Ste. A-6 Kailua-Kona	96740	(808) 331-8886
Hawaii	Jayson He	67-1185 Mamalahoa Highway Ste. A-105 Waimea	96743	(808) 885-8880
Hawaii	David Chan Andrew He	54-3886 Akoni Pule Hwy. Kapaau	96755	(808) 889-0668
Hawaii	Yahong Cao	3019 Pohue Plaza Ocean View	96772	(808) 929-8888
Hawaii	Luo Huo Xie	315 Makaala St., Ste. 106-3 Waiakea	96720	(808) 935-3888
Hawaii	Tony Xie	16-586 Old Volcano Road Keaau	96749	(808) 982-6668

Hawaii	Jayson He	348 Kinoole St. Hilo	96720	(808) 934-0888
Hawaii	Greg Arcibal	2714 Pahoa Village Road, Suite C-1 Pahoa	96778	(808) 965-5337
Nevada	Jia Kai Weng Xiao Hui Chen	687 N. Stephanie St. Henderson	89014	(702) 433-0240
Nevada	Jia Kai Weng Xiao Hui Chen	2070 East Serene Ave. Las Vegas	89123	(702) 855-8088
Nevada	Richard Tonthat	7891 W. Tropical Parkway, Ste. 120 Las Vegas	89130	(702) 792-9898
Nevada	Jia Kai Weng	4030 Maryland Parkway Las Vegas	89119	(702) 880-9898
Nevada	Richard Tonthat	2755 S. Nellis Blvd., Ste. C-1 Las Vegas	89121	(702) 597-9898
Nevada	Anthony Nguyen	2595 S. Maryland Parkway Las Vegas	89109	(702) 643-9898
Nevada	Bill Xie	7320 S. Rainbow Blvd., Ste. 104 Las Vegas	89139	(702) 732-9898
Nevada	Xiao Hui Chen	10860 W. Charleston Blvd., Ste. 180 Las Vegas	89135	(702) 362-9898

Nevada	Ronald Chadwick	5150 Mae Anne Ave., Ste. 204 Reno	89523	(775) 322-8888
Nevada	Xiao Hui Chen	1900 N. Buffalo Dr. Las Vegas	89128	(702) 869-9898
Nevada	Bill Xie	6118 W. Flamingo Rd. Las Vegas	89103	(702) 579-9898
Nevada	Ronald Chadwick	1495 E. Prater Way, Ste. 125 Sparks	89434	(775) 384-1940
Nevada	Bill Xie	2520 E. Craig Rd., Ste. 105 Las Vegas	89030	(702) 399-9898
Nevada	Xiao Hui Chen	7580 S. Las Vegas Blvd., #110 Las Vegas	89123	(702) 837-9898
Nevada	Ronald Chadwick	4978 S. Virginia St. Reno	89502	(775) 683-9960
Nevada	Bill Xie	854 S. Boulder Hwy. Henderson	89015	(702) 558-9898
Nevada	Bill Xie	5752 S. Fort Apache Rd., Ste. 105 Las Vegas	89148	(702) 383-9888
Nevada	Bill Xie	4770 W. Ann Rd., #6 Las Vegas	89031	(702) 998-9559

Nevada	Bill Xie	7825 Blue Diamond Rd., Ste. 105 Las Vegas	89178	(725) 214-6000
New York	Wen Chen	26390 US Route 11 Evans Mills	13637	(315) 629-5998
North Carolina	Andrew Robinson	522 Kannapolis Parkway Concord	28027	(980) 248-1193
Oregon	Sai Tong Chu	3205 SW Cedar Hills Blvd. Ste. 23 Beaverton	97005	(503) 726-0770
Texas	Sarah Yee	156 S TX-46, Ste. 200 New Braunfels	78130	(830) 312-5026
Texas	John Soo Hoo	8408 Preston Rd., Ste. 200 Plano	75024	(972) 712-3888

Texas	Sarah Yee	1302 Austin Hwy. San Antonio	78209	(210) 474-6699
Texas	Marshall Townsend	23119 Colonnial Pkwy., Ste. B10 Katy	77449	(832) 437-8609
Texas	Marshall Townsend	209 Heights Blvd. Houston	77007	(713) 505-1403
Texas	Jonathan Salas Lucy Hao	300 S 6th St., Unit E Waco	76701	(254) 294-4530
Utah	Spencer Reid	158 West 1230 North Provo	84604	(801) 818-2888
Virginia	David Lee	717 Eden Way N, Ste. 610 Chesapeake	23320	(757) 410-3200
Washington	Eva Kam Christina Kam	32225 Pacific Highway South, Ste. 104 Federal Way	98003	(253) 946-0788
Washington	Eva Kam Johnson Kam	1350 Marvin Rd. NE, Ste. H Lacey	98516	(360) 878-8287
Washington	Eva Kam	10321 Gravelly Lake Drive, #D Lakewood	98499	(253) 588-8296
Washington	Eva Kam	20 SW 7th Street, Ste. H Renton	98055	(425) 227-6980

Washington	Arden Tran	18613 International Blvd. SeaTac	98188	(206) 432-9646
Washington	Christina Kam	4502 S. Steele St., #161A Tacoma	98409	(253) 472-0603
Washington	Louis Matautia	5312 Littlerock Rd. SW, Ste. 101 Tumwater	98032	(360) 810-2495
Washington	Jonathan Ureta	20038 68th Ave. S, Ste. 107 Kent	98032	(253) 277-7925
Washington	Johnson Kam	116 SW 148th St., #D170 Burien	98166	(206) 829-8518
Japan	Ryosuke Mori	Shibuya-ku Tokyo		
Japan	Ryosuke Mori	1-13-18 Katasekaigan Fujisawa-shi Kanagawa-ken Enoshima		

EXHIBIT G

Approved Suppliers/Manufacturers

To maintain quality and consistency, all L & L Hawaiian Barbecue Restaurants must use the following products:

To maintain quality and consistency, all L & L Hawaiian Barbecue Restaurants must use the following products:

Fountain/drinks	Pepsi
French Fries	J.R. Simplot
L & L Logo Cups	Graphic Packaging/Lolicup
Spices, extracts, food colors	McCormick
Mayonnaise	Best Foods/Hellmann's
Canned and processed meat products	Hormel
Foods (bacon, ham & Spam)	
Chicken broth	Unilever's Caldo de Pollo
Ready-made hamburger patties	Cargill Foods
Lau Lau	Keoki's
Elbow macaroni	Pasta Montana
Ketchup, tomato sauce/puree, condiments	Hunt'
s Ramen style noodles	Sun
Noodle	
Ramen soup base	Sun Noodle
Soy sauce	Yamasa
Hawaiian juice drinks	Hawaiian Sun
Rice	Farmer's Rice
Cooperative L & L Logo t-shirt bags (12x7x22 and 9x6/17.5)	Elkay Plastics
Shrimp, breaded	Certi-Fresh Foods
Basa/Swai	Certi-Fresh Foods
Marinate sauce	Senba
Panko breadcrumbs	Upper Crust Enterprises
Merchant Services	FISERV
Clover System Point of Sales	FISERV
Operations Platform	Jolt Software
Third Party Delivery Vendor	Bitesquad (Hawaii only)
Third Party Delivery Vendor	Doordash
Third Party Delivery Vendor	Grubhub
Third Party Delivery Vendor	UberEats/Postmates
Kitchen Equipment – Fryers	Frymaster
Kitchen Equipment – Flat Grill	Wolf

EXHIBIT H

Personal Guaranty

Personal Guaranty

_____, 20__

TO L & L FRANCHISE, INC. ("FRANCHISOR")
2138 Algaroba Street
Honolulu, Hawaii 96826

FOR VALUE RECEIVED and in order to induce Franchisor ("you" or "your") to enter into the franchise agreement with _____ ("Franchisee"), ("I", "me" "we" or "us") I/we hereby, jointly and severally, guarantee the payment when due of any and all present or future indebtedness to your now owing or thereafter incurred by the Franchisee however arising, and including without limitation all indebtedness resulting or arising to Franchisor under the Franchise Agreement executed by Franchisee (the "Indebtedness") under the following terms and conditions:

1. If not paid when due, I/we promise to pay the Indebtedness on demand.

2. I/We hereby waive all rights to receive a notice form you of (i) the acceptance of this Guaranty; (ii) the extension of credit from time to time in whatever amount to the Franchisee; (iii) any adverse change in the financial condition of the Franchisee; and (iv) a default of any kind by the Franchisee or any other guarantor of the Indebtedness.

3. I/We agree that you may, at your absolute discretion, without notice to me/us: (i) grant credit grant credit to the Franchisee; (ii) extend, accelerate or otherwise modify the date on which any amount of the indebtedness is to be paid; (iii) release me or any party to or any guarantor of the indebtedness; (iv) release, surrender, exchange, modify or fail to perfect any interest in any collateral which secures or might secure the Indebtedness; (v) compromise or settle any portion of the Indebtedness; or (vi) proceed in any one or more form of action or proceeding against any one or more party to, guarantor of or item of collateral securing the Indebtedness, in any order, all without waiving the right to later proceed in any other form of action or proceeding or against any one or more other such parties, guarantors, or items of collateral.

4. I/We hereby warrant that because of my relationship with the Franchisee I/we am/are fully are aware of its present financial condition, and I/we am/are therefore not relying upon you or any representation by your in determining to give this Guaranty.

5. I/We also, jointly and severally, agree to personally guarantee performance of Articles 4 (Confidential Manuals), 10 (Covenant Regarding Other Business

Interests) and 11 (Interference with Employment Relations) in their entirety relative to the restrictions on the activities of the Franchisee and personally agree that the provisions shall be binding on each of us personally, as if each of us were the Franchisee.

6. This Guaranty shall continue in effect in the event that the Franchisee transfers or assigns portions or all of the interest in the Franchise Agreement to a corporate, limited liability company or partnership entity and/or to another individual or individuals with or without the knowledge or consent of the undersigned Guarantor(s). This Guaranty is absolute and continuing until I/we give you notice by certified mail, return receipt requested, of its revocation, but such revocation shall not relieve me from liability for any portion of the Indebtedness created prior to your receipt of such notice. Such notice shall be addressed to:

L & L Franchise, Inc.
Attn: Elisia Flores
2138 Algaroba Street
Honolulu, Hawaii 96826

7. I/We agree that this Guaranty shall be construed under the laws of the State of Hawaii.

8. I/We agree that any dispute or disagreements that may arise in connection with this Guaranty shall be subject to and resolved in accordance with the Article 21 Dispute Resolution: Arbitration and Legal Proceedings provision of the Franchise Agreement executed by Franchisee and that all such disputes or disagreements may be joined with and/or consolidated with disputes and disagreements arising under such Franchise Agreement and/or associated Confidential Information Agreement.

(Signature) _____

(Print Name)

_____
Guarantor

(Address) _____

_____

(Signature) _____

(Print Name)

_____

Guarantor

(Address) _____

_____

(Signature) _____

(Print Name)

_____

Guarantor

(Address) _____

_____

(Signature) _____

(Print Name)

_____

Guarantor

(Address) _____

_____

STATE OF _____)
) SS
COUNTY OF _____)

On the ___ day of _____, 20__, before me personally appeared _____to me personally known, or who proved to me on the basis of satisfactory evidence to be the person who, being by me duly sworn or affirmed, did state that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____

Notary Public, State of _____

My commission expires: _____

STATE OF _____)
) SS
COUNTY OF _____)

On the ___ day of _____, 20__, before me personally appeared _____to me personally known, or who proved to me on the basis of satisfactory evidence to be the person who, being by me duly sworn or affirmed, did state that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____

Notary Public, State of _____

My commission expires: _____

STATE OF _____)
) SS
COUNTY OF _____)

On the ___ day of _____, 20__, before me personally appeared _____to me personally known, or who proved to me on the basis of satisfactory evidence to be the person who, being by me duly sworn or affirmed, did state that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____

Notary Public, State of _____

My commission expires: _____

STATE OF _____)
) SS
COUNTY OF _____)

On the ___ day of _____, 20__, before me personally appeared _____to me personally known, or who proved to me on the basis of satisfactory evidence to be the person who, being by me duly sworn or affirmed, did state that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

_____

Notary Public, State of _____

My commission expires: _____

EXHIBIT I

Franchise Compliance Questionnaire

L & L Franchise, Inc.
Franchisee Compliance Certification

As you know, you and L & L Franchise, Inc. (the "Franchisor") are preparing to enter into a Franchise Agreement for the establishment and operation of one or more "L & L Hawaiian Barbecue" franchised businesses ("Restaurants"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate, or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. The following dates and information are true and correct:

   a. _____, 20___ — The date of my first face-to-face meeting with any person to discuss the possible purchase of a Restaurant.
   Initials _____

   b. _____, 20___ — The date on which I received Franchisor's Franchise Disclosure Document ("FDD").
   Initials _____

   c. _____, 20___ — The date when I received a fully completed copy (other than signatures) of the Franchise Agreement and Addenda (if any) and all other documents I later signed.
   Initials _____

   c. _____, 20___ — The date on which I signed the Franchise Agreement.
   Initials _____

2. Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?

   Yes _____ No _____

3. Do you understand all of the information contained in the Franchise Agreement and each Addendum and related agreement provided to you?

   Yes _____ No _____

If no, what parts of the Franchise Agreement do you not understand? (Attach additional pages, as needed.

_____

4. Have you received and personally reviewed the FDD that was provided to you?

   Yes _____ No _____

5. Did you sign a receipt for the FDD indicating the date you received it?

   Yes _____ No _____

6. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

   Yes _____ No _____

   If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, as needed.

   _____

7. Have you discussed the benefits and risks of establishing and operating a Restaurant with an attorney, accountant, or other professional advisor?

   Yes _____ No _____

   If No, do you wish to have more time to do so?

   Yes _____ No _____

8. Do you understand that the success or failure of your Restaurant will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

   Yes _____ No _____

9. Do you understand that no agreement or addendum is effective until it is also signed and dated by the Franchisor?

   Yes _____ No _____

10. Do you understand that there are no promises, representations (other than in the franchise disclosure document), agreements, "side deals," or other arrangements, written or oral, that are not in the Franchise Agreement?

    Yes _____ No _____

If you have answered "No" to any one of questions 8-10, please provide a full explanation of each No answer in the following blank lines. (Attach additional pages, as

needed, and refer to them below.) If you have answered "Yes" to each of questions 8-10, please leave the following lines blank.

_____
_____
_____
_____
_____

11. Has any person speaking for the Franchisor made any statement or promise concerning the revenues, profits or operating costs of a Restaurant operated by the Franchisor or its franchisees that differs from the information contained in the FDD?

    Yes _____ No _____

12. Has any person speaking for the Franchisor made any statement or promise regarding the amount of money you may earn in operating the Restaurant that differs from the information contained in the FDD?

    Yes _____ No _____

13. Has any person speaking for the Franchisor made any statement or promise concerning the total amount of revenue that your Restaurant will generate?

    Yes _____ No _____

14. Has any person speaking for the Franchisor made any statement or promise regarding the costs you may incur in operating your Restaurant that differs from the information contained in the FDD?

    Yes _____ No _____

15. Has any person speaking for the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Restaurant?

    Yes _____ No _____

16. Has any person speaking for the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will provide to you that differs from the information contained in the FDD?

    Yes _____ No _____

17. Did you enter into any binding agreement with the Franchisor concerning the purchase of this franchise before today?

    Yes _____ No _____

18. Did you pay any money to the Franchisor concerning the purchase of this franchise before today?

    Yes _____ No _____

    If you have answered "Yes" to any one of questions 12-19, please provide a full explanation of each Yes answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered "No" to each of questions 12-19, please leave the following lines blank.

    _____
    _____
    _____
    _____
    _____

19. Do you understand that all disputes and claims you may have under the Franchise Agreement and the Personal Guarantee must be heard in the courts of Hawaii (if they cannot be resolved informally or by mediation)?

    Yes _____ No _____

20. Do you understand that the Franchise Agreement and the Personal Guarantee provide that you can only collect compensatory damages on any claim under or related to the Franchise Agreement and not any consequential or punitive damages?

    Yes _____ No _____

21. Do you understand that the Franchise Agreement includes a waiver of jury trials?

    Yes _____ No _____

22. Do you understand that if the Franchisor provides site selection assistance, guidance or recommendations, that any recommendations, suggestions, or approvals of a proposed site are not a warranty, guarantee or representation that the site will achieve any level or amount of sales, revenue or profit as a Restaurant location?

    Yes _____ No _____

23. Do you understand that the Franchise Agreement contains a number of provisions, in addition to the waiver of jury trial, that may affect your legal rights, including a waiver of punitive or exemplary damages, and limitations on when claims may be raised?

    Yes _____ No _____

24. Do you acknowledge and represent to Franchisor that (a) you or the entity that you form to be a franchisee or developer will be the employer of all of your employees and will have sole discretion and authority to hire, fire, discipline, compensate and schedule working hours for, all of your employees; and (b) Franchisor and Franchisor's affiliates will have no control, or right to control, any of the employment actions or decisions in

your business? We recommend that you retain employment law counsel to advise you with your employment issues and questions.

Yes _____ No _____

25. As you have reviewed the financial performance representations in Item 19 of the Disclosure Documents, do you understand that:

    a. Item 19 contains only historical data from certain franchised and affiliate-owned Restaurant, and are not a promise, assurance or guaranty of future results of your franchised Restaurant;

    b. your results are likely to differ from the historical results reported;

    c. your results as a start-up business and Restaurant are likely to be different than existing Restaurant; and

    d. you have had ample opportunity to review Item 19 with a lawyer, accountant and/or other advisor of your choosing?

    Yes _____ No _____

26. Do you understand:

    a. that this franchise business may be impacted by other risks, including those outside your or our control such as local, national or global economic, political or social disruption, such as the 2020 COVID-19 outbreak?

    b. that such disruptions, and any preventative, protective, or remedial actions that federal, state, and local governments may take in response to a disruption may result in a period of business disruption, reduced customer demand, and reduced operations for Restaurants, and may require that we take actions that might not be contemplated under the Franchise Agreement?

    c. the extent to which any such disruption impacts the L & L Hawaiian Barbecue system, and your franchise business, will depend on future developments which are highly uncertain and which we cannot predict?

    Yes _____ No _____

27. During my negotiations and evaluations leading up to my decision to buy a Restaurant franchise, I communicated with the following individuals from L & L Franchise, Inc. or its affiliates, or independent brokers:

Name	Address
1.	
2.	
3.	

4. _____

5. _____

6. _____

[Insert additional names and addresses below if needed]

[Signature Page Follows]

Your responses to these questions are important to us and we will rely on them.

By signing this Questionnaire, you are representing to us that you have responded honestly, accurately, and completely to each of the above questions.

FRANCHISE APPLICANT

_____
Signed

_____
Printed Name

_____, 20_____
Date

EXHIBIT J

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	Pending
Hawaii	Pending
Illinois	Pending
New York	Pending
Washington	Pending
Virginia	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

Exhibit K:

RECEIPT

This disclosure document summarizes certain provisions of the development agreement, the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If L & L Franchise, Inc. offers you a franchise, it must provide this disclosure document to you (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) under New York law at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) under Michigan law, at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first, or (d) under Iowa law at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 14 calendar days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale.

If L & L Franchise, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is L & L Franchise, Inc., 2138 Algaroba Street Honolulu, Hawaii 96826, Phone: (808) 951-9888, Attn: .Elisia Flores

Issuance date: June 15, 2022

The franchise seller for this offering is: Elisia Flores and _____.

We authorize the respective state agencies identified on Exhibit A to receive service of process for us in the particular state.

I received a Disclosure Document from L & L Franchise, Inc., dated June 15, 2022, that included the following Exhibits:

A. L & L Franchise, Inc. Franchise Agreement
A-1. State Addenda to Disclosure Document
B. Confidential Information Agreement
C. Financial Statements
D. Sample Release
E. Agency/Agent for Service of Process
F. Current Franchisees
G. Approved Suppliers/Manufacturers
H. Personal Guaranty
I. Franchise Compliance Questionnaire
J. State Effective Dates
K. Receipts

Dated: _____ PROSPECTIVE FRANCHISEE:

If a corporation or LLC:

_____
(Name of corporation or LLC)

By: _____

Its _____
(Title)

_____
(Print Name)

If an individual:

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

Address of corporation, LLC, or individual(s): _____

_____

_____

OUR COPY- RETURN TO US

You may return the signed receipt either by signing, dating, and mailing it to L & L Franchise, Inc. at 2138 Algaroba Street, Honolulu, Hawaii 96826, by faxing a copy of the signed receipt to L & L Franchise, Inc. at (808) 951-9888, or by emailing us at Franchising@ llhawii.com.

RECEIPT

This disclosure document summarizes certain provisions of the development agreement, the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If L & L Franchise, Inc. offers you a franchise, it must provide this disclosure document to you (a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or (b) under New York law at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or (c) under Michigan law, at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first, or (d) under Iowa law at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 14 calendar days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale.

If L & L Franchise, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is L & L Franchise, Inc., 2138 Algaroba Street , Honolulu, Hawaii 96826, Phone: (808) 951-9888, Attn: .Elisia Flores

Issuance date: June 15, 2022

The franchise seller for this offering is: Elisia Flores and _____.

We authorize the respective state agencies identified on Exhibit A to receive service of process for us in the particular state.

I received a Disclosure Document from L & L Franchise,Inc, dated June 15, 2022, that included the following Exhibits:

A. L & L Franchise, Inc. Franchise Agreement
A-1. State Addenda
B. Confidential Information Agreement
C. Financial Statements
D. Sample Release
E. Agency/Agent for Service of Process
F. Current Franchisees
G. Approved Suppliers/Manufacturers
H. Personal Guaranty
I. Franchise Compliance Questionnaire
J. State Effective Dates
K. Receipts

Dated: _____

PROSPECTIVE FRANCHISEE:

If a corporation or LLC:

_____
(Name of corporation or LLC)

By: _____

Its _____
(Title)

_____
(Print Name)

If an individual:

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

_____
(Signature)

_____
(Print Name)

Address of corporation, LLC, or individual(s): _____

_____

_____

YOUR COPY- RETAIN FOR YOUR FILES