

FRANCHISE DISCLOSURE DOCUMENT



L & L Franchise, Inc.
a Hawaii Corporation
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Honolulu, Hawaii 96826
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Email: franchising@llhawaii.com
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L & L Franchise, Inc. offers franchises for a quick service Hawaiian-style restaurant under the name L & L Hawaiian Barbecue.

The total investment necessary to begin operation of an L & L Hawaiian Barbecue franchised restaurant is from \$252,450 to \$838,460. This includes \$35,000 that must be paid to us or our affiliate.

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: April 25, 2025

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit 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 D 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 and Exhibit G 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 the city and state where the franchisor's principal offices are located at the time the demand is filed, or in Hawaii, specifically in Honolulu, at the franchisor's option. 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 the city and state where the franchisor's principal offices are located, or in Honolulu, Hawaii, than in your own locality.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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.

ADDENDUM FOR THE STATE OF MICHIGAN

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

- A. A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.
- B. A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTling ANY AND ALL CLAIMS.
- C. A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.
- D. A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (I) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (II) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.
- E. A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR

CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

- F. A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.
- G. A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:
 - i. THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.
 - ii. THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUB-FRANCHISOR.
 - iii. THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.
 - iv. THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.
- H. A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).
- I. A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE

FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING
THE REQUIRED CONTRACTUAL SERVICES.

* * * *

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

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED
AND SHOW A NET WORTH OF LESS THAN \$100,000.00, THE FRANCHISOR MUST,
AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL
INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE
OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT,
INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE
OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY
BOND MAY BE PROVIDED IN PLACE OF ESCROW.

* * * *

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE
AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT
OF COMMERCE, CORPORATION AND SECURITIES BUREAU, 6546 MERCANTILE
WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:
DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE
670 G. MENNEN WILLIAMS BUILDING
LANSING, MICHIGAN 48913

NOTE: NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU
AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE
ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH
(F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE
ARBITRATION PROVISIONS.

TABLE OF CONTENTS

ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES.....	9
ITEM 2: BUSINESS EXPERIENCE	12
ITEM 3: LITIGATION	13
ITEM 4: BANKRUPTCY.....	15
ITEM 6. OTHER FEES.....	16
ITEM 7: ESTIMATED INITIAL INVESTMENT.....	25
ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 29	
ITEM 9. FRANCHISEE'S OBLIGATIONS	36
ITEM 10. FINANCING.....	38
ITEM 11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	38
ITEM 12. TERRITORY	53
ITEM 13. TRADEMARKS	57
ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION.....	60
ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	61
ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	62
ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION.....	63
ITEM 18. PUBLIC FIGURES	71
ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS	71
ITEM 20: OUTLETS AND FRANCHISEE INFORMATION.....	74
ITEM 21. FINANCIAL STATEMENTS	81
ITEM 22. CONTRACTS	81
ITEM 23. RECEIPTS.....	81

EXHIBITS:

- | | | | |
|---|---|---|-------------------------------------|
| A | Franchise Agreement and Exhibits | G | List of Former Franchisees |
| B | General Release | H | State-specific Addenda |
| C | Table of Contents to Manual | I | Approved Suppliers/Manufacturers |
| D | Financial Statements | J | Franchisee Compliance Certification |
| E | List of State Administrators/Agents for
Service of Process | K | Receipts (2 copies) |
| F | List of Current Franchisees | | |

STATE EFFECTIVE DATES

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

The franchisor is L & L Franchise, Inc. To simplify the language in this Disclosure Document, we will refer to L & L Franchise, Inc. as “**L & L**,” or “**we**,” “**us**,” or “**our**.” The terms “**you**” and “**your**” refer to the person who buys the franchise, the franchisee.

If the purchaser of the franchise is a partnership, corporation, or other entity, “**you**” includes the franchisee's owners, who must sign a personal guarantee to the Franchise Agreement. By signing a guarantee, you will be personally (and jointly and severally) liable with the franchisee for the franchisee's obligations under the Franchise Agreement.

Unless otherwise defined in this Disclosure Document, all capitalized terms appearing in this Disclosure Document have the same meaning as set out in the attached Franchise Agreement, which is included as Exhibit A.

Franchisor's Company Information

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 franchises and supporting franchisees. 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, which are similar to L & L Hawaiian Barbecue Restaurants. 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 five L & L Drive-Inn franchises in operation, two L & L Hawaiian Grill franchises in operation, and one L & L Hawaiian Mixplate franchise in operation.

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, the founders of L & L Franchise, Inc., Kwock Yum "Johnson" Kam and Eddie Flores, Jr., their families, certain of our directors, and certain of our employees, 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 and Item 20, data on Restaurants that are owned by individuals who are disclosed in Item 2 of this Disclosure Document is disclosed separately, and those Restaurants are categorized as “company-owned” Restaurants, as required under applicable franchise laws. Internally, we regard those Restaurants as franchised restaurants and our relationship with the franchise owners who are disclosed in Item 2 is substantially similar to our relationship with a typical franchisee. However, the two “company-owned” Restaurants in Honolulu are sometimes used as test locations for new menu items or other new ideas for the System, and as training locations.

Agent for Service of Process

Our agents for service of process are listed in Exhibit E of this Disclosure Document.

Franchisor's Business

We from time to time offer franchises under the name L & L Hawaiian Barbecue. A franchise offered or operating with the name of L & L Hawaiian Barbecue is referred in this Disclosure Document as a "L & L Hawaiian Barbecue Restaurant" or a "Restaurant." As described above in this Disclosure Document, we do not operate any Restaurants. We have not conducted business in any other line of business and have not offered franchises in other lines of business.

As also described above in this Disclosure Document, 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 that offer 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. As indicated above in this Disclosure Document, we are not currently offering franchises for these concepts.

L & L Franchise, Inc. also has franchises operating in Japan, and may from time to time offer franchises in other countries and jurisdictions using L & L trade names and L & L marks that operate under its business System or similar business systems.

This disclosure document describes the franchises we offer for L & L Hawaiian Barbecue Restaurants in the United States.

L & L Hawaiian Barbecue Restaurants

L & L Hawaiian Barbecue Restaurants are quick-service Hawaiian-style restaurants. Each Restaurant offers certain mandatory products and services, and may offer certain additional optional products and services, as we may designate from time to time. Typical cuisine that is featured at Restaurants may include barbecued meat, chicken katsu, breaded cutlet of chicken or meat, spam musubi, chicken musubi, kalua style or smoke flavored meat, lau lau, rice, or macaroni salad.

We and our affiliate have developed a distinctive set of specifications and operating procedures (collectively, the "**System**") for L & L Hawaiian Barbecue Restaurants. The distinguishing characteristics of the System include the Proprietary Marks (defined below); confidential operating procedures; confidential operating manuals that include mandatory and suggested specifications, standards, policies, procedures, and guidelines for operating L & L Hawaiian Barbecue Restaurants (the "**Manuals**"); and standards and specifications for equipment, décor, color scheme, trade dress, facilities, recipes, food quality, services and products, methods of service, customer service, management and marketing programs, and sales techniques and strategies. All of these distinguishing

characteristics may be changed, improved, and further developed by us or our affiliates from time to time.

We identify the L & L Hawaiian Barbecue Restaurants operating under the System by means of the trade names and marks “L & L,” and certain other trademarks, service marks, trade names, signs, logos, and other indicia of origin (collectively, the “**Proprietary Marks**”). We may designate other trade names, service marks, and trademarks as Proprietary Marks (and we may also periodically delete or modify old names and marks).

We will offer to enter into franchise agreements (“**Franchise Agreements**”) with qualified entities and persons that wish to establish and operate L & L Hawaiian Barbecue Restaurant. We prefer to grant franchises to business entities, rather than individuals. The form of Franchise Agreement that we intend to enter into with you, should you and we mutually agree to enter into a franchise relationship, is attached to this Disclosure Document as Exhibit A. The Franchise Agreement generally grants you the right to open and operate one L & L Hawaiian Barbecue Restaurant that specializes in quick-service Hawaiian-style food 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.

Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate one L & L Hawaiian Barbecue Restaurant (a “**Franchised Business**”) under the System and using the Proprietary Marks. You must lease, sublease, or acquire a site for the Franchised Business, subject to our approval. If you have not identified a location of which we approve at the time you sign the Franchise Agreement, we may require that you sign the site selection addendum (“**Site Selection Addendum**”) that is attached to the Franchise Agreement as Appendix E. In that case, you would sign the Site Selection Addendum at the same time you sign the Franchise Agreement, and you must follow the procedures for finding, selecting and receiving authorization for a site under the Site Selection Addendum. We may or may not require that you enter into the Site Selection Addendum, at our option. We expect that the typical location for a Franchised Business will be in a suburban or urban location in a trendy retail location.

Parents, Predecessors, and Affiliates

We do not have any parents, predecessors, or affiliates that must be disclosed in this Item.

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 Restaurants. L & L Hawaiian Barbecue restaurants compete primarily against other Hawaiian style cuisine fast food concepts or take-out restaurants in shopping malls and strip malls selling multi-

choice Hawaiian style cuisine 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.

Industry Regulations

You must comply with all existing regulations concerning food service, nutrition, calorie content, and other federal or state regulations that apply specifically to the restaurant industry. For example, the Environmental Protection Agency, U.S. Food and Drug Administration, the U.S. Department of Agriculture, as well as state and local environmental and health departments and other agencies, have laws and regulations concerning the preparation of food and sanitary conditions of restaurant facilities. State and local agencies may periodically conduct inspections for compliance with these requirements. Under the federal Clean Air Act and certain state laws, you may be required to comply with applicable statutory guidelines, such as localized quality standards for ozone, carbon monoxide and particulate matters. Certain provisions of such laws impose limits on emissions resulting from commercial food preparation. You also must comply with existing laws, regulations, and ordinances that apply generally to all businesses, such as the Americans with Disabilities Act, federal wage and hour laws and state law equivalents, the Affordable Care Act, the Occupational Safety and Health Act, antiterrorism and anti-corruption laws (such as the Patriot Act and the Foreign Corrupt Practices Act), and data protection and privacy laws (such as credit card protection under the U.S. Fair and Accurate Credit Transactions Act, or “**FACTA**”). You should investigate these laws that may apply to the restaurant industry and to all businesses in general.

ITEM 2: BUSINESS EXPERIENCE

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

Eddie Flores, Jr. is our Co-Founder. He has served as Chairman of the Board since 1991 and has been a Director of the franchisor since 2000. He is based in Honolulu, Hawaii.

Chief Executive Officer and Vice Chair: Elisia Flores

Elisia Flores has been a Director since December 2022, and 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. She is based in Honolulu, Hawaii.

Vice President of Franchising: Josie Akana

Josie Akana has been our Vice President of Franchising since November 2022. Previously, she held the positions of Director of Marketing from January 2001 to May 2005 and Director of Franchising from May 2005 to October 2022. She is based in Honolulu, Hawaii.

Director of Franchise Sales: Andy Huang

Andy Huang has served as has our Vice President and Chief Operating Officer since January 2022. Previously he served as Business Development Manager at Kowa American Corporation in Honolulu, Hawaii from June 2021 until December 2021, and Area Manager of Advantage Rent-A-Car in Honolulu, Hawaii from October 2011 until October 2020. He is based in Honolulu, Hawaii.

Director: Lou Chang

Lou Chang has been a Director since December 2022. He is also an attorney, mediator and arbitrator who has worked in his law firm, Lou Chang, A Law Corporation since 1975. He is based in Honolulu, Hawaii.

Director: Eva Kam

Eva Kam has served as a Director since December 2022. Eva has owned and operated the following franchised Restaurant locations: Keeaumoku, Honolulu, Hawaii from 2004 until the present; Lakewood, Washington from 2006 until the present; Federal Way, Washington from 2006 until the present; Renton, Washington from 2006 until the present; Burien, Washington from 2019 until the present; Lacey, Washington from 2021 until the present; and Las Vegas, Nevada from 2006 until 2021. She has also owned a bookkeeping business called Next HB since 2018. She is based in Millbrae, California.

Director: Gloria Wong

Gloria Wong has served as a Director since December 2022. Gloria has owned and operated multiple L & L franchise locations in California since 2004. She is based in San Jose, California.

Director of Franchise Sales: Blythe Yamamoto

Blythe Yamamoto has been our Director of Franchise Sales since January 2025. Previously, she held the position of Franchise Sales Manager from December 2021 to January 2025. She was the Director of Sports for the Hawaii Special Olympics from March 2020 until December 2021. She is based in Honolulu, Hawaii.

ITEM 3: LITIGATION**Prior Actions:**

Forum: Dispute Prevention & Resolution

Filing Date: September 1, 2022

Case No.: 22-0496-A

Name of Action: L & L Franchise, Inc. vs. Xiao Biao Xie, Rainbow HB, LLC and Jones HB, LLC

Parties: L & L Franchise, Inc., Xiao Biao Xie, Rainbow HB, LLC, and Jones HB, LLC

Relationship: Franchisor vs. the owners, operators, and guarantor of several Restaurants
Summary: In September 2022, L & L Franchise, Inc. filed an arbitration demand against Xiao Biao Xie, Rainbow HB, LLC, and Jones HB, LLC, seeking the following: termination of the franchise agreements and enforcement of noncompetition agreements, agreements to return confidential information, and cessation of their rights to use L & L trademarks. The arbitration demand sought enforcement of the franchisees' breaches of the franchise agreements including claims of underpayment and failure to pay franchise and advertising fees, failure to provide sales reports and tax returns, breaches of confidentiality agreements, and submission of false reports. An arbitration award in favor of L & L Franchise, Inc. was issued in February 2023, which found that the franchisees filed fraudulent and intentionally false sales reports and that the franchisees breached their obligations to provide sales reports, tax returns and insurance certificates. The arbitration award awarded L & L Franchise, Inc. damages, interest, and other relief.

Forum: American Arbitration Association

Filing Date: September 3, 2022

Case No.: 01-22-0003-5253

Name of Action: L & L Franchise, Inc. vs. Xiao Biao Xie

Parties: L & L Franchise, Inc., Xiao Biao Xie

Relationship: Franchisor vs. the owner, operator, and guarantor of several Restaurants

Summary: In September 2022, L & L Franchise, Inc. filed an arbitration demand against Xiao Biao Xie. The arbitration demand sought termination of the franchise agreements, enforcement of the non-competition agreements and agreements to return confidential information, and cessation of the franchisees' rights to use L & L trademarks. The arbitration demand sought enforcement of the franchisees' breaches of the franchise agreements, including claims of underpayment and failure to pay franchise and advertising fees, failure to provide sales reports and tax returns, breaches of confidentiality agreements, and submission of false reports. An arbitration award in favor of L & L Franchise, Inc. was issued in May 2023 which found that the franchisees made false under reporting of sales reports and made false payment of fees and that the franchisees materially breached their obligations under the franchise agreements. The arbitration award determined that L & L Franchise, Inc. was entitled to terminate the franchise agreements, ordered the termination of the franchisee's rights to use franchisor's trademarks and copy-righted works, and awarded L & L Franchise, Inc. damages, costs, and other relief.

Forum: Arbitration

Filing Date: November 13, 2023

Case No.: 01-23-0005-1465

Parties: Zhu Cai He, aka Paul He, and Pleasanton Hawaiian Inc. and L & L Franchise, Inc.

Relationship: Franchisor vs. the owner, operator, and guarantor of several Restaurants

Summary: On November 13, 2023, L & L Franchise, Inc. filed an arbitration demand against Zhu Cai He ("**Paul He**"), the owner, operator and guarantor of three Restaurants in California. The arbitration demand sought termination of the franchise agreements and

enforcement of noncompetition agreements, agreements to return confidential information, and cessation of the franchisee's rights to use the Proprietary Marks. The arbitration demand sought enforcement of the franchisee's breaches of the franchise agreements including claims of underpayment and failure to pay franchise and advertising fees, failure to provide sales reports and tax returns, and submission of false reports. On September 6, 2024, the arbitrator issued an award in favor of L & L Franchise, Inc. finding that Paul He breached his duties under the franchise agreements and awarded damages in the amount of \$1,029,178.77 plus costs and other relief. The Arbitration Award also ordered the termination of the three franchise agreements and ordered Paul He to immediately cease operating the three franchised Restaurants, among other relief. The Arbitration Award was confirmed by the First Circuit Court of the State of Hawaii and a Final Judgment was issued on Jan. 8, 2025.

Pending Actions:

None.

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

When you sign your Franchise Agreement, you will pay us an Initial Franchise Fee of \$35,000.

All fees described in this Item 5 are uniformly imposed and will be fully earned when paid, and are non-refundable.

ITEM 6. OTHER FEES

Type Of Fee (Note 1)	Amount	Due Date	Remarks
Royalty Fee	1.5% of Gross Sales per month if your Restaurant is in Hawaii. 3% of Gross Sales per month if your Restaurant is the West Coast of the continental United States. (Specifically, the following states: Alaska, Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming) 4% of Gross Sales per month if your Restaurant is located East of Texas in the continental United States. (Specifically, the following states: Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, Washington DC, West Virginia, and Wisconsin)	Monthly, calculated based on the Gross Sales for the previous month (Note 2). Currently due on the 10 th of each month.	Gross Sales include the entire amount of your revenues (whether or not yet collected) arising out of owning or operating the Franchised Business. (See Note 2.)

Type Of Fee (Note 1)	Amount	Due Date	Remarks
Advertising Obligation – (i) Local Advertising (ii) Regional Fund (iii) National Brand Fund	(i) Local Advertising: Currently, 1% of Gross Sales that you spend directly on local advertising. (ii) Regional Advertising: Currently, 0% of Gross Sales (iii) National Brand Fund: Currently, \$320 per month if your Restaurant is in Hawaii. Currently, 1% of Gross Sales per month if your Restaurant is the West Coast of the continental United States. (Specifically, the following states: Alaska, Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming) Currently, 2% of Gross Sales per month if your Restaurant is located East of Texas in the Continental United States. (Specifically, the following states: Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, Washington DC, West Virginia, and Wisconsin)	Monthly contributions to the National Brand Fund and Regional Fund are due at the same time as the Royalty. (Note 2) These two fees are sometimes referred to as the “Advertising Contribution.”	See Note 2. The “Advertising Obligation” is the sum of the Local Advertising expenditure, the Regional Fund fee, and the National Brand Fund fee. The total Advertising Obligation may be increased to a 5% of Gross Sales at any time, upon written notice to you.
Technology Fee	Currently \$0 per month, but we reserve the right to charge this fee. This fee will never exceed \$500 per month, adjusted for inflation.	Monthly, due at the same time as the Royalty Fee	See Note 3.

Type Of Fee <i>(Note 1)</i>	Amount	Due Date	Remarks
Initial Training Fee	Currently \$0 for 2 of your personnel, however we may charge an additional fee if you would like for additional individuals to attend training.	Before initial training	You are solely responsible for all travel, meal, lodging, and payroll expenses associated with sending attendees to our training.
Special Assistance	Our then-current fee plus the out-of-pocket expenses we incur.	Before we render this assistance	If you request (and we can reasonably accommodate that request), we will furnish non-routine guidance and assistance to deal with your unusual or unique operating problems.
Transfer Fee	(i) \$7,500 for any "Transfer" under the Franchise Agreement, including a transfer of the entire Franchised Business, except as set forth below. (ii) \$3,000 for a Transfer of a partial ownership interest. (including a proposal to admit a new owner, to remove an existing owner, or to change the distribution of ownership shown on Appendix B of the Franchise Agreement, or for any other transaction that amounts to the Transfer of a partial interest in the Franchised Business or the Franchisee). (iii) \$1,000 for any Transfer for the convenience of ownership. We also have the right to require reimbursement of any out-of-pocket expenses that we incur in reviewing the proposed Transfer	One-half is paid when you submit the request to transfer, the balance is paid when the transfer closes. In the case of a partial ownership interest or a transfer for the convenience of ownership, however, the Transfer Fee is due at a time designated by us prior to the transfer.	If you want to effectuate a "Transfer" as defined under the Franchise Agreement, you or the transferee must pay us this transfer fee. Paying this fee relieves the transferee from its obligation to pay a new initial franchise fee under the Franchise Agreement it must enter. If a transfer is not consummated after we have provided our approval, we have the right to be reimbursed for our out-of-pocket expenses.

Type Of Fee <i>(Note 1)</i>	Amount	Due Date	Remarks
Successor Franchise Agreement Fee	\$1,000 processing fee plus a \$10,000 Successor Franchise Agreement Fee	When you enter the Successor Franchise Agreement	You pay this amount instead of an entire initial franchise fee when you sign the Successor Franchise Agreement.
Audit Costs	Our costs and expenses connected with the inspection of your books (including reasonable accounting and attorneys' fees)	On demand	Only payable if we perform an audit because you did not submit sales statements or keep books and records as required, or if you underreported your sales or underpaid your royalties by 2%. See Note 4. (You will also have to pay delinquency charges and interest on the underpayment (see "Delinquency Charges and Interest on Late Payments" below.))
Delinquency Charges and Interest on Late Payments	\$500 for each failure to pay a fee on time, and interest at 1.5% per month on overdue amounts (but not more than the maximum legal rate of interest, if any).	On demand	Only due if you don't pay us the amounts you owe on time. Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due.

Type Of Fee <i>(Note 1)</i>	Amount	Due Date	Remarks
Supplier Testing	Cost of inspection and evaluation, but no less than \$100 per brand. (The amount will vary, but will include only the retail cost of the product/ equipment tested, and our out-of- pocket travel costs, if any.)	On demand	Only payable if you propose a new supplier of products. If we inspect the supplier or test the supplier's products, we may charge you for our costs in conducting those inspections or running those tests. Requests for us to evaluate a new product must be made at the time and in the manner we designate. Currently, such requests must be made no more than once per quarter.
Indemnification	Will vary under circumstances	On demand	You must indemnify us, and reimburse us for our costs (including any settlement, judgment, as well as our attorneys' fees) if we are sued or held liable in any case having anything to do with your business operations, your operation of the Franchised Business or your breach of the Franchise Agreement, etc.

Type Of Fee <i>(Note 1)</i>	Amount	Due Date	Remarks
Liquidated Damages	Will vary under the circumstances. The liquidated damages amount will be calculated as follows: \$10,000 per month that the violation exists plus 8% of Gross Sales achieved at the site during the continuation of such violation.	On demand	Payable only if you violate post-termination or post-transfer noncompete covenant.
Liquidated Damages	Will vary under the circumstances. The liquidated damages amount will be calculated as follows: (a) the average of your Royalty Fees due for the 12 months before our delivery of notice of default (or, if lesser, the months you had been operating before our delivery of notice of default), (b) multiplied by the lesser of 48 or the number of months remaining in the term of the Franchise Agreement.	On demand	If the Franchise Agreement is terminated because of your default, you must pay us liquidated damages.
Reporting Fee	Up to \$2,000 per incident	On demand	If you fail to submit financial and operational reports, records or documents when required, we may charge you this fee.

Type Of Fee <i>(Note 1)</i>	Amount	Due Date	Remarks
Enforcement Costs	Reasonable attorneys' fees, court costs, and all expenses	On demand	Only payable if you are in default under the Franchise Agreement, in which case you must reimburse us for the expenses we incur (including reasonable attorneys' fees) as a result of your default and also to enforce and/or terminate the Franchise Agreement. In addition, you must reimburse us for the expenses we incur (including reasonable attorneys' fees) if we obtain an injunction or other relief to enforce any provisions under the Franchise Agreement against you.

Type Of Fee <i>(Note 1)</i>	Amount	Due Date	Remarks
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.
Administrative Non-Compliance Fee	\$2,500	On demand	If you commit any breach of the Franchise Agreement, we may require that you pay us this fee to partially compensate us for the time and resources that we expend addressing this default.

Notes:

Note 1: All fees are non-refundable. All fees are uniformly applied to system franchisees. However, we have in the past waived some of these fees due to special circumstances, and we may in the future waive some or all of these fees when it is appropriate to do so.

Note 2: You must pay your Royalty Fee and Advertising Contribution to us by the 10th day of each month, based on the Gross Sales of the preceding month. You must make all payments to us by the method or methods that we specify from time to time. We may require payment via wire transfer or electronic debit to your bank account, and you must maintain sufficient balance in your operating account to meet the payment requirements. You must furnish us and your bank with all authorizations necessary to effect payment by the methods we specify. Our current form of electronic funds transfer authorization is attached to the Franchise Agreement as Appendix D. You may not, under any

circumstances, set off, deduct or otherwise withhold any Royalty Fees, Advertising Contributions, late fees, interest charges, or any other monies payable under the Franchise Agreement on grounds of our alleged non-performance by us of any obligations.

Note 3: "Gross Sales" means all revenue from the sale of all services and products (whether such services and products are permitted or not) and all other income of every kind and nature that you in the normal course of your operations would credit or attribute to the operation of the Franchised Business, including proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of collection in the case of credit. However, "Gross Sales" does not include any sales for which customers do not pay for the services or products (such as donations), customer refunds, sales taxes or other taxes collected from customers and actually transmitted to the appropriate taxing authorities, or sales of equipment not in the ordinary course of business. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from "Gross Sales" as circumstances, business practices, and technologies change.

Note 4: Upon our request, you must pay us the monthly technology, maintenance and help desk fee that we charge for your use of technology services that we prescribe from time to time. We may remit a portion of this fee to a third-party service provider. We may modify the fees during the term of the Franchise Agreement, and you must pay us the revised fees. We may modify the technology requirements from time to time and you must comply with all new or modified requirements. We are not currently imposing this fee, but we reserve the right to do so at any time.

Note 5: The amount of audit costs will be determined by the auditors, legal advisors and other professionals who provide the audit services. These costs will vary based on the fees charged by these professionals, travel costs, the scope of the audit needed, the degree to which you cooperate in terms of providing information, and the time it takes the auditors to review your records.

Note 6: There are not currently any cooperatives in the system who could impact these fees.

ITEM 7: ESTIMATED INITIAL INVESTMENT**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Estimated Amount		Method of Payment	When Due	Whether Refundable	To Whom Paid
	Low	High				
Initial Franchise Fee (See Note 1)	\$35,000	\$35,000	Lump sum	On signing	No	Us
Construction Cost (See Note 2)	\$39,450	\$450,000	Lump sum or financed, as agreed	As arranged	No	Contractor, Suppliers
Furniture, Fixtures, Equipment, and Exterior (See Note 3)	\$64,700	\$150,000	Lump sum or financed, as agreed	As arranged	No	Suppliers
Inventory (See Note 4)	\$10,000	\$12,000	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)	\$36,000	\$60,000	As agreed, typically monthly	As arranged	No	Generally landlord
Security Deposit for Lease	\$12,000	\$15,000	Lump sum or financed, as agreed	As arranged	As arranged	Generally Landlord
Branded Attire (See Note 6)	\$500	\$500	Lump sum	As arranged	No	Supplier
Computer Equipment and Software (See Note 7)	\$3,000	\$5,000	Lump sum or financed, as agreed	As arranged	No	Suppliers
Insurance Costs and Deposits (for 3 Months) (including Workmen's	\$1,500	\$27,360	Lump sum	As incurred	No	Insurance company

Type of Expenditure	Estimated Amount		Method of Payment	When Due	Whether Refundable	To Whom Paid
	Low	High				
Compensation) (See Note 8)						
Travel and Living Expenses During Training (See Note 9)	\$3,800 per person	\$7,600 for 2 trainees	Lump sum or financed, as agreed	As incurred	No	Suppliers of food, lodging and transportation
Utility Deposits (See Note 10)	\$0	\$3,000	Lump sum or financed, as agreed	As incurred	Yes	Suppliers
Professional Fees (See Note 11)	\$3,000	\$8,000	As incurred	As arranged	No	Professionals
Grand Opening Advertising (See Note 12)	Currently \$5,000	Currently \$5,000	As incurred	Within the 60 days before and up to 90 days after opening of the Restaurant	Advertising suppliers	Grand Opening Advertising
Other Opening Costs (See Note 13)	\$20,000	\$24,000	As incurred	As incurred	No	Suppliers
Additional funds (for 3 months) (See Note 14)	\$20,000	\$36,000	As incurred	As incurred	No	Suppliers, cost of operation
TOTAL ESTIMATED INITIAL INVESTMENT FOR L & L RESTAURANT (See Note 15)	\$252,450	\$838,460				

Notes:

- Please note that we do not offer direct or indirect financing to you for any items. The availability and terms of financing from other sources will likely depend on factors such as the availability of financing generally, your creditworthiness, and the policies of lending institutions.
- Except as otherwise stated, all amounts payable to us are nonrefundable. Whether payments you make to third-party suppliers and service providers are refundable is something you will have to negotiate with them.
- The figures above are for a typical Restaurant that is 750 to 1,500 square feet. In some cases, the size may vary, and may range from 500 to 2,500 square feet.

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

Note 2: Construction Cost. To convert a leased premise into a Restaurant, you must renovate the approved premises according to our Manuals and our specifications. You must pay for these construction and renovation costs directly to a construction company that you hire. These necessary improvements may include, for example, wiring, flooring, sheetrock, plumbing, paint, HVAC, lighting, millwork, and some décor items which must be constructed according to our specifications. Costs are likely to vary depending upon the size, location, configuration, installation costs and overall condition of the premises.

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 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. 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 attire, 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 of 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. The figures in the chart above are estimated 3-month premiums (which you should expect to pay before you open, during your build out period). Insurance premiums are paid to either your insurance broker or insurance company issuing the insurance policy. If you do not obtain or maintain the requisite coverage, we will have the right (but not the obligation) to pay any premium or obtain the required coverage on your behalf and obtain reimbursement from you for those premiums.

Note 9: Travel and Living Expenses During Training. For your initial training, we provide a training location, instructors and instructional material for up to two trainees, and you pay for transportation, lodging, meals, and 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. If you would like for us to train more than two trainees, we may charge you an additional fee.

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, and other matters.

Note 12: Grand Opening Advertising Program. If required by us, you must conduct a "Grand Opening Advertising Program" for the Restaurant during the period from 60 days prior to opening the Restaurant and up to ninety 90 days after opening. You must obtain our prior written approval as provided in the Franchise Agreement before implementing any advertising plans and/or making any use or placement of advertising and promotional materials as part of the Grand Opening Advertising Program. The Grand Opening Advertising Program may not be sufficient in all cases to develop adequate exposure to the services offered by the Restaurant, and that it may be necessary for you to supplement the Grand Opening Advertising Program with additional advertising and promotional expenditures and efforts. In some cases, we may encourage you to spend more depending, in part, upon the market in which you will operate

Note 13: 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 \$12,000 and up to \$24,000. 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 the Restaurant.

Note 14: Additional Funds. You will need additional capital to support on-going expenses to the extent that these costs are not covered by sales revenue. New businesses often generate a 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. We also recommend that you have direct access to a minimum of \$18,000 for working capital during the first three months of operation.

Note 15: These figures represent our estimates based upon the experience of certain franchisees operating Restaurants. As disclosed in Item 1, we do not operate any Restaurants.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General Requirements

Authorized Suppliers and Specifications

We have the right to require that all products and services used or offered for sale at your Franchised Business: (a) meet specifications that we establish from time to time; and/or (b) are purchased only from suppliers that we have expressly approved; and/or (c) are purchased only from a single source (which may include us or our affiliates).

If you would like to use or offer products and services that we have not approved, or to purchase from a vendor, supplier, distributor, or other source (together, “**supplier(s)**”) that we have not approved, then you must submit to us a written request for approval. We have the ongoing right to inspect any proposed supplier’s facilities and to test samples of the proposed equipment, products or services. You must pay us an amount not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed equipment, product or service, including personnel and travel costs, whether or not we ultimately approve the supplier (but the fee will be no less than \$100 per sample). We have the right to grant, deny, or revoke approval of equipment, products, services, and suppliers. We will notify you in writing of our decision as soon as practicable following our evaluation, which we expect will be not more than 30 days after we complete our evaluation. You may not contract with an alternative supplier without our prior written approval. We reserve the right to reinspect the products of any approved supplier and to revoke approval if we find that the supplier fails to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to immediately stop buying products or services from the disapproved supplier and, in the case of revocation based on failure of products to meet our standards, you agree to dispose of your remaining inventory of the disapproved supplier’s products as we direct.

We will provide our specifications to approved suppliers upon request. We are not required, however, to make available to prospective suppliers any standards and specifications that we deem confidential or proprietary.

If you wish to test market a product, service, or other item that we have not approved, then, so long as we have given you our prior written approval, you may do so for so long, and on such terms, that we mutually agree upon (a “**Test**”), and the product, service or other item so tested, and all associated plans and materials, will become our property. If,

following the Test, we determine that we will approve the tested item, then for so long as we deem that item to be an “approved item” under the Franchise Agreement, you will have the right to use that item under the terms of the Franchise Agreement; and we will have the right to use and market that item as we see fit, including but not limited to using it in the L & L Hawaiian Barbecue Restaurants that are owned by individuals disclosed in Item 2 (or any company-owned Restaurants we may open) as well as that of other licensees and franchisees, without compensation to you. You must sign such documents (and require your employees and any independent contractors that you have engaged to sign such documents) as we may require in order to implement these provisions. You may only request that we review alternate suppliers once per quarter.

Specific Requirements

List of Approved Suppliers

Our current list of key approved suppliers is attached to this Disclosure Document as Exhibit I. This list is not intended to be exhaustive. We may update or modify this list at any time.

Specific Designated Suppliers

In some cases, you must purchase certain items from a specific supplier that we designate. For instance, you must purchase certain food products, goods, and 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 Restaurant only from designated suppliers. In particular, all branded products that bear the L & L service mark or trademark must be purchased from the supplier we designate.

The following are additional examples of other suppliers that we currently designate: Pepsi Cola (bottled and 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 (ready-made 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), LK Plastics (L & L t-shirt logo bags), Graphic Packaging (L & L logo cups), Southwind Foods (breaded shrimp), Upper Crust Enterprises (breading), Loyalty Plant (mobile services), FISERV (merchant services and Clover Point of Sales System), Frymaster (fryer kitchen equipment), and Wolf (flat griddle kitchen equipment).

In addition, franchisees are required to acquire (1) a decorative surf board and (2) certain posters from L & L Franchise, Inc. We are the sole designated supplier of these items.

Site and Lease Approval

You must lease, sublease, or acquire a site for the Franchised Business, subject to our approval. The site you select must meet our standards for environmental impact, demographic characteristics, traffic patterns, parking, predominant character of the

neighborhood, competition from other businesses providing similar services within the area, proximity to other businesses and the nature of such businesses, size, appearance, and other physical characteristics of the site, and any other factors we may consider relevant to approving or disapproving a site. Additionally, while we do not require that you hire or retain a commercial real estate broker to assist you in securing an acceptable site, we encourage you to engage a qualified commercial real estate broker who has adequate experience with retail leasing opportunities and who is reasonably acceptable to us.

Your lease or sublease of the Premises must have certain provisions described in the Franchise Agreement (see the Lease Rider Terms in Appendix F to the Franchise Agreement) and be approved by us. If you want to purchase the site, you must submit the purchase agreement to us for our approval.

If you have not identified a location of which we approve at the time you sign the Franchise Agreement, we may require that you sign the Site Selection Addendum that is attached to the Franchise Agreement as Appendix E. In that case, you would sign the Site Selection Addendum at the same time you sign the Franchise Agreement, and you would be required to abide by its terms.

Architect, Contractors, and Construction

You must employ the services of a qualified, licensed architect or engineer to prepare, for our approval, preliminary space plans and specifications for site improvement and construction of the Franchised Business based upon the prototype conceptual schematic design and specifications we will furnish to you. We will not unreasonably withhold our approval of special plans and specifications, prepared at your expense, when the Premises will not accommodate our standard plans and specifications, provided that such plans and specifications conform to our general design criteria. You will be responsible for the design and layout that your architect or engineer prepares. If we express an opinion about the plans or indicate our approval, it will be merely for the purpose of our own determination that your plans will satisfy our internal standards, specifications, and layout. We will not be in a position to provide any assurances, and therefore cannot be deemed to have given any information about, whether your plans satisfy any federal, state, and local laws, codes and regulations (including, without limitation, the Americans with Disabilities Act (“**ADA**”)).

Signage

You must purchase and install at the Premises all interior and exterior signage according to our specifications, and if we require, use suppliers that we designate or approve (the “**Signage**”).

Ongoing Maintenance, Refurbishment and Renovations

You must at all times maintain the Franchised Business in a high degree of sanitation, repair, and condition, and must make such additions, alterations, repairs, and replacements (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete

signs, furnishings, equipment, and decor as we may reasonably direct. Throughout the term of the Franchise Agreement, you must maintain all of the fixtures, furnishings, equipment, decor, and signs that we prescribe from time to time in the Manuals or otherwise communicate to you in writing or through electronic or other formats. If we determine that additional or replacement equipment is needed because of a change in curriculum or programs offered, a change in technology, customer concerns, or safety considerations, or because of any other reason, you agree that you will install the additional equipment or replacement equipment within the reasonable time we specify.

In addition, we may from time to time at our option require renovation or refurbishment of the Franchised Business. We may require that you refurbish your Premises and Franchised Business to conform to the design, signage, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new L & L Hawaiian Barbecue Restaurants. The refurbishment may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements, and must be completed pursuant to such standards, specifications, and deadlines as we may reasonably specify. The Franchise Agreement does not limit our right to require renovation or refurbishment.

Operating Standards

To ensure that the highest degree of quality and service is maintained, you must comply with all standards, specifications and procedures (the “**System Standards**”) as described in our Manuals from time to time. The System Standards include, without limitation, required and suggested specifications, policies, procedures, guidelines and rules regarding L & L Hawaiian Barbecue Restaurant operations, administration, recordkeeping and reporting, sales, advertising and marketing programs, use and display of Proprietary Marks, and other aspects related to the development, equipping, opening and operation of L & L Hawaiian Barbecue Restaurants.

Computer System

You must purchase the Computer System and other technology that is described in Item 11, and as designated by us from time to time.

Bookkeeping and Accounting Services

We have the right to require that you use an independent bookkeeper and/or independent accounting firm and/or services and programs that we designate, in writing, for all such requirements of your Franchised Business. Currently, we do not request or require the use of a designated firm or service. If we make such a designation, you must promptly work and cooperate with the designated bookkeeper and/or accountant. You must: pay the designated service or company the fees and costs charged by the service or company; use the on-line, electronic, and paper reporting systems specified by the service or company; and submit to us reports that we require under the Franchise Agreement or in the Manuals. You must provide to the service or company complete and accurate information that we or the service or company require. We will have full access

to the data and information that you provide to the accounting or bookkeeping service or company or through the designated program.

Insurance

You must maintain the types of insurance in amounts that we may require. This insurance is in addition to any other insurance that may be required by applicable law, your landlord, or otherwise. The insurance must meet the following requirements:

- The insurance policies must name us and our affiliates as additional insureds and loss payee with regard to franchise property.
- The insurance must be placed with an approved vendor and a carrier with a Best's Rating of "A" or better.
- The insurance may not be subject to cancellation or any material change except after 30 days' written notice to us.
- The insurance policies must provide that even if you do not comply with the contract, or engage in other conduct, the insurance coverage will not be voided or otherwise affect the coverage afforded to us and our affiliates.
- The insurance policies must contain a waiver of subrogation in favor of us or our insurer.
- Current minimum coverage requirements include:
 - 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, hurricane, flood, and hurricane;
 - 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 \$2,000,000 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 \$3,000,000 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;
 - 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.
- business auto insurance with \$1,000,000 bodily injury for each person/ \$1,000,000 bodily injury per accident/ \$1,000,000 property damage each accident or a combined single limit of liability of \$1,000,000. The business automobile policy shall include coverage for all owned, hired and non-owned automobiles.

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

Franchisor makes no representation that the minimum limits of liability specified under the terms of this Agreement are adequate to protect the Franchisee for their entire operations.

Note: This is just a summary. Please see Franchise Agreement and our Manuals for details.

If you do not obtain or maintain the requisite coverage, we will have the right (but not the obligation) to pay any premium or obtain the required coverage on your behalf and obtain reimbursement from you for those premiums.

Required Purchases from Us or Our Affiliates

You are not currently required to purchase any products or services from us or our affiliates, except as set forth in this paragraph. L & L Franchise, Inc. is an approved supplier, and franchisees may purchase from L & L Franchise, Inc., certain advertising, promotional and logo items such as hats, t-shirts, branded attire, pictures, tip jars, and similar items. Currently, franchisees are required to acquire (1) a decorative surf board and (2) certain posters from L & L Franchise, Inc., and we are the sole designated supplier of these items. Both of these items are currently offered free of charge, but we may charge a fee for them in future, including for replacements or duplicates. We reserve the right to be an approved or designated supplier of other items in the future. For instance, in the future we may require you to purchase proprietary products that we or our affiliates develop.

Required Purchases or Leases as Percentage of Overall Purchases or Leases

We estimate that your purchases or leases from us, from designated and/or approved suppliers, and/or otherwise in accordance with our specifications, will represent, collectively, approximately 90% of your total purchases in establishing the Franchised Business, and approximately 90% of your total purchases in the continuing operation of the Franchised Business.

Suppliers in Which We Own an Interest

None of our officers owns an interest in any companies (other than us) that are suppliers to our franchisees.

Supplier Rebates and Allowances

We and our affiliates have the right to receive, collect and retain payments, manufacturing allowances, marketing allowances, rebates, credits, monies, or benefits (collectively, “**Allowances**”) offered by suppliers to you or to us or our affiliates based upon your and/or other franchisees’ purchases of products and services. These Allowances may be based on individual or network-wide purchases of products and services. By signing the Franchise Agreement, you assign to us or our designee all of your right, title and interest in and to any and all Allowances and authorize us or our designee to collect and retain any or all such Allowances without restriction (unless otherwise prohibited by the supplier). We may use all amounts received for any purpose that we and our affiliates deem appropriate.

In 2024, L & L Franchise, Inc. received \$29,792 from Yamasa; \$26,078 from Southwind; \$5,271 from Oil Chef; \$10,216 from Botrista; \$6,269 from J.R. Simplot; \$4,378 from Cherry Co.; \$7,967 from Hosoda Brothers; \$13,620 from Palama Holdings, LLC; \$40,337 from Fiserv; \$504,255 from Pepsi Cola; \$31,484 from Cargill; \$2,000 from US Foods; \$3,582 from Clark; \$300 from Hansen; and \$300 from Upper Crest, totaling \$685,849. All such payments go directly to L & L Franchise, Inc. and are retained by us for our use at our sole option. For the fiscal year ending 12/31/2024, such rebates, incentives and payments constituted approximately 7.0% of L & L Franchise, Inc.’s total revenue of \$9,849,619.

Purchase Arrangements and Purchasing or Distribution Cooperatives

We may negotiate other purchase arrangements, including price terms, with suppliers regarding various products. In doing so, we intend to seek to promote the overall interests of our franchise system and our interests as franchisor.

No purchasing or distribution cooperatives exist at this time.

Material Benefits for Use of Approved Sources

We do not provide material benefits to you based upon your use of designated or approved sources.

ITEM 9. FRANCHISEE'S OBLIGATIONS**FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	4 and Site Selection Addendum in Franchise Agreement	8, 11, and 12
b. Pre-opening purchases/leases	4 and 6.3 in Franchise Agreement	7 and 11
c. Site development and other preopening requirements	4 and 5 in Franchise Agreement	7, 8, 11, and 12
d. Initial and ongoing training	5 in Franchise Agreement	6, 7, and 11
e. Opening	4 in Franchise Agreement	11
f. Fees	2.2.5, 3, 5.1.2, 5.2, 6.3.2, 6.13.7, 6.17, 6.19, 8.2.2, 9, 14.3.4, 14.4, 4.5, and 15.7; and Appendix A of Franchise Agreement	5, 6, and 7
g. Compliance with standards and policies/operating manuals	6 and 11 in Franchise Agreement	8 and 11
h. Trademarks and proprietary information	7 and 12 in Franchise Agreement	13 and 14

Obligation	Section in Franchise Agreement	Disclosure Document Item
i. Restrictions on products/services offered	6.2–6.4 in Franchise Agreement	16
j. Warranty and customer service requirements	6.7 and 6.8 in Franchise Agreement	8
k. Territorial development and sales quotas	1 and in Appendix A of Franchise Agreement	12
l. Ongoing product/service purchases	6.2–6.4 in Franchise Agreement	5, 6, 7, 8, and 11
m. Maintenance, appearance and remodeling	6.5, 6.10-6.12 in Franchise Agreement	8
n. Insurance	6.13 in Franchise Agreement	7, and 8
o. Advertising	9 in Franchise Agreement	6, 7, and 11
p. Indemnification	19 and Appendix C – Personal Guarantee in Franchise Agreement	6
q. Owner's participation/management/staffing	6.4 and 6.6 in Franchise Agreement	15
r. Records/reports	8 in Franchise Agreement	8
s. Inspections/audits	6.8 and 8.3 in Franchise Agreement	6
t. Transfer	13 and 14 in Franchise Agreement	6 and 17

Obligation	Section in Franchise Agreement	Disclosure Document Item
u. Renewal	2.2 in Franchise Agreement	6 and 17
v. Post-termination obligations	16 in Franchise Agreement	6 and 17
w. Non-competition covenants	17 in Franchise Agreement	17
x. Dispute resolution	25 in Franchise Agreement	17
y. Other (taxes, permits)	3, 4.2.1, and 6.9 in Franchise Agreement	7
z. Other (personal guarantee)	See Appendix C in Franchise Agreement	Not applicable

ITEM 10. FINANCING

We do not offer direct or indirect financing. We will not guarantee your note, lease, or other obligations.

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

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

Pre-Opening Obligations

Before you open your business, we will provide certain assistance and services to you:

A. When you sign your Franchise Agreement, you will may be required to sign a Site Selection Addendum, unless we have already approved an existing location that you own, control or lease. Under the Site Selection Addendum, you will receive certain site selection assistance. The assistance provided includes:

1. A copy of our real estate guidelines (which will be part of the Manuals), which will describe our procedures and policies regarding the selection and leasing of

locations, including our minimum standards for a location for L & L Hawaiian Barbecue Restaurants. (Franchise Agreement, Site Selection Addendum, Section 1)

B. We will provide you:

1. A sample of our prototypical conceptual schematic designs and other specifications for the construction and/or build-out of a Restaurant, improvement of the premises, and for the layout of fixtures, furnishings, equipment, and signs (Franchise Agreement, Section 4.2); and

2. Any additional materials that we may develop (such as templates for contract bids, and sample development checklists) regarding the construction and preparation of the L & L Hawaiian Barbecue Restaurant. (Franchise Agreement, Section 4.2)

C. We will provide you with our initial training program, which includes opening procedures, our protocols, equipment training, and marketing training, at times scheduled by us. (Additional information about training can be found below under “**Training.**”) (Franchise Agreement, Section 5.1).

D. We will allow you access, for the duration of the Franchise Agreement, to the Manuals. We typically provide you with electronic access to the Manuals at (or before) the initial training program. Attached to this Disclosure Document (at Exhibit D) is a list of those topics that are covered in the Manuals. If printed, the Manuals currently consist of at least 95 pages. (Franchise Agreement, Section 11)

E. We will review your proposed Grand Opening Advertising Program, which you must conduct at your expense after receiving our approval of your proposed program, as further described below. (Franchise Agreement, Section 9.6)

Post-Opening Obligations

Under the Franchise Agreement, we are required to provide certain assistance and services to you during the operation of your Franchised Business:

A. We will make available additional training programs, as we deem appropriate. (Franchise Agreement, Section 5.2)

B. We may conduct, as we deem advisable, periodic inspections of the Franchised Business, and we may interview employees and customers and review your business records. (Franchise Agreement, Section 6.8)

C. We will make available to you information about new developments, products, techniques, and improvements in the areas of operations, management, and marketing, if you are in good standing, to the same extent as we make the information available to other franchisees in good standing. We may provide this information through the distribution of printed or filmed material, an extranet or other electronic forum, meetings or seminars, training programs, telephone, or other forms of communications.

(Franchise Agreement, Section 6.22)

D. If you request, and we can reasonably accommodate that request, we will furnish non-routine guidance and assistance to deal with your unusual or unique operating problems for the fees and charges described in Item 6. (Franchise Agreement, Section 6.17)

E. We have established a National Brand Fund, and we will administer the National Brand Fund as stated in the Franchise Agreement and as described below. (Franchise Agreement, Section 9.3)

F. We or our affiliates may from time to time prepare or approve advertising and promotional materials, including social media campaigns, signs, collaterals, etc. To the extent we do so, we will make them available to you. (Franchise Agreement, Section 9.7)

Neither the Franchise Agreement nor any other agreement requires that we provide any other assistance or services to you during the operation of the Franchised Business.

Training

We provide an initial training program. This training may also be conducted either at our corporate office in Honolulu, Hawaii, at a Restaurant we designate, on-site at your Franchised Business, or at another site that we designate. Two people that you designate who will be active in the day-to-day activities of the Franchised Business and will perform managerial responsibilities must attend and successfully complete, to our satisfaction, the training programs we require, as described below. This will typically be your Operating Principal and your Manager, who may be the same person. We may permit other trainees to attend for a fee. All trainees must be persons that we find acceptable at all times to serve in their respective capacities. (Franchise Agreement, Section 5.1) The purpose of training is to ensure that products and services are delivered in accordance with brand standards.

The Operating Principal is (Franchise Agreement, Section 6.5.1):

- if the franchisee is an individual, that individual; or
- if the franchisee is an entity, an individual that owns at least 25% of the ownership and voting interests in the franchisee entity (unless you obtain our written approval of a lower percentage), has authority over all business decisions related to the Franchised Business, and has the power to bind you in all dealings with us.

For all training, including initial training, you are responsible for any travel expenses, living expenses, wages, and other expenses incurred by your trainee(s). We schedule and conduct this training periodically on an as-needed basis.

If any of your employees attend training, your employees must be covered by your workers' compensation insurance policy prior to commencing training with us, and you

must provide evidence of this coverage if requested by us.

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 at a Restaurant we designate (likely in Hawaii). We may designate an alternate site for training from time to time. Training must be completed at least one (1) month before the opening deadline. The initial training program is currently scheduled as needed.

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Typical Location
Introduction and Orientation to the L & L System	Approx. 1 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 Restaurants
Staff Guidelines	Approx. 1 hr.	None	Home office
Operations/Financials/ Supply Chain	Approx. 2 hrs.	None	Home office
Marketing	Approx. 5 hrs.	None	Home office
Restaurant Visits	None	Approx. 1 hrs.	Visit at least one Restaurant(s)

The instructional materials for our training program include our Manuals, handouts, videos, and other presentation tools.

Andy Huang implements our training program. 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 more than 20 years of hospitality and restaurant experience with over 16 years in senior operation management roles

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the sale of our approved products and delivery of our approved

services in a manner that reflects the customer and client service standards of the System. You are, and will remain, the sole employer of your employees during all training programs, and you are solely responsible for all employment decisions and actions related to your employees.

Failure to Complete Training. If we determine that any trainee has failed to satisfactorily complete the applicable training described above, we may, at your expense (including payment of our then-standard training fee), retrain the trainee or allow you to hire another trainee, who must attend and satisfactorily complete the required training. (Franchise Agreement, Section 5.1.3)

Refresher or Additional Training. We may provide refresher training programs, seminars, and advanced management training at our corporate store in Honolulu, HI, or another location we designate. We may require you, your Operating Principal, your Manager or others who have completed our initial training, and other designated personnel to attend these training programs, seminars, and advanced management training sessions. You must pay for all costs and expenses associated with these programs, seminars, and training sessions, including the then-standard training fee we charge for such programs, as well as all travel, meal, and lodging expenses your attendees incur. (Franchise Agreement, Section 5.2)

Conferences and Seminars. We may conduct annual conferences or conventions, which may include training sessions. If we do, we may require the Operating Principal and/or any other employees that we designate to attend. (Franchise Agreement, Section 6.19)

Advertising and Marketing

During the term of the Franchise Agreement, you must make certain payments that comprise the Advertising Obligation. The Advertising Obligation is comprised of (1) contributions to a National Brand Fund, (2) contributions to a Regional Fund, and (3) expenditures by you on local advertising. We will periodically designate the amount of your total Advertising Obligation and how that percentage is split between the contributions and expenditures.

The current Advertising Obligation is set forth below:

If your Restaurant is located in:	And your National Brand Fund fee is equal to:	And your local advertising expenditure is equal to:	And your Regional Fund fee is equal to:	Total Advertising Obligation:
The West Coast of the continental United States	1% of Gross Sales	1% of Gross Sales per month	Currently, 0%	2% of Gross Sales per month

(Specifically, the following states: Alaska, Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming)				
East of Texas in the Continental United States. (Specifically, the following states: Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, Washington DC,	2% of Gross Sales	1% of Gross Sales	Currently, 0%	3% of Gross Sales per month

West Virginia, and Wisconsin)				
Hawaii	\$320 per month	1% of Gross Sales	Currently, 0%	1% of Gross Sales per month plus \$320 per month

We may increase the total Advertising Obligation to 5% of Gross Sales upon written notice to you.

The National Brand Fund

As described in Item 6, we have established and maintain and administer a system-wide advertising, marketing, promotional and creative fund called the “National Brand Fund.” The National Brand Fund is for the benefit of all franchisees and company or affiliate-owned L & L Hawaiian Barbecue Restaurants that contribute to it. We have the exclusive right to maintain, operate, and administer the National Brand Fund as follows. (Franchise Agreement, Section 9.3)

We have the right to determine the proper operation of and make other decisions regarding the National Brand Fund. We may use your contributions to and any earnings on the contributions to the National Brand Fund for any costs associated with advertising, marketing, public relations, and/or promotional programs and materials, and any other activities we believe would benefit the “L & L Hawaiian Barbecue” brand and the network of L & L Hawaiian Barbecue Restaurants generally. The National Brand Fund may be used for a variety of purposes and purchases, including, without limitation, hiring and/or retaining internal and/or third parties to develop and create any advertising, marketing, promotional, social media and/or public relations materials, programs, campaigns, and media; developing, creating, planning and purchasing advertising campaigns in various media; purchasing media space or time (including all associated fees and expenses); developing and implementing direct mail advertising; employing advertising and/or public relations agencies; conducting and administering promotions, contests, giveaways, public relations events, community involvement activities, etc.; purchasing promotional items; developing new or modified trade dress and marks; developing point-of-purchase (POP) materials, designs and photographs; conducting and administering visual merchandising, and other merchandising programs; administering regional and multi-regional marketing and advertising programs; conducting market research and customer satisfaction surveys; developing and implementing customer loyalty and gift card programs, and customer retention programs; developing and implementing customer service training programs; the creative development of, and actual production associated with, premium items, giveaways, promotions, print/radio/television/ outdoor/electronic ads, direct mail, press releases, contests, public relation events, and charitable or non-profit events; developing, implementing and maintaining an electronic commerce website and/or related strategies; creating, maintaining and developing one or more websites or social media platforms devoted to the System, the Proprietary Marks and/or the “L & L Hawaiian

Barbecue” brand (but not the costs for activities principally directed toward soliciting or promoting the sale of new franchises); and providing promotional and other marketing materials and services to the L & L Hawaiian Barbecue Restaurants operated under the System. The National Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us, which products, services, or improvements we will have the right to determine will promote general public awareness and favorable support for the System; and providing promotional and other marketing materials and services to our franchisees, and any other activities which we believe will enhance the image of the System. We have the right to direct all marketing programs, with the final decision over creative concepts, materials, and media used in the programs and their placement.

We do not guarantee that you will benefit from the National Brand Fund in proportion to your contributions to the National Brand Fund.

We will deposit all contributions to the National Brand Fund in an account separate from our other funds and will not use them to defray any of our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the National Brand Fund or the management of National Brand Fund-supported programs (including full or partial salaries of our personnel who devote full- or part-time services to National Brand Fund activities).

We will make available to you, at a reasonable cost, any promotional items produced with National Brand Fund monies. Currently, the amount of this reasonable cost covers only the cost of the materials to manufacture the promotional item, not the design cost that was paid by the National Brand Fund, but we reserve the right to vary our approach to this. We are not required to have an independent audit of the National Brand Fund completed. We will make available, and will provide electronically or in writing, an unaudited statement of contributions and expenditures for the National Brand Fund 60 days after the close of our fiscal year to franchisees that make a written request for a copy.

We may make, or refrain from making, any expenditures for advertising and promotional activities. In any calendar year, we may spend more or less than that year's aggregate Advertising Contributions to the National Brand Fund. We may have the National Brand Fund borrow from us or other lenders to cover any National Brand Fund deficits. Any money in the National Brand Fund that is not expended in a particular year will be held in the fund for expenditures or use in future years. We may have the National Brand Fund invest any surplus for the National Brand Fund's future use.

With respect to maintaining, operating, or administering the National Brand Fund, we are not a trustee or fiduciary and assume no other direct or indirect liability or obligation to you.

At any time, we may stop collecting and disbursing advertising contributions and terminate the National Brand Fund. It will not be terminated, however, until all monies in the fund have been expended for marketing purposes.

In 2024, the Advertising Fund was used for the following: production (25%), advertising and digital marketing (52%), and administration (23%).

The National Brand Fund will not expend any money for advertising that is principally a solicitation for the sale of franchises. Our current policy is that we and our affiliates will contribute to the National Brand Fund in the same manner as franchisees for our company-owned or affiliate-owned L & L Hawaiian Barbecue Restaurants; however, we may count other marketing costs that we incur in connection with promoting the L & L Hawaiian Barbecue brand and products (such the costs of maintaining the L & L Hawaiian Barbecue website) towards the required advertising contribution.

Regional Fund

We have the right to designate any geographical area for purposes of establishing a regional marketing or cooperative fund (“**Regional Fund**”). The purpose of a Regional Fund is to conduct marketing campaigns for the L & L Hawaiian Barbecue Restaurants located in that region. If a Regional Fund for the area in which your Franchised Business is located has been established at the time you begin operations, you must immediately become a member of the Regional Fund. Currently, we have not established any Regional Funds. If a Regional Fund for your area is established during the term of the Franchise Agreement, you must become a member of the Regional Fund within 30 days after the date on which the Regional Fund begins operations. You will not be required to be a member of more than one Regional Fund. The following provisions will apply to each Regional Fund (if and when organized) (Franchise Agreement, Section 9.4):

- (a) Each Regional Fund will be established, organized, and governed in the form and manner that we have approved in advance in writing.
- (b) Each Regional Fund will be organized for the exclusive purpose of administering regional marketing programs and developing (subject to our approval) standardized marketing materials for use by the members in local marketing and promotion.
- (c) Regional Funds may not use marketing, advertising, promotional plans, or materials without our prior written approval, as described below.
- (d) You must submit your Regional Contribution to the Regional Fund in the same manner, and on the same schedule as your Royalties. At the same time, you will have to submit the reports that we or the Regional Fund require. We may require that your Regional Fund contribution and reports to the Regional Fund be made to us for distribution to the Regional Fund.
- (e) Unless we designate otherwise in writing when we establish a Regional Fund, we will administer the Regional Fund in the same manner as described above regarding the National Brand Fund.

(f) Once established, while each Regional Fund is intended to be of perpetual duration, we maintain the right to terminate any Regional Fund. A Regional Fund will not be terminated, however, until all monies in that Regional Fund have been expended for marketing and/or promotional purposes.

Local Advertising

You currently must spend 1% of your Gross Sales monthly on local advertising. You must comply with our policies and procedures to track and account for the local advertising. Upon our request, you must submit to us, for our approval, an annual proposal and quarterly proposals detailing your plan for implementing your local marketing budget. At our request, you must submit appropriate documentation to verify compliance with the minimum spending obligation.

All local advertising, marketing, and promotions by you must be in such media, and such types and format as we may approve; must be conducted in a dignified manner; and must conform to such standards and requirements as we may specify. You must not use any advertising, marketing materials, or promotional plans unless and until you have received written approval from us, according to the procedures and terms summarized below.

Grand Opening Advertising Program

You must conduct a Grand Opening Advertising Program for the Franchised Business during the roughly five-month period beginning 60 days before the Opening Date and ending 90 days after the Opening Date, spending an amount not less than \$5,000. You must obtain our prior written approval before implementing any advertising plans and/or making any use or placement of advertising and promotional materials as part of the Grand Opening Advertising Program. The Grand Opening Advertising Program may not be sufficient in all cases to develop adequate exposure to the services offered by your Franchised Business, and it may be necessary for you to supplement the Grand Opening Advertising Program with additional advertising and promotional expenditures and efforts. This requirement is in addition to the Local Advertising expenditures you must make. (Franchise Agreement, Section 9.6) Advertising Approval.

Requirements for Your Advertising

You must conduct all advertising in a dignified manner and conform to the standards and requirements we specify from time to time in the Manuals or other written materials. We will make available to you approved advertising and promotional materials, including signs, posters, collaterals, press releases, etc. that we or our affiliates have prepared. We will have the final decision on all creative development of advertising and promotional messages. You must submit to us in writing, for our approval before your use, all proposed plans, promotional materials, press releases, and advertising that we did not prepare or approve in the previous year. If you do not receive our written approval within 14 days from the date we received the material, the material is deemed disapproved. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

Special Campaigns and Promotions

We may establish, and modify from time to time, social media campaigns, programs and policies, and/or other forms of special advertising campaigns and promotional events, including. You agree to participate in and comply with mandatory promotional activities and campaigns that we may prescribe from time to time for L & L Hawaiian Barbecue Restaurants generally or in specific geographic areas or for specific types of venues. You agree to bear your own costs of participating in such promotions. Any costs you incur to participate in such promotions will count toward your local advertising obligation. Without limiting the previous description, these campaigns and programs may include:

(a) On-line social media efforts and/or activities and events conducted through other media or in person.

(b) Programs and services for frequent customers and/or loyalty programs, which may include providing discounts or complimentary products or services. You agree to comply with all requirements that we or any designated third-party service provider may establish to carry out such programs, including, without limitation, payment of any fees and purchasing and using additional products and services, which may include, without limitation, software, interface connections, and electronic funds transfer.

(c) Optional or mandatory programs for customer gift cards or certificates (together “**Gift Cards**”). You agree to participate in any mandatory program and to comply with any policies or requirements that we may specify in the Manuals or otherwise in writing. Our requirements may include: selling or otherwise issuing only those Gift Cards that have been prepared using the standard form of Gift Card that we have designated or approved in writing; honoring all Gift Cards that are in the form that we have approved (including Gift Cards issued by another L & L Hawaiian Barbecue Restaurant); and procedures for selling, issuing, and redeeming (without any offset against any Royalty Fees) Gift Cards, including procedures for requesting reimbursements and making timely payment to us, other operators of L & L Hawaiian Barbecue Restaurants, or a third-party service provider for Gift Cards issued from your Franchised Business that are honored by us or our affiliates or other L & L Hawaiian Barbecue Restaurant operators.

Franchisee Advertising Council

We do not currently have a franchisee advertising council. There is a Franchisee Advisory Council, however, which is disclosed in Item 20.

Electronic Point-Of-Sale and Computer Systems

We have the right to specify or require that certain brands, types, makes, and/or models of communications equipment, computer systems, and hardware be used by, between, or among L & L Hawaiian Barbecue Restaurants, and between and among your Franchised Business and us, our designee and/or you, including without limitation: (a) back office, data, audio, video, voice storage, retrieval, and transmission systems; (b) point-of-sale (or POS) systems (defined below); (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode (e.g., form of telecommunications connection) and speed

(collectively, the “**Computer System**”). You agree to abide by our requirements with respect to the Computer System.

You must record all sales on computer-based point-of-sale systems that we have the right to designate or approve in the Manuals or otherwise in writing (“**Point-of-Sale Systems**” or “**POS Systems**”). The POS System is deemed to be part of your Computer System. You must utilize computer-based point-of-sale equipment which is fully compatible with any program or system which we have the right to designate and you must record all Gross Sales and all revenue information on such equipment.

Currently, our POS system is Clover.

The minimum required components, hardware and software for our Computer System currently include the following:

General Requirements

You are required to install and use a computer system and a single-purpose POS System 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 Manuals. 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. Neither we, affiliate, nor any third designee has any obligation to you to provide ongoing maintenance, repairs, upgrades, or updates.

We rely on suppliers to provide support for the hardware and software and we may require that you enter into service contracts directly with the hardware and software suppliers and pay the suppliers directly for this support. We do not have information about the availability or annual cost of any optional maintenance, upgrading, updating or support contracts.

You must be able to access information that is available on the internet, and be able to send and receive email. We may periodically require you to upgrade and update the hardware and software used in connection with the Computer System. There are no contractual limitations on the frequency and cost of these upgrades and updates. We reserve the right to approve your email address.

You must afford us unimpeded and independent access to your Computer System in the manner, form, and at the times we may request. We will have the right at any time to access and retrieve data and information from your Computer System in any manner we deem necessary or desirable. To the extent that you collect information from customers and potential customers in connection with the Franchised Business (“**Customer Data**”), all Customer Data is deemed to be owned exclusively by us. You also must provide the Customer Data to us at any time that we request you to do so. You have the right to use Customer Data while the Franchise Agreement or a Successor Franchise Agreement is in effect, but only in connection with operating the Franchised Business and only in accordance with the policies that we establish from time to time (which may include, without limitation, limitations or restrictions on the types of data that you may collect and/or use). You may not sell, transfer, or use Customer Data for any purpose other than operating the Franchised Business and marketing “L & L Hawaiian Barbecue” products and services.

We have the right to specify from time to time in the Manuals or otherwise communicate to you in writing or through electronic or other formats, the information, including Customer Data, that you must collect and maintain on the Computer System. You must provide us with the reports that we may reasonably request from the data so collected and maintained. You must enter into the Computer System on a daily basis, or at other intervals that we may require, all information and materials that we may require in connection with your operation of the Franchised Business, and display the information and materials in the manner we may prescribe, including, without limitation, to employees of the Franchised Business. All data pertaining to, derived from, or displayed at the Franchised Business (including without limitation data pertaining to or otherwise about Franchised Business customers) is and will be our exclusive property. You will have a royalty-free non-exclusive license to use that data during the term of the Franchise

Agreement. However, we may assign ownership of the Customer Data to you at any time, at our option, and after which assignment we will have no ownership interest in or liability for Customer Data.

You must sell or honor gift cards only in accordance with our written standards. You must not sell, issue or redeem gift certificates or gift cards other than gift cards we have approved in writing. Future gift card programs may require that you purchase and install software, hardware and other items needed to sell and process gift cards, as we may specify in the Manuals or otherwise communicate to you in writing or through electronic or other formats. You may also be required to pay fees to a third-party vendor to administer the gift card program.

Because changes to technology are dynamic and not predictable within the term of the Franchise Agreement, and in order to provide for inevitable but unpredictable changes to technological needs and opportunities: (a) we will have the right to establish, in writing, reasonable new standards to address new technologies, and to implement those changes in technology into the System; and (b) you must abide by our reasonable new standards as if the technology provisions of the Franchise Agreement were periodically revised for that purpose.

Websites

We or our affiliates will maintain a website for the benefit of ourselves, our affiliates and the L & L Hawaiian Barbecue brand. You may not establish a website or permit any other party to establish a website that relates in any manner to your Franchised Business or referring to the Proprietary Marks, except as we may designate or approve in writing. We have the right, but not the obligation, to provide one or more references or webpage(s) to your Franchised Business, as we may periodically designate, within the website. (The term “**website**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including but not limited to the internet, World Wide Web, the metaverse, social networking sites (including but not limited to Facebook, Twitter, LinkedIn, Instagram, etc.), blogs, vlogs, and other applications, etc.). If we ever do approve in writing a request for you to use a separate website (although we are not required to permit you to do so), then we have the right to require that you comply with the standards, specifications, conditions, and requirements relating to such website that we may periodically prescribe in the Manuals or otherwise communicate to you in writing or through electronic or other formats. We may from time to time establish policies regarding social media as we determine appropriate for the System. Any use of social media using the Proprietary Marks is considered advertising, and you must comply with our social media and advertising policies, including approval requirements. We may modify these policies as we determine appropriate, including as available technologies and advertising methods change.

Selecting the Location of Your Franchised Business

You may be required to sign the Site Selection Addendum. Under the terms of the Site Selection Addendum, you will have 45 days from signing the Site Selection Addendum

(the “**Search Period**”) within which to lease, sublease or acquire a site for the Franchised Business, subject to our approval according to our site selection guidelines. We may or may not require you to enter into the Site Selection Addendum, at our option.

Under the Site Selection Addendum, we will provide you with our real estate guidelines, which will describe our procedures and policies regarding the selection and leasing of locations, including our minimum standards for a location for a L & L Hawaiian Barbecue Restaurant. You may not contact any potential lessors regarding the development of a L & L Hawaiian Barbecue Restaurant or engage any real estate brokers before you and we begin activities under the Site Selection Addendum. We recommend that you engage a qualified commercial real estate broker who has adequate experience with retail leasing opportunities and who is reasonably acceptable to us. In response to your request for site approval, we, or the service provider that we designate, will perform one on-site evaluation of a proposed site for the Franchised Business as we may deem advisable. For any additional on-site evaluations, you must reimburse us or our designee for all reasonable expenses incurred, including, without limitation, the cost of travel, lodging and meals.

You must submit to us, in the form we specify, various site review reports, approval forms and data that we may specify, which may include a copy of the site plan, financial information, and any other materials or information that we may require, together with an option contract, letter of intent, term sheet, or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We will use reasonable efforts to approve or disapprove the proposed site within 30 days following receipt of complete submittal of all the information and materials we request from you to approve or disapprove the proposed site.

If you used your best efforts, but have not identified a suitable site that we approve by the end of the Search Period, we will have the right (but not the obligation) to extend the Search Period by up to 60 days. If you fail to acquire or lease a site for the Franchised Business within the Search Period (as extended if we have done so), you will be in default under the Franchise Agreement and the Site Selection Addendum, and we will have the right to terminate the Franchise Agreement. If we elect not to terminate the Franchise Agreement at such time, and we extend the period of time you may search for a site past the Search Period, we may subsequently terminate the Franchise Agreement for your failure to acquire or lease a site for the Franchised Business, and/or we reserve the right to make your Site Selection Area available to others (including, without limitation, current franchisees, prospective franchisees, and/or to us or any of our affiliates) for the establishment of a L & L Hawaiian Barbecue Restaurant, and your Site Selection Area will be modified to eliminate any areas that become protected territories for another L & L Hawaiian Barbecue Restaurant.

You must execute a lease which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. Our approval of any lease is conditioned upon inclusion in the lease (as a rider to the lease) of the specified terms and conditions included in Appendix F to the Franchise Agreement. We are not responsible for review of the lease for any terms other than those contained in the Lease Rider Terms.

If we have recommended, approved or given you information regarding a site, that is not a representation or warranty of any kind, express or implied, of the suitability of the site for a L & L Hawaiian Barbecue Restaurant or any other purpose. Our recommendation indicates only that we believe that the site meets our then criteria. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site and premises. The uncertainty and changeable nature of these criteria and factors are beyond our control, and we are not responsible if a site and premises we recommend or approve fail to meet your expectations. Your acceptance of the obligation to develop the Franchised Business will be based on your own independent investigation of the suitability of the site for the Franchised Business.

Time Between Signing the Franchise Agreement and Opening the Franchised Business

The typical length of time between your signing of the Franchise Agreement and the opening of your business is expected to be roughly twelve months. Factors that may affect this typical time period include the landlord or developer's ability to deliver the site, your ability to negotiate and obtain a lease at a satisfactory location, negotiate and obtain financing, procure the requisite building permits, comply with zoning and local ordinances, install equipment, fixtures, and signage, recruit competent staff, and schedule and complete the required initial training courses. You must satisfy all conditions pertaining to opening the Franchised Business and be prepared to open for business not later than the opening deadline specified in your Franchise Agreement, which will be six months after the date you and we enter into your Franchise Agreement, unless you and we agree to a longer period.

If you do not secure an approved location, sign a lease, and open your Restaurant for business within eighteen months of the effective date of your Franchise Agreement, we can terminate the Franchise Agreement, and keep all fees.

ITEM 12. TERRITORY

Grant for a Specific Location

Your franchise is granted for a specific location that you select and we approve, if it meets our standards and specifications (which is the **"Premises"** or **"Approved Location"** under the Site Selection Addendum). You may operate the Franchised Business only from the Premises.

No Protected Territory

You are not granted any territory under the Franchise Agreement. Hence, you will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, from other channels of distribution, or competitive brands that we control.

For instance, we and our affiliates may:

- establish, and license or franchise others to establish Restaurants, at any location, notwithstanding their proximity to the Franchised Business or their actual or threatened impact on sales at the Franchised Business;
- establish, and license or franchise others to establish, businesses under the same or different systems, or the same or different proprietary marks, which businesses may offer or sell products and services that may be the same as, or different from, the products and services offered from the Franchised Business, notwithstanding such businesses' proximity to the Franchised Business or their actual or threatened impact on sales at the Franchised Business;
- acquire, or be acquired by, a company, entity, or business that operates and/or licenses restaurants and/or other businesses that offer or sell some or all of the same products or services as offered at Restaurants, and continue to operate and/or license or franchise those businesses, notwithstanding such businesses' actual or threatened impact on sales at the Franchised Business;
- sell distribute, directly or indirectly, through any channels of distribution, including through catering or electronic channels such as the Internet (including through our website), products and/or services (including products and services that are the same or similar to those offered by Restaurants), from any location or to any customer; and
- create, place, and/or distribute, or authorize others to create place and/or distribute, any advertising and promotional materials which may appear in any media, and/or be received by prospective customers anywhere.

There are no minimum sales volume or market penetration contingencies. We and our affiliates 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.

For the avoidance of doubt, the internet (including the metaverse) is a channel of distribution reserved exclusively to us, and you may not independently market on the internet or conduct e-commerce.

Catering and Community Events

You may conduct catering from the Franchised Business and participate in special community events (such as Asian American and Pacific Islander cultural festivals) only if you obtain our approval and satisfy our standards. This approval will be indicated on Appendix A from the Franchise Agreement, and may be rescinded at any time, at our

option, if you fail to satisfy our standards. All sales must be processed through the POS System and the Computer System that we designate, regardless of where those sales occur (including sales that may occur off-site at an approved community event).

Meal Delivery

You must not conduct, engage in, subcontract to third parties, utilize online or Internet-based delivery scheduling companies or applications (such as Uber Eats, Grubhub, DoorDash, Postmates, etc), or authorize or permit any person, entity, third party, or technology to engage in, delivery operations at or from the Franchised Business, unless such delivery operations or program has been expressly approved, in writing, by us. We may grant or not grant such approval at our sole option. We may condition our approval on, among other things, (a) your strict compliance with this Agreement and the standards and specifications for Franchised Business operations set forth in the Manual; (b) your strict compliance with any delivery rules, procedures, requirements or standards that we may establish, such as, obtaining and maintaining additional and specialized insurance, and purchasing (or leasing) and using new or additional equipment and software for ordering, tracking, and reporting on deliveries, implementing a new or modified point of sale system(s), and utilizing required packaging; (c) your utilization of our designated or approved third-party ordering, delivery and/or billing services and/or software; and/or (d) your strict compliance with our standards and requirements for billing. All such sales must be processed through the POS System and the Computer System that we designate, regardless of where those sales occur.

Site Selection Area

After you sign the Franchise Agreement, but before you have an approved premises for the Franchised Business, you will need to locate a site. We may require that you sign the Site Selection Addendum attached to the Franchise Agreement. You will have 45 days (the “**Search Period**”) to acquire or lease/sublease a site for the Franchised Business. We and you will establish an area within which you will search for a site (the “**Site Selection Area.**”) The Site Selection Area will encompass one or more potential market areas; any one of which is likely to have a sufficient number of potential customers for a Restaurant. The Site Selection Area is designated solely for the purpose of selecting a site for the Franchised Business. As described above, you will not be granted any territory under the Franchise Agreement.

Relocation

The Franchise Agreement grants you the right to operate your Restaurant only at the Approved Location. You must locate a site for your Restaurant, subject to our approval as provided in Item 11. You may relocate the Restaurant only with our written approval. 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 Restaurants in or near the proposed new location. Unless otherwise mutually agreed in writing, you do not have any options, rights of first refusal or similar rights to acquire additional franchises from Franchisor.

Sales of Products or Services Under a Different Trademark

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.

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	5
L & L Hawaiian Grill	L & L Hawaiian Grill Registration No.: 3,163,719 Registration Date: 10/24/2006	0	2
L & L Hawaiian Mixplate	MIXPLATE Registration No.: 5,520,733 Registration Date: 7/17/2018  Registration No.: 5,509,922 Registration Date: 7/3/2018  Registration No.: 5,608,240	0	1

Concept	Trademark	Number of Company-Owned Locations in Operation	Number of Franchised Locations in Operation
	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.

Options and First-Refusal Rights

Your Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises at any location.

ITEM 13. TRADEMARKS

Principal Trademarks

We grant you the right to use certain Proprietary Marks under the Franchise Agreement, including the principal marks shown below. We own the following registrations with the U.S. Patent and Trademark Office (the “USPTO”) on its Principal Register:

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

Service Mark	Registration No.	Registration Date
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" 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

We have filed all declarations of use and renewals required to maintain these registrations as of the date of this Disclosure Document.

Currently Effective Trademark Determinations

Except as set forth below, there are no currently effective material determinations of the USPTO Trademark Trial and Appeal Board, the trademark administrator of any state or any court or pending infringement, opposition or cancellation proceedings; nor is there any pending material litigation involving the principal trademarks which affects the ownership, use or licensing of the Proprietary Marks.

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.

Agreements Significantly Limiting Your Rights to Use the Marks

No agreement significantly limits our rights to use or license the Proprietary Marks. We are not aware of any superior prior users or rights, or infringing users, that could materially affect a franchisee's use of the principal Proprietary Marks.

Your Right to Use the Trademarks

Your right to use the Proprietary Marks is limited to the uses that we authorize under the Franchise Agreement, and any unauthorized use of the Proprietary Marks is prohibited. You may not use any Proprietary Mark: (1) as part of any corporate name or other business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form; (3) for performing or selling any unauthorized services or products; (4) as part of any domain name, electronic address or search engine or in any other manner for a website without our prior written approval; or (5) in any other manner that we do not expressly authorize in writing. You must identify yourself as the independent owner and operator of your business in the manner we specify (such as on invoices, order forms, receipts, and contracts). You must also use the trademark registration notices that we designate, and obtain any assumed business name registrations that applicable law requires.

You must promptly notify us of any unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our right to use and to license others to use, or your right to use, the Proprietary Marks. We and/or our affiliates have the right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We and/or our affiliates have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We and/or our affiliates will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in compliance with the Franchise Agreement, we will bear the cost of defense, including the cost of any judgment or settlement, as well as your out-of-pocket costs (except that you will bear the salary costs of your employees). If we determine that you have not used the Proprietary Marks in compliance with the Franchise Agreement, you must bear the cost of defense, including the cost of any judgment or settlement, and you must promptly reimburse us for those amounts. If there is any litigation due to your use of the Proprietary Marks, you must sign all documents and do all things as may be necessary to carry out a defense or prosecution, including becoming a nominal party to any legal action.

We have the right, upon reasonable notice, to change, discontinue, or substitute for any of the Proprietary Marks and to adopt new Proprietary Marks for use with the System without any liability for any diminishment of the brand. Neither we nor our affiliates will have any obligation to reimburse you for any expenditure you make because of any discontinuance or modification.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

No patents (or pending patent applications) are material to the operation of your Franchised Business.

Copyrights

We claim copyright protection covering various materials used in our business and the development and operation of L & L Hawaiian Barbecue Restaurants, including the L & L Hawaiian Barbecue Restaurant trade dress and custom interiors, the Manuals, advertising and promotional materials, and similar materials (discussed below). We have not registered these materials with the United States Registrar of Copyrights, but we are not required to do so. We may register one or more of these items or copyrightable materials in the future.

There are no currently effective determinations of the United States Copyright Office or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Information

During and after the term of the Franchise Agreement, you may not communicate, divulge, or use for any purpose other than in the operation of the Franchised Business any confidential information, knowledge, trade secrets or know-how that may be communicated to you or that you may learn by virtue of your relationship with us ("**Confidential Information**"). You may divulge confidential information only to your professional advisers and to your employees who must have access to the information to operate the Franchised Business. In addition, you may disclose Confidential Information if you are compelled to do so pursuant to litigation, a court order, law enforcement or any other proceeding requiring such disclosure, provided that you give us notice of the requirement and a reasonable time to challenge the request and/or seek a protective

order. There may also be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, such as under the Defense of Trade Secrets Act. You must not make any Confidential Information supplied by us available to any unauthorized person. All information that you receive from us is deemed to be Confidential Information, except information that you can demonstrate came to your attention by lawful means before our disclosure, or which, at the time of our disclosure to you, had become a part of the public domain. You must require your employees and any other person or entity to whom you wish to disclose any confidential information to execute agreements that they will maintain the confidentiality of the disclosed information. The agreements must be in a form satisfactory to us and must identify us as a third-party beneficiary with the independent right to enforce the agreements.

Confidential Manuals

We will provide you with electronic access to the Manuals, on loan, for as long as the Franchise Agreement remains in effect. The Manuals remain our property. You must treat the Manuals, training materials, and any other manuals or materials created or approved by us for use with the System as secret and confidential. You must not copy, duplicate, record or otherwise reproduce the Manuals or other materials provided by us, in whole or in part, except in connection with the Franchised Business. We have the right to amend and supplement the Manuals from time to time by letter, electronic mail, bulletin, videotape, audio tapes, software, or other forms of communication. You must comply with each new or changed standard promptly upon receipt of notice from us. If a dispute develops relating to the contents of the Manuals, the electronic depository of the Manuals that we maintain at our headquarters will control.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We recommend that you own and operate the Franchised Business as a corporation, partnership or limited liability company, but encourage you to obtain legal and tax advice with respect to this issue. If you are a corporation, partnership, or limited liability company, you must appoint an individual owner as your Operating Principal. The Operating Principal must: own at least 25% of the ownership and voting interests in the franchisee entity, unless you obtain our prior written approval for the Operating Principal to hold a smaller interest; complete our training program; have authority over all business decisions related to the Franchised Business; and have the power to bind you in all dealings with us. We expect that the Operating Principal will supervise the operation of the Franchised Business on a full-time daily basis. However, there may be situations, subject to our approval, where the Operating Principal will have a less active role in the daily operations, management and oversight of the Franchised Business, but may be a significant owner of the franchisee entity. You may not change the Operating Principal without our prior approval.

We expect that the Operating Principal will also serve as your Manager (except where the Operating Principal is a more passive investor in the business, if approved by us). If your Operating Principal will not supervise the Franchised Business as the Manager on

a full-time daily basis, then you must employ a Manager who has qualifications reasonably acceptable to us to assume those responsibilities.

The Operating Principal and/or your Manager must spend a minimum number of hours per week or month at the Premises, actively supervising the Franchised Business, as we specify in the Manuals. At all times that the Franchised Business is operating, you must comply with our requirements (which we will specify in the Manuals) for the supervision and operation of the Franchised Business.

The Manager must complete our initial training program. Your Operating Principal and Manager must sign one of our standard confidentiality and noncompetition agreements, as appropriate.

You will have sole responsibility for all employment decisions and functions related to your Franchised Business, including hiring, firing, compensation, benefits, work hours, work rules, record-keeping, supervision, and discipline of employees, notwithstanding any suggestions, advice, guidelines, programs or training that we may offer. You and your managers must comply with all federal, state and local laws and regulations regarding employment-related matters. All personnel decisions must be made by you, and all decisions will be made without any influence or advice from us. All personnel decisions and actions will not be, nor be deemed to be, a decision or action of ours. You must take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet any minimum standards that we may periodically establish in the Manuals.

In addition, all persons with an ownership interest in the franchisee entity (and their spouses) must sign a personal guarantee on the form attached to the Franchise Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Approved Goods and Services; Restrictions and Limitations

You may offer customers only the products and services that we have expressly authorized Franchised Businesses to offer, as we have the right to specify in the Manuals from time to time. We have the right to change the authorized products and services and we may designate specific products and services as optional or mandatory, on either a temporary or permanent basis. This may include certain “core” menu items that all franchisees are required to sell, and certain “special” items that may only be approved for some franchisees. We may approve products and services for certain franchisees and not others based on legitimate business reasons.

We reserve the right to establish minimum and maximum prices for the products and services that we authorize Franchised Businesses to offer, subject to federal and state law. We also reserve the right to limit the number and/or value of free, low-cost or discounted products and services that you and/or other franchisees may offer.

You may operate the Franchised Business only from the Premises, and only in accordance with the requirements of the Franchise Agreement and the procedures and terms and conditions described in the Manuals. You must offer and sell only the products and services that we authorize and only to clients at the Premises. Without our prior written approval: (a) you may not engage in any other type of business or enterprise, whether for profit or not, at the Premises or in conjunction with the Proprietary Marks; (b) you may not offer or sell any other products and services at the Premises or in conjunction with the Proprietary Marks; and/or (c) you may not offer L & L Hawaiian Barbecue products and services through any other method or avenue of distribution (including, without limitation, by electronic means, such as via the internet), other than in person at the Premises.

However, if you obtain our approval and satisfy our standards, you may conduct catering from the Franchised Business and participate in special community events (such as Asian American and Pacific Islander cultural festivals). This approval will be indicated on Appendix A from the Franchise Agreement, and may be rescinded at any time, at our option, if you fail to satisfy our standards. All sales must be processed through the POS System and the Computer System that we designate, regardless of where those sales occur (including sales that may occur off-site at an approved community event).

We have reserved to ourselves the right to offer certain products and services, and/or to offer those products and services in certain areas or through certain channels of distribution. You may not engage in any of the activities that we have reserved to ourselves.

ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary (See Notes 1 and 2
a. Length of the franchise term	2.1	Initial term is 10 years

Provision	Section in Franchise Agreement	Summary (See Notes 1 and 2)
b. Renewal or extension of the term	2.2	When the initial term expires, you will have the option to continue the franchise relationship with us for one (1) additional successor term for either of the following time periods: (a) ten (10) years or (b) the time period that remains on the lease for the Premises, at our option. (the “Successor Term”), subject to certain contractual requirements described in “c” below. One of these requirements is to sign our then-current form of franchise agreement.
c. Requirements for you to renew or extend	2.2	To be granted a Successor Term, you must satisfy the conditions in the Franchise Agreement, which include the following: • you must provide us with written notice of your intention to exercise the option to obtain a Successor Franchise Agreement; • you must execute a Successor Franchise Agreement, the terms of which may be materially different than the terms of your franchise agreement, and these differing terms may include a higher royalty fee and/or advertising contributions or expenditures; • you must satisfy all monetary obligations owed to us and our affiliates and must not be in default of any provision of your franchise agreement or any other agreement between you, us and our affiliates; • you must complete all maintenance, refurbishing, renovating, and upgrading no later than 60 days before the expiration of the term; • you must pay us a successor franchise fee of \$10,000, plus a processing fee of \$10,000; • you and your owners must execute a general release;

Provision	Section in Franchise Agreement	Summary (See Notes 1 and 2
		• you, the Operating Principal, and/or your designated employees must successfully complete any additional or refresher training courses that we may require; • you must prepare and submit to us a business plan that meets our approval; • you must purchase, install, and use all updated equipment that we require not later than 60 days prior to the expiration of the term; • you must provide us with written confirmation satisfactory to us that you will maintain the right to operate the Restaurant at the Premises for the term of the Successor Franchise Agreement; and • you must meet our then-current requirements for new franchisees.
d. Termination by you	Not Applicable	Not Applicable
e. Termination by Franchisor without cause	Not Applicable	Not Applicable
f. Termination by Franchisor with cause	15	We can terminate your franchise only if you default under the Franchise Agreement. Default includes bankruptcy, abandonment, and other grounds; see § 15 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, 11 U.S.C. § 101, et seq., we may be unable to terminate the agreement merely because you make a bankruptcy filing.)
g. “Cause” defined-curable defaults	15.3 and 15.4	All other defaults not specified in §§ 15.1 and 15.2 of the Franchise Agreement, including nonpayment of monies owed, failure to submit reports, failure to comply with our standards and procedures, etc.

Provision	Section in Franchise Agreement	Summary (See Notes 1 and 2
h. "Cause" defined- non-curable defaults	15.1 and 15.2	Non-curable defaults include, among other things: bankruptcy, insolvency, appointment of a receiver, abandonment, conviction of certain crimes, refusal to permit an audit, understatement of Gross Sales by 2% or more on 3 or more occasions in a 12-month period or by 5% or more for any period of 4 or more consecutive weeks, 3 or more defaults in a 12-month period, a material misrepresentation or omission in your application for a franchise, any forbidden transfer of your rights, and others (but under the U.S. Bankruptcy Code, 11 U.S.C. § 101, et seq., we may be unable to terminate merely because you make a bankruptcy filing.
i. Your obligations on termination/non-renewal	16	Obligations include: Immediately stop operating the Franchised Business; de-identify your Premises; pay all amounts due; return loaned materials; stop using the Proprietary Marks and confidential information; assign us your lease, if we request; sell us your assets (at the lesser of depreciated cost or fair market value), if we request; and others. You must also pay us liquidated damages if your Franchise Agreement is terminated because you defaulted.
j. Assignment of contract by Franchisor	13	There are no restrictions on our right to assign our rights in the Franchise Agreement and/or delegate our performance to a third party.
k. "Transfer" by you-defined	14.1	You must not sell, assign, convey, or otherwise dispose of—voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise—any direct or indirect interest in the Franchise Agreement, the assets of the Franchised Business, or the ownership of the franchisee entity. "Transfer" (as a noun) refers to any of the preceding actions.

Provision	Section in Franchise Agreement	Summary (See Notes 1 and 2)
l. Franchisor's approval of transfer by franchisee	14.2	We have the right to approve Transfers. You may not make any Transfer without our prior written approval.
m. Conditions for Franchisor approval of transfer	14.3	If you satisfy the transfer conditions in the Franchise Agreement, we will not unreasonably withhold our consent to a Transfer. These conditions include the following: • we have not exercised our right of first refusal; • you must not be in default of the Franchise Agreement; • the transferee has demonstrated that its owners meet all of our then-current qualifications to become a L & L Hawaiian Barbecue franchisee; • the transferee has executed our standard form of Franchise Agreement then offered to new franchisees (the term of which will be the then remaining balance of the term of your Franchise Agreement or for a full 10 year term) and any other ancillary agreements that we may require for the Franchised Business; the terms of these agreements may differ from those of your Franchise Agreement—and the differing terms may include a higher royalty fee, and/or advertising contributions or expenditures; • the transferee must complete all required training then in effect for new franchisees; • if the transferee is a L & L Hawaiian Barbecue franchisee, it must not be in default under its agreements with us; • all of the transferee's owners must sign a guarantee;

Provision	Section in Franchise Agreement	Summary (See Notes 1 and 2)
		• the transferee must provide us with a list of all shareholders, partners, or other owners; • you must provide us with an estoppel agreement indicating any and all causes of action that you may have against us; • you or the transferee must make arrangements to modernize, upgrade, and conform the Franchised Business to our then-current standards and specifications for new L & L Hawaiian Barbecue Restaurants in the System; • we are paid a transfer fee; • you and your owners have executed a general release; • the proposed sale terms and other factors involved in the transfer do not, in our reasonable business judgment, negatively impact the future viability of the Franchised Business; and • any purchase and sale agreement shall provide that the Franchised Business must continue to operate without interruption, as further described in the Franchise Agreement.
n. Franchisor's right of first refusal to acquire your business	14.8	We can match any offer if you intend to transfer all or a controlling interest in the franchisee entity. No right of first refusal if proposed transferee is one of certain family members.
o. Franchisor's option to purchase your business	Not Applicable	Not Applicable – But we have the right to purchase your assets when your Franchise Agreement expires or terminates. (See § 16.2 of the Franchise Agreement)

Provision	Section in Franchise Agreement	Summary (See Notes 1 and 2
p. Death or disability of franchisee	14.6	If you die or become incapacitated, your executor or representative must apply to us in writing for approval to a Transfer within three months after death or the onset of disability. In addition, if the Operating Principal becomes disabled or dies, you have 30 days to retain a replacement to perform his or her obligations under the Franchise
q. Non-competition covenants during the term of the franchise	17.1 and 17.3	Includes prohibition on engaging in a “Competitive Business” which is any restaurant or business that sells 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, or any business that offers products or services substantially similar to those then offered by
r. Non-competition covenants after the franchise is terminated or expires	17.2 and 17.3	Includes a 24-month or 60-month prohibition similar to “q” (above), which ever longer period is enforceable, that is located (a) at the Premises, (b) within a five-mile radius of the Premises, or (c) within a five-mile radius of any other L & L Hawaiian Barbecue Restaurant.
s. Modification of the agreement	22	Must be in writing signed by both parties.

Provision	Section in Franchise Agreement	Summary (See Notes 1 and 2)
t. Integration/merger clause	22	Only the final written terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. Nothing in this agreement is intended to disclaim the representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	25.1	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except that we can go to court to seek injunctive relief). Except for certain claims, the parties must arbitrate if they cannot be amicably settled among the parties or through mediation.
v. Choice of forum	25.2, 25.4	If you file suit against us, you must do so in the city and state of our principal place of business at the time the arbitration is commenced, or Honolulu, Hawaii, at our option. The parties waive their right to a jury trial. Subject to applicable state law. (See notes 1 and 2) Must arbitrate at a suitable location in the city and state of our then-existing principal business address (currently, Honolulu, Hawaii).
w. Choice of law	24	Hawaii law applies. Subject to applicable state law. (See notes 1 and 2)

Notes:

- 1) Please refer to the disclosure addenda and contractual amendments appended to this Disclosure Document (Exhibits I and J) for additional terms that may be required under applicable state law.

- 2) In addition to the provisions noted in the chart above, the Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of jury trial.

ITEM 18. PUBLIC FIGURES

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet 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 Gross Sales Financial Performance Representation

This Item 19 contains historic Gross Sales information from January through December 2024 for L & L Hawaiian Barbecue restaurants in the United States that have been open for at least twelve months, were open and operating during the entire 2024 calendar year, and have provided financial information to us for the full 2024 calendar year. These restaurants are all generally similar to the restaurants offered under this Disclosure Document (the "**Item 19 Restaurants**").

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 Item 19 Restaurant that is located in an office building is not open on weekends). Two Item 19 Restaurants have a drive-thru.

The following Restaurants are excluded from this Item 19: (1) 10 Restaurants that were not open the entire calendar year; (2) three Restaurants that did not provide us with their financial statements, as required; and (3) three L & L Hawaiian Grill and L & L Mixplate Restaurants that operate under the L & L Hawaiian Barbecue System and are currently in the process of converting the signage in their restaurants to the L & L Hawaiian Barbecue trademarks. All five L & L Drive-Inn franchises are also excluded from this Item 19. Zero Restaurants closed in 2024 after having been open for less than 12 months.

The historic Gross Sales data is shown in three tables below. Table 1 below contains Gross Sales data for all 216 Item 19 Restaurants. Table 2 below contains Gross Sales data for the 216 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 Gross Sales data for the 7 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, the two Restaurants in Honolulu are sometimes used as test locations for new menu items or other new ideas for the System, and as training locations. Regardless, applicable franchise laws require that we classify these restaurants as “company-owned” restaurants in this Disclosure Document.

Table 1: All Item 19 Restaurants

Sales	No. of Stores	% of Stores	% Cumulative
Over \$2,000,000	16	7%	7%
\$1,500,000 – \$2,000,000	20	9%	17%
\$1,000,000 – \$1,500,000	62	29%	45%
\$750,000 – \$1,000,000	62	29%	74%
\$500,000 – \$750,000	37	17%	91%
Less than \$500,000	19	9%	100%

Table 2: Franchised Item 19 Restaurants

Sales	No. of Stores	% of Stores	% Cumulative
Over \$2,000,000	13	6%	6%
\$1,500,000 – \$2,000,000	20	10%	16%
\$1,000,000 – \$1,500,000	58	28%	44%
\$750,000 – \$1,000,000	62	30%	73%
\$500,000 – \$750,000	37	18%	91%
Less than \$500,000	19	9%	100%

Table 3: Restaurants Owned By Individuals Listed in Item 2

Sales	No. of Stores	% of Stores	% Cumulative
Over \$2,000,000	3	43%	43%

Sales	No. of Stores	% of Stores	% Cumulative
\$1,500,000 – \$2,000,000	0	0%	43%
\$1,000,000 – \$1,500,000	4	57%	100%
\$750,000 – \$1,000,000	0	0%	100%
\$500,000 – \$750,000	0	0%	100%
Less than \$500,000	0	0%	100%

As described above, the information reflected in the tables above for the Item 19 Restaurants is based upon the reported unaudited gross sales of restaurants in the United States that have been in operation for the full calendar year ending December 31, 2024 and for which the Franchisor has received sales reports for that full calendar year. The term “Gross 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 Gross 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 2022 to 2024				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	202	207	5
	2023	207	220	13
	2024	220	222	2
Company Owned	2022	7	7	0
	2023	7	7	0
	2024	7	7	0
Total Outlets	2022	209	214	5
	2023	214	227	13
	2024	227	229	2

Table 2

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor) for years 2022 to 2024		
State	Year	Number of Transfers
CA	2022	5
	2023	4
	2024	3
CO	2022	1
	2023	0
	2024	0
HI	2022	0
	2023	3
	2024	2
NV	2022	0
	2023	1
	2024	0
TX	2022	3
	2023	0
	2024	0
VA	2022	1

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor) for years 2022 to 2024		
	2023	0
	2024	0
Total	2022	10
	2023	8
	2024	5

Table 3

Status of Franchise Outlets for years 2022 to 2024								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of Year
AK	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
AZ	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
CA	2022	94	2	0	0	0	2	94
	2023	94	4	0	0	0	1	97
	2024	97	2	0	0	0	3	96
CO	2022	3	0	0	0	0	0	3
	2023	3	2	0	0	0	0	5
	2024	5	1	0	0	0	0	6
FL	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	1	2
	2024	2	0	0	0	0	0	2
GA	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
HI	2022	64	2	0	0	0	1	65
	2023	65	3	0	0	0	2	66
	2024	66	0	0	0	0	2	64
MD	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Status of Franchise Outlets for years 2022 to 2024								
	2024	0	1	0	0	0	0	1
NC	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
NV	2022	19	1	0	0	0	1	19
	2023	19	1	0	0	0	0	20
	2024	20	0	0	0	0	0	20
NY	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
OR	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
SC	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
TN	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
TX	2022	5	2	0	0	0	0	7
	2023	7	4	0	0	0	0	11
	2024	11	1	0	0	0	1	11
UT	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
VA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
WA	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Total	2022	201	9	0	0	0	5	206
	2023	206	17	0	0	0	5	219
	2024	219	8	0	0	0	6	220

Table 4

Status of Franchise Outlets for years 2022 to 2024								
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	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
AZ	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
CA	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
CO	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
FL	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
GA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
HI	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
NC	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NV	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
NY	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
OR	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

	2024	0	0	0	0	0	0	0
TN	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
TX	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
UT	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
VA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
WA	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Total	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	0	7

Projected New Franchised Outlets as of December 31, 2024			
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	0	0	0
AZ	0	0	0
CA	7	12	0
CO	0	2	0
FL	0	0	0
GA	2	3	0
IN	0	1	0
HI	0	1	0
MD	1	2	0
NM	2	2	0
NV	1	1	0
NY	0	2	0
OR	0	0	0

Projected New Franchised Outlets as of December 31, 2024			
TN	0	1	0
TX	0	1	0
UT	0	0	0
VA	1	1	0
WA	1	3	0
Total	16	33	0

Company-Owned Restaurants

Neither we nor any affiliate of ours owns or operates any Restaurants. However, some of our owners and personnel disclosed in Item 2 have an ownership interest in 7 Restaurants. Our relationships with those owners and Restaurants are substantially similar to our relationships with our other franchisees. However, the two Restaurants in Honolulu are sometimes used as test locations for new menu items or other new ideas for the System, and as training locations. Franchise laws require that we classify these Restaurants as company-owned Restaurants in the tables above.

Restaurants Outside of the United States

As of the date of this Disclosure Document, there are also two franchised Restaurants operating in Japan.

Contact Information for Current Franchisees

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

Former Franchisees

Contact information for the former L & L Hawaiian Barbecue franchisees who left the franchise network during the last fiscal year is included in Exhibit G.

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

We have established and endorse a franchisee association or “franchisee advisory council” that is currently operating. We nominate individuals to serve on the council, develop the agenda, and run the meetings. Presently, the following franchisees are members of the franchisee advisory council:

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

Gurpreet Jassal
6731 Westminster Blvd. #108
Westminster, CA 92683
(714) 903-6988

Samuel Li
700 Keeaumoku Street
Honolulu, HI 96814
(808) 955-3382

Sai Yamagata
14221 E. Cedar Ave., Unit C
Aurora, CO 80012
(303) 340-8824

Alix Soto
5157 College Avenue, Suite A
San Diego, CA 92115
(619)310-6331

Valeria Santiago
318 Mall Blvd, Bldg 800, Ste. A
Savannah, GA, 31406
(912)335-7906

Benny Hom
7419 Laguna Blvd., Ste 120
Elk Grove, CA 95758
(916)478-3768

ITEM 21. FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit C are our audited, financials of L & L Franchise, Inc. for fiscal years 2022, 2023, and 2024.

ITEM 22. CONTRACTS

The following agreements are attached to this Disclosure Document:

- Franchise Agreement – Exhibit A
- General Release – Exhibit L
- Franchisee Compliance Certification – Exhibit J

ITEM 23. RECEIPTS

The last two pages of the disclosure document (following the exhibits and attachments) are documents acknowledging receipt of the disclosure document by you (one copy for you and one to be signed for us).

Exhibit A to the Franchise Disclosure Document

FRANCHISE AGREEMENT

L & L HAWAIIAN BARBECUE FRANCHISE AGREEMENT

Between

L & L Franchise, Inc.

Franchisor

and

Franchisee

TABLE OF CONTENTS

	<u>Page(s)</u>
1. RIGHTS GRANTED	2
2. TERM; SUCCESSOR FRANCHISE AGREEMENTS	4
3. FEES	6
4. THE PREMISES, PREPARATION, AND OPENING DEADLINE	8
5. TRAINING	11
6. OPERATIONS	12
7. PROPRIETARY MARKS, COPYRIGHTS AND OTHER INTELLECTUAL PROPERTY RIGHTS	22
8. BUSINESS RECORDS AND REPORTING	24
9. ADVERTISING AND CREATIVE FUND	26
10. TECHNOLOGY	31
11. OPERATING MANUALS	35
12. CONFIDENTIAL INFORMATION	36
13. TRANSFERS BY US	37
14. TRANSFERS BY YOU	37
15. TERMINATION	41
16. OBLIGATIONS ON TERMINATION OR EXPIRATION	45
17. RESTRICTIONS ON COMPETITION	48
18. RELATIONSHIP OF THE PARTIES	50
19. INDEMNIFICATION	51
20. CONSENTS AND WAIVERS	51
21. NOTICES	52
22. ENTIRE AGREEMENT AND AMENDMENTS	52

23.	SEVERABILITY AND SURVIVAL.....	52
24.	GOVERNING LAW.....	53
25.	DISPUTES.....	54
26.	ACKNOWLEDGMENTS	56

Appendix A	–	Premises and Certain Contract Data
Appendix B	–	List of Owners and Ownership Interests
Appendix C	–	Personal Guarantee
Appendix D	–	Electronic Funds Transfer Authorization Form
Appendix E	–	Site Selection Addendum
Appendix F	–	Lease Rider Terms
Appendix G	–	Non-Disclosure and Non-Competition Agreement for Owners (and Spouses), Officers, and Directors
Appendix H	–	Non-Disclosure and Non-Competition Agreement for Employees (Sample)

L & L HAWAIIAN BARBECUE FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this “**Agreement**”) is made and entered into on this _____ day of _____, 20____ (the “**Effective Date**”), by and between:

- L & L Franchise, Inc., a Hawaii limited liability company whose principal place of business is 2138 Algaroba Street, Honolulu, Hawaii 96826 (“**Franchisor**” or “**we**,” “**us**” or “**our**”); and
- _____ a [resident of]
[corporation organized in] [limited liability company organized in]
_____ and having offices at
_____ (“**Franchisee**” or “**you**”).

In this Agreement, “**we**,” “**us**” and “**our**” refers to L & L Franchise, Inc., the Franchisor. “**You**” and “**your**” refers to the Franchisee. “**Owners**” means the person(s) listed on Appendix B and all other persons whom we may subsequently approve to acquire an interest in Franchisee. “**Operating Principal**” means the person designated as the Operating Principal on Appendix B and who meets the criteria in Section 6.4 of this Agreement. References to this “**Agreement**” include all exhibits, appendices, and other attachments hereto including, but not limited to, the Personal Guarantee.

RECITALS

WHEREAS, we or our affiliate owns certain service marks or trademarks including, but not limited to, “L & L HAWAIIAN BARBECUE”, and we may in the future become the owner, licensee and/or authorized distributor for other trademarks and service marks, including logos and designs that we may designate for use in connection with the System from time to time, at our option (collectively, the “**Proprietary Marks**”); and

WHEREAS, we have developed and continue to develop a system for merchandising certain authorized products and services, which system includes distinctive signs, recipes, products, goods, trade dress, and various trade secrets and other Confidential Information, (defined below) and in some cases also includes architectural designs, equipment specifications, layout plans, inventory, and record-keeping and marketing techniques (the “**System**”). The System and our other mandatory and suggested recommendations are materially reflected in our Operations Manual and other manuals (the “**Manuals**”). We identify the System by the Proprietary Marks, which identify for the public the source of the products and services rendered in accordance with the standards and specifications established by us; 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, the brand and the System have created demand and goodwill for the authorized Restaurant products and services; and

WHEREAS, a “**L & L Hawaiian Barbecue Restaurant**” or a “**Restaurant**” is a restaurant or other outlet that specializes in the sale of authorized products and services that is operated under the Proprietary Marks and the System, and is authorized by a franchise or license agreement made or approved by us; and

WHEREAS, we and our affiliates continue to develop and control the use the Proprietary Marks in order to identify for the public the source of the services and products marketed under the Proprietary Marks and the System, and to represent the System’s high standards of quality, appearance, and service.

WHEREAS, you understand the importance of our high standards of quality, appearance, and service and the necessity of operating your Franchised Business (defined below) in accordance with this Agreement and our standards, specifications, and procedures.

WHEREAS, you desire to enter into the business of operating a Restaurant under the System and the Proprietary Marks, and you wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance that we provide.

NOW, THEREFORE, the parties, who each intend to be legally bound by this Agreement, and for good and valuable consideration, the receipt of which is hereby acknowledged, agree as follows:

1. RIGHTS GRANTED

1.1 Grant of Franchise.

1.1.1 We grant you the right and license, and you accept the obligation, to use the Proprietary Marks and the System to operate one Restaurant (“**Franchised Business**”) at the Premises during the Term (and any authorized successor term), in accordance with the terms of this Agreement. The term “**Premises**” means the location shown in Appendix A. You must lease, sublease, or acquire a site for the Franchised Business, subject to our written consent. If so required by us, you must execute and adhere to the Site Selection Addendum attached as Appendix E (the “**Site Selection Addendum**”).

1.1.2 Your rights under this Agreement are limited to those granted in Section 1.1.1. You may not operate the Franchised Business at any location other than the Premises, as described in Section 1.2 below; you may not sublicense either the Proprietary Marks or the System to anyone else; and you may not use the Proprietary Marks or the System in any manner except as expressly authorized under this Agreement.

1.2 Activities of the Franchised Business. You may operate the Franchised Business only from the Premises, and only in accordance with the requirements of this Agreement and the procedures and terms and conditions set forth in the Manuals. Absent express authorization from us or through our Manuals, you must offer and sell

only the services and products that we authorize and only to customers at the Premises for consumption on the Premises or for personal, carry-out consumption. Without our prior written approval: (a) you may not engage in any other type of business or enterprise, whether for profit or not, at the Premises or in conjunction with the Proprietary Marks; (b) you may not offer or sell any other services or products at the Premises or in conjunction with the Proprietary Marks; (c) you may not offer any services or products off-Premises or at any location or event not at the Premises; and/or (d) you may not offer products or services that are similar to the products and services offered at the Franchised Business through any other method or avenue of distribution, other than in person at the Premises, including, without limitation, by electronic means, such as via the Internet, kiosks, food trucks or trailers, carts, or other satellite locations. In addition, and without limiting the foregoing:

1.2.1 You may conduct catering from the Franchised Business and participate in special community events (such as Asian American and Pacific Islander cultural festivals) only if you obtain our approval and satisfy our standards. Such approval shall apply prospectively for all catering operations or special community event participation from the Franchised Business, and you need not seek approval on a job-by-job or event-by-event basis; provided, however, that we shall have the right to revoke or modify our approval immediately upon notice to you if you fail to satisfy our standards, which may be modified from time to time; and

1.2.3 You shall not conduct, engage in, subcontract to third parties, utilize online or Internet-based delivery scheduling companies or applications (such as Uber Eats, Grubhub, DoorDash, Postmates, etc), or authorize or permit any person, entity, third party, or technology to engage in, delivery operations at or from the Franchised Business, unless such delivery operations or program has been expressly approved, in writing, by us. We may grant or not grant such approval at our sole option. We may condition our approval on, among other things, (a) your strict compliance with this Agreement and the standards and specifications for Franchised Business operations set forth in the Manual; (b) your strict compliance with any delivery rules, procedures, requirements or standards that we may establish, such as, obtaining and maintaining additional and specialized insurance, and purchasing (or leasing) and using new or additional equipment and software for ordering, tracking, and reporting on deliveries, implementing a new or modified point of sale system(s), and utilizing required packaging; (c) your utilization of our designated or approved third-party ordering, delivery and/or billing services and/or software; and/or (d) your strict compliance with our standards and requirements for billing.

1.2.4 For the avoidance of doubt, all sales must be processed through the POS System and the Computer System that we designate, regardless of where those sales occur (including sales that may occur off-site at an approved community event).

1.3 No Territory; Our Reserved Rights. You hereby acknowledge and agree that we are not granting you any territorial exclusivity. For the avoidance of doubt, no exclusive or protected territory or market is being granted by this Agreement. We retain

all rights. We may, among other things, on any terms and conditions we deem advisable (including through affiliates, franchisees, licensees, or other third parties), and without granting you any rights therein, undertake any of the following:

1.3.1 establish, and license or franchise others to establish Restaurants, at any location, notwithstanding their proximity to the Franchised Business or their actual or threatened impact on sales at the Franchised Business;

1.3.2 establish, and license or franchise others to establish, businesses under the same or different systems, or the same or different proprietary marks, which businesses may offer or sell products and services that may be the same as, or different from, the products and services offered from the Franchised Business, notwithstanding such businesses' proximity to the Franchised Business or their actual or threatened impact on sales at the Franchised Business;

1.3.3 acquire, or be acquired by, a company, entity, or business that operates and/or licenses restaurants and/or other businesses that offer or sell some or all of the same products or services as offered at Restaurants, and continue to operate and/or license or franchise those businesses, notwithstanding such businesses' proximity to the Franchised Business or their actual or threatened impact on sales at the Franchised Business;

1.3.4 sell distribute, directly or indirectly, through any channels of distribution, including through catering or electronic channels such as the Internet (including, without limitation, through our website), products and/or services (including products and services that are the same or similar to those offered by Restaurants), from any location or to any customer; and

1.3.5 create, place, and/or distribute, or authorize others to create place and/or distribute, any advertising and promotional materials which may appear in any media, and/or be received by prospective customers anywhere.

For the avoidance of doubt, we reserve all rights in the Proprietary Marks and the System in the metaverse.

1.4 **Limitations.** You agree not to engage in any of the sales activities that we have reserved to ourselves in Sections 1.3.1 through 1.3.4 above unless otherwise authorized under this Agreement.

2. TERM; SUCCESSOR FRANCHISE AGREEMENTS

2.1 **Term.** The term of this Agreement commences on the Effective Date and expires ten (10) years from the Effective Date (the "**Term**") unless it is terminated earlier as provided in other sections of this Agreement.

2.2 Successor Franchise Agreements. When this Agreement expires, you will have the option to continue the franchise relationship with us for one (1) additional successor term for either of the following time periods: (a) ten (10) years or (b) the time period that remains on the lease for the Premises, at our option. We may require you to satisfy any or all of the following as a condition of continuing the franchise relationship with us for the successor term:

2.2.1 You must give us written notice of your desire to exercise your option not more than thirteen (13) months and not less than six (6) months before this Agreement expires (and not less than three (3) months before you must exercise any option to renew your lease for the Premises).

2.2.2 You must execute the standard form of L & L Hawaiian Barbecue Franchise Agreement that we are then offering to new franchisees (or the standard form that we most recently offered to new franchisees, if we are not at that time actively offering new franchises) (the “**Successor Franchise Agreement**”). The terms of the Successor Franchise Agreement may be substantially different from the terms of this Agreement and may require the payment of different fees.

2.2.3 You must pay all amounts owed to us, to our affiliates, and to your suppliers or other third parties; you must not be in default of this Agreement or any other agreement with us, our affiliates, or your suppliers or other third parties; and you must have substantially and timely complied with all of your obligations throughout the term of each such agreement.

2.2.4 You must complete any required maintenance, refurbishing, renovating, and upgrading that we require to our reasonable satisfaction no later than sixty (60) days before expiration of the Term.

2.2.5 You must pay a processing fee of up to one thousand dollars (\$1,000.00) and a successor franchise agreement fee up to ten thousand dollars (\$10,000.00) (the “**Successor Franchise Agreement Fee**”) not later than six (6) months prior to the end of the Term.

2.2.6 You and all of your Owners must execute and deliver to us a general release, in a form we require, of any and all claims against us, our affiliates, and our past, present and future officers, directors, members, shareholders and employees arising out of or relating to your Franchised Business.

2.2.7 You, the Manager, and/or your designated employees must successfully complete any additional or refresher training courses that we may require.

2.2.8 You must prepare and submit to us a business plan for the term of the Successor Franchise Agreement that meets our approval.

2.2.9 Not later than sixty (60) days prior to the end of this Agreement's Term, you must have purchased, installed, and be using all the equipment (including

computers) required by us, in order to update the Franchised Business to our then-current POS System and other technology required for a Restaurant.

2.2.10 You must provide us with written confirmation satisfactory to us that you will maintain the right to operate a restaurant at the Premises for the term of the Successor Franchise Agreement.

2.2.11 You must meet our then-current requirements for new franchisees.

3. FEES

3.1 **Initial Franchise Fee.** Your initial franchise fee (the “**Initial Franchise Fee**”) is the amount set forth on Appendix A, which you must pay in full when you sign this Agreement. The Initial Franchise Fee is paid in consideration of the rights granted in Section 1 and is fully earned at the time paid. You acknowledge that we have no obligation to refund the Initial Franchise Fee in whole or in part for any reason.

3.2 **Royalty.**

3.2.1 You must pay us a royalty fee (the “**Royalty**”) as a percentage of your Gross Sales (as defined in Section 3.2.3 below). The Royalty will be equal to the amount set forth in Appendix A. The Royalty is in consideration of your right to use the Proprietary Marks and the System in accordance with this Agreement, and is not in exchange for any specific services we render.

3.2.2 You must calculate and pay the Royalty monthly, or periodically as required by us, based on your Gross Sales for the previous day or designated period.

3.2.3 “**Gross Sales**” means all revenue from the sale of all services and products (whether such products or services are permitted or not) and all other income of every kind and nature that you in the normal course of your operations would credit or attribute to the operation of the Franchised Business, including, without limitation, proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of collection in the case of credit; provided, however, that “Gross Sales” does not include any sales for which customers do not pay for the services or products, customer refunds, sales taxes, or other taxes collected from customers and actually transmitted to the appropriate taxing authorities, or sales of equipment not in the ordinary course of business. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from “Gross Sales” as circumstances, business practices, and technology change. For example, and by way of illustration and not limitation, in the event new technologies and practices, such as “Groupon” and other “deal-of-the-day” discounts, generate revenue for the Franchised Business that may not be associated with a particular sale of products, we may establish policies to identify which revenues are, and are not, part of Gross Sales.

3.3 Advertising Contributions. During any Period (defined in Section 8.2 below) that the National Brand Fund (as defined in Section 9.3 below) is in effect, you must make a contribution as described in Section 9.2 below. Additionally, during any Period that a Regional Fund (as defined in Section 9.4 below) for the area in which your Franchised Business is located is in effect, you must make a contribution as described in Section 9.2 below. Required contributions to the National Brand Fund and Regional Fund are referred to as “**Advertising Contributions.**” The current amounts of each of the Advertising Contributions are set forth in Appendix A.

3.4 Due Dates for Certain Key Payments. Your Royalty payments are due by the tenth (10th) day of each month for the previous month, or at such other date and time as we may designate from time to time. Your Advertising Contributions are due by the tenth (10th) day of each month for the previous month, or at such other date and time as we may designate from time to time. You must pay all other amounts due to us as specified in this Agreement or, if no time is specified, such amounts are due upon receipt of an invoice from us.

3.5 Method of Payment. You must make all payments to us by the method or methods that we specify from time to time. We require payment via wire transfer to our bank account or electronic debit from your bank account, and you must maintain a sufficient balance in your operating account to meet the payment requirements. You must furnish us and your bank with all authorizations necessary to effect payment by the methods we specify. Our current form of electronic funds transfer authorization is attached to this Agreement as Appendix D. You hereby agree that you shall not, under any circumstances, set off, deduct or otherwise withhold any Royalty fees, Advertising Contributions, late fees, interest charges, or any other monies payable under this Agreement on grounds of our alleged non-performance of any obligations.

3.6 Delinquency. If any Royalties or other amounts owed to us are not paid in full by the due date, we have the right to charge you a late payment fee of five hundred dollars (\$500) for each failure to pay each fee on time, and interest on the overdue amount at the rate of one and one-half percent (1.5%) per month (or the maximum rate permitted by applicable law, if less than one and one-half percent (1.5%)) from the date such amount was due until paid in full. Unpaid interest charges will compound annually.

3.7 Taxes. You are responsible for all taxes levied or assessed on you or the Franchised Business in connection with your activities under this Agreement, including, without limitation, income taxes, sales taxes and unemployment taxes, and all other indebtedness of any kind incurred by you in the conduct of the business franchised under this Agreement. If you are required to deduct any sales tax, gross receipts tax, income tax, withholding tax or similar tax from any payment to us, then, to the extent that we are not able to successfully obtain and utilize a tax credit from the applicable taxing authorities, the amount payable by you shall be increased by such amount as is necessary to make the actual amount received (after such withholding of taxes) equal to the amount that we would have received had no tax payment been required, provided that such shortfall is not caused by our negligence in filing the claims, or for reasons that can be solely attributable to us.

3.8 Obligations Absolute. You agree that your obligations to pay us (as well as our affiliates) under this Agreement or any other agreement in connection with the Franchised Business are absolute and unconditional, and not subject to abatement or setoff for past or future claims that you may assert.

4. THE PREMISES, PREPARATION, AND OPENING DEADLINE

4.1 Site Selection and Approval. You are responsible, at your own expense, for finding and then acquiring a suitable site at which to develop and operate the Franchised Business (the “Premises”). As set forth in Section 1.1.1 above, if you do not own, lease, or sublease a site for the Premises that we have approved at the time you signed this Agreement, we may require that you sign a Site Selection Addendum, in the form included as Appendix E of this Agreement.

4.2 Location Development and Preparation. We will provide, at no charge, our prototypical conceptual schematic designs and other specifications for the construction and/or build-out of a Restaurant, improvement of the site, and for the layout of fixtures, furnishings, equipment, and signs. From time to time, we may develop and provide additional materials (such as templates for contract bids, and sample development checklists) regarding the construction and preparation of the Franchised Business. To the extent we develop these items, we will make them available to you as part of our Manuals. We are not required to provide on-site assistance, but we will provide reasonable telephone support during business hours from time to time regarding the construction and development of your Franchised Business. You must, at your own expense, prepare the site and complete all construction, furnishing, remodeling, decorating and equipping of your Franchised Business as required by this Agreement.

4.2.1 General Requirements: You agree that you will do all of the following things within the timeframe stated below or by such other due date as we may designate from time to time:

(a) make sure that you have obtained all necessary zoning permits as well as all required building, utility, health, sign permits and licenses, and any other required permits and licenses;

(b) buy or lease equipment, products and other materials as required under this Agreement and/or specified in the Manuals (as well as the other specifications that we provide in writing or through electronic or other formats);

(c) in accordance with Section 4.2.2 below, prepare all plans and complete construction, or remodeling, of the Franchised Business and complete installation of all equipment in compliance with plans and specifications for the Franchised Business that we have approved, as well as all applicable federal, state and local laws, codes and regulations (including, without limitation, the applicable provisions of the ADA (defined below), zoning requirements, and permitting requirements), ordinances and building codes;

(d) purchase and install at the Premises all interior and exterior signage from such suppliers that we may designate. From time to time, we have the right to require that you purchase and install replacement or additional signage;

(e) obtain all customary contractors' sworn statements and partial and final waivers of liens for construction, remodeling, decorating and installation services;

(f) obtain and maintain in force during the entire period of construction the insurance required under this Agreement or as otherwise specified in the Manuals;

(g) satisfy all of our pre-opening requirements, whether set out in this Agreement, the Manuals, or as we may otherwise reasonably specify;

(h) obtain a Certificate of Occupancy; and

(i) within thirty (30) days after the Franchised Business opening, provide us with a full written breakdown of all costs associated with the development of your Franchised Business, using any forms that we may reasonably require.

4.2.2 Design and Construction Requirements. Before starting and during any construction or renovation of the Premises, you must, at your own expense, satisfy all of the following requirements:

(a) You must employ the services of a qualified, licensed architect or engineer to prepare, for our approval, preliminary space plans and specifications for site improvement and construction of the Franchised Business based upon the prototype conceptual schematic design and specifications we furnished to you. We reserve the right to require you to use an architect previously approved by us. We will not unreasonably withhold our approval of special plans and specifications, prepared at your expense, when the Premises will not accommodate our standard plans and specifications, provided that such plans and specifications conform to our general design criteria. You will be responsible for the design and layout that your architect or engineer prepares. If we express an opinion about the plans or indicate our approval, it will be merely for the purpose of acknowledging that your plans are generally consistent with a space designed to sell L & L Hawaiian Barbecue products and deliver L & L Hawaiian Barbecue's services. We will not be in a position to provide any assurances, and therefore cannot be deemed to have given any information about, whether your plans satisfy any federal, state, and local laws, codes and regulations (including, without limitation, the Americans with Disabilities Act ("ADA")). You and your contractors, architects, and landlord are responsible for compliance with the ADA and similar state laws.

(b) After obtaining any required governmental approvals and clearances, you must submit to us, for our approval, final plans for construction based

upon the preliminary plans and specifications. Once approved by us, such final plans may not be changed or modified without our prior written consent.

(c) You must employ a qualified, licensed general contractor who is reasonably acceptable to us to construct the Franchised Business and complete all improvements.

(d) Your architect or engineer must also comply with all applicable zoning, signage, space capacity, and parking requirements.

(e) Within ten (10) days after commencing construction, you must notify us, either in writing or by email according to the procedures we specify in our Manuals, of the date you began construction.

4.2.3 **Completion Certification.** We may require that you provide us with a written certification from your registered architect that the Franchised Business has been constructed in accordance with approved plans and specifications.

4.2.4 **Approval to Open.** Before you can open for business, you must satisfy all of our pre-opening requirements, whether they are set out in this Agreement, the Manuals, or as we may otherwise specify, and you must obtain our written approval prior to opening the Franchised Business. If, after we have scheduled our training staff to provide the opening training at your Premises as described in Section 5, you postpone your opening, you must reimburse us for the additional costs or expenses that we incur as a result of your postponing the opening and opening training.

4.3 **Our Review.** Any reviews that we conduct under this Section 4, including of the site location, of the preliminary site plans, of the final site plans, or other reviews, are only for our benefit. You acknowledge that our review and approval of a site, lease, sublease, or of preliminary design plans or final plans for construction for a Franchised Business do not constitute a recommendation, endorsement, or guarantee of the suitability of that location or plans, or the terms of the lease, sublease, or purchase agreement. You agree that you will take all steps necessary to determine for yourself whether a particular location or plans, or the terms of any lease, sublease, or purchase agreement for the site, are beneficial and acceptable to you.

4.4 **Opening Deadline.** You must begin operating the Franchised Business by the opening deadline specified in Appendix A. Time is of the essence.

4.5 **Relocation and Other Uses of the Premises.** You may not relocate the Franchised Business from the Premises without our prior written consent. You may only use the Premises for the purpose of operating your Franchised Business and for no other purpose. You may not sublet or otherwise allow any other party to operate any enterprise at your Premises without our prior written approval, which shall not be unreasonably withheld.

5. TRAINING

5.1 Initial Training Program

5.1.1 You must designate a Manager, subject to our approval, who shall be responsible for the direct oversight and management of the day-to-day operations and personnel at the Franchised Business (the “**Manager**”). The Manager and the Operating Principal may be the same person, if that individual is qualified to perform both roles and duties, and is approved by us. Our approval of your Manager means that he, she, or they meet our educational, managerial, and business experience standards, but the decision to hire an individual as your Manager is your decision alone.

5.1.2 We will provide an initial training program for two (2) individuals, which typically includes your Manager and your Operating Principal (and one other member of your personnel that we designate, if your Manager and Operating Principal are the same person). We are not currently charging a training fee for our services to train up to two (2) people. If your Operating Principal (who meets the criteria in Section 6.4 below) will also serve as your Manager, he/she/they may attend the initial training program in both capacities. If your Operating Principal will be a passive investor or will not be actively involved in day-to-day operations at the Franchised Business, you must hire a Manager. You may request that additional employees attend the initial training, and we may permit additional employees to attend, at our option. However, we reserve the right to charge you a fee for additional employees of your Franchised Business to attend initial training beyond the two (2) individuals designated above. Training will be held at a location that we designate, which may be at your Franchised Business or at a Franchisor-designated Restaurant. You are responsible for all other travel-related costs and expenses that your trainees who attend our initial training may incur, including, but not limited to, airfare costs, rental car costs, lodging costs and other travel costs; meal costs; and wages and fringe benefits. You must have worker's compensation insurance in place prior to attending training or sending any of your trainees to training.

5.1.3 You (if you are an individual), your Operating Principal (if you are an entity), your Manager, and potentially another member of your personnel that we designate if your Operating Principal and Manager are the same person (two (2) total individuals) must complete our initial training program by no later than one (1) month before the opening deadline in set forth in Section 4.4. We have the sole and absolute right to determine whether a person has or has not successfully completed the initial training program. If you (or your personnel) fail to complete the initial training program to our satisfaction, we may permit you (or them) to attend re-training for a fee; however, we will have no obligation to extend the opening deadline in Section 4.4 for this purpose. Failure to complete the initial training program constitutes grounds for termination, as provided in Section 15 of this Agreement. At our sole option, the training requirements may be waived or shortened.

5.1.4 We may allow you to train certain of your managers and successors in those positions at your location if we determine that you are capable of providing training according to our standards.

5.1.5 If you (or, if applicable, the Operating Principal) cease active management of, or employment at the Franchised Business, you must enroll a qualified replacement (whom we find reasonably acceptable) in our initial training program not more than thirty (30) days after the end of the former person's full-time employment and/or management responsibilities. Your Operating Principal must train any new or replacement Manager unless we do so, at your request or if we choose to do so. If we train a replacement Manager, you must pay our then-current training fee.

5.2 Additional Training by Us. We may require designated persons to successfully complete additional training during the Term of this Agreement, including on a periodic basis or if you are in default under this Agreement or another agreement with us. Additional training will be conducted at a location that we specify (which may include an annual conference for franchisees in the System). We may also offer optional training programs. You may also request that we provide additional training at the location of your Franchised Business, and we will provide such training if we determine that we are able to do so. We may charge you our then-current training fee and our out-of-pocket expenses for all additional training programs, whether mandatory or optional, or whether you request or we require such training, which fee will be as set forth in the Manuals.

5.3 Training Materials and Methods. All training materials that we provide to you remain our property. We have the right to provide training programs in person, on video or audio media, tape, via the Internet or other electronic means, or by other means and media, as we determine.

5.4 Expenses. We will provide instructors, facilities, and materials for the initial training program without charging you a fee for our services, provided that both of your two (2) designated personnel are trained during the same training session. We reserve the right to charge a reasonable fee for additional personnel to attend training or for re-training persons who are repeating the training or replacing a person who did not pass. For all training, including initial training, you are responsible for any travel expenses, living expenses, wages, fringe benefits, and other expenses incurred by your trainees.

6. OPERATIONS

6.1 Compliance with Standards. You agree to comply with all mandatory standards, specifications, and procedures (the "**System Standards**") set forth from time to time in our Manuals and otherwise communicated to you by us. The System Standards include, without limitation, required and suggested specifications, policies, procedures, guidelines and rules regarding operations, administration, budgets, recordkeeping and reporting, food preparation, recipes, sales, advertising and marketing programs, customer service standards, requirements regarding branded attire, use and display of Proprietary Marks, and other aspects related to the development, equipping, opening, and operation of Restaurants. You acknowledge that all of the System Standards are proprietary and important to us and our other franchisees. However, you acknowledge that we have the right to vary the standards

and specifications, in our reasonable judgment, to accommodate circumstances of individual franchisees.

6.2 Products and Services You May Offer. You may offer customers only the products and services that we have expressly authorized your Franchised Business to offer, as we have the right to specify in the Manuals or otherwise from time to time. We have the right to change the authorized products and services, and we may designate specific products and services as optional or mandatory. You acknowledge that we may approve some services, products and other items for certain franchisees and not others based on legitimate business reasons. You are responsible for determining what additional laws and licensure requirements may apply to your Franchised Business based on the services that you are authorized to offer. If we permit you to offer catering or delivery services from the Franchised Business, you must maintain (or ensure that a third party service provider maintains) the condition and appearance of, and performs maintenance with respect to, vehicles, serve ware and equipment used in connection with the provision of catering and delivery services in accordance with our standards and specifications. If you or your affiliate (subject to our approval) provides catering or delivery services directly at any time during the Term (or any subsequent term), you must ensure that all catering and delivery drivers strictly comply with all applicable laws and maintain adequate motor vehicle liability insurance in the amounts that we periodically specify. We may designate from time to time standards and specifications for any vehicle used in connection with the Franchised Business including, but not limited to, a vehicle wrap.

6.3 Sourcing of Other Products, Equipment and Supplies.

6.3.1 Without limiting Section 6.2 above, we have the right to require that all of the software, equipment, supplies, ingredients, materials, and other items, products and services used or offered for sale at your Franchised Business: (a) meet specifications that we establish from time to time; and/or (b) be purchased only from suppliers that we have expressly approved; and/or (c) be purchased only from a limited number of suppliers or a single source (which may include us or our affiliates). To the extent that we establish specifications, require our approval of suppliers, or designate specific suppliers for particular items, we will publish our requirements in the Manuals. Notwithstanding the foregoing, we will not require you to purchase equipment and supplies through our preferred network of suppliers, provided that any items you purchase from other sources meet our requirements.

6.3.2 If you would like to use or offer items, equipment, supplies, and other materials, products and services that we have not approved, or to purchase from a vendor, supplier, distributor, or other source (together, “**supplier(s)**”) that we have not approved, then you must submit to us a written request for approval at the time and in the manner we designate. We reserve the right to require that such requests are made no more than once per quarter. We have the ongoing right to inspect any proposed supplier’s facilities and to test samples of the proposed equipment, products or services. You agree to pay us an amount equal to the reasonable cost of the inspection and our actual cost of testing the proposed equipment, product or service, including personnel

and travel costs, but in no event less than one hundred dollars (\$100) per proposed brand, whether or not we ultimately approve the supplier. We have the right to grant, deny, or revoke approval of equipment, products, services, and suppliers. We will notify you in writing of our decision as soon as practicable following our evaluation. We reserve the right to reinspect the products of any approved supplier and to revoke approval if we find that the supplier fails to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to immediately stop buying products or services from the disapproved supplier and, in the case of revocation based on failure of products to meet our standards, you agree to dispose of your remaining inventory of the disapproved supplier's products as we direct.

6.3.3 If you wish to test market a product, service or other item that we have not approved, then, so long as we have given you our prior written approval, you may do so for so long, and on such terms, that we mutually agree upon (a "**Test**"), and the item so tested, and all associated plans and materials, will become our property. If, following the Test, we determine that we will approve the tested item, then for so long as we deem that item to be an "approved item" under this Agreement, you will have the right to use that item under the terms of this Agreement; and we will have the right to use and market that item as we see fit, including but not limited to use in our own Restaurants and the Restaurants of our affiliates as well as Restaurants of other licensees and franchisees, without compensation to you. You agree to sign such documents (and require your employees and any independent contractors that you have engaged to sign such documents) as we may require in order to implement the provisions of this Section 6.3.3.

6.3.4 We and our affiliates have the right to receive, collect and retain payments, manufacturing allowances, marketing allowances, rebates, credits, monies, or benefits (collectively, "**Allowances**") offered by suppliers to you or to us or our affiliates based upon your and/or other franchisees' purchases of products and services. These Allowances may be based on individual or network-wide purchases of products and services. You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us or our designee to collect and retain any or all such Allowances without restriction (unless otherwise prohibited by the supplier). We may use all amounts so received for any purpose we and our affiliates deem appropriate.

6.4 Operating Principal and Management Supervision

6.4.1 We recommend that you own and operate the Franchised Business as a corporation, partnership or limited liability company, but encourage you to obtain legal and tax advice with respect to this issue. If you are a corporation, partnership or LLC, you must have an individual owner serve as your Operating Principal. The Operating Principal must supervise the operation of the Restaurant and must own at least twenty-five percent (25%) of the voting and ownership interests in the franchisee entity, unless you obtain our prior written consent for the Operating Principal to hold a smaller interest. The Operating Principal must serve as the Manager, or the Operating Principal may, subject to our prior consent, have a less active role in the daily

operations of the Franchised Business, and be a more passive investor. But in this latter situation, the Operating Principal must have a significant ownership interest in you. The Operating Principal must successfully complete our training program, must have authority over all business decisions related to the Franchised Business, and must have the power to bind you in all dealings with us. You may not change the Operating Principal without our prior approval.

6.4.2 The Operating Principal and/or Manager must spend, collectively, such minimum of hours per week or month at the Premises as we may specify in the Manuals from time to time actively supervising the Franchised Business. At all times that the Franchised Business is operating, you must comply with our requirements, which we will specify in the Manuals from time to time, for the supervision and operation of the Franchised Business.

6.4.3 All persons with any direct or indirect ownership interest in Franchisee, along with their spouses, must sign a personal guarantee in the form attached to this Agreement as Appendix C and must sign the confidentiality and non-competition covenants in the form attached to this Agreement as Appendix G. If any Guarantor gets married during the Term (including any renewal term), you must immediately notify us of such new spouse and immediately provide us with executed forms of Appendix C and Appendix G that have been executed by such spouse.

6.5 **Image Standards.** You must keep the Premises and equipment used in the Franchised Business and/or by your employees at a standard of appearance and repair equivalent to that of the Restaurants operated by us or our affiliates, in accordance with our standards and specifications, including but not limited to those set out in our Manuals. To promote a consistent brand experience, we reserve the right to require that your employees comply with any branded attire requirements or standards that we may require, and/or otherwise identify themselves with the Proprietary Marks at all times in the manner we specify while working at a Restaurant.

6.6 **Employment Responsibilities.** You have sole responsibility for all employment decisions and functions related to your Franchised Business, including hiring, firing, compensation, benefits, work hours, work rules, record-keeping, scheduling, supervision, and discipline of employees, notwithstanding any suggestions, advice, guidelines, programs or training that we may offer. You and your managers must comply with all federal, state and local laws and regulations regarding employment-related matters. You acknowledge and agree that all personnel decisions will be made by you, without any influence or advice from us. You must take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet any minimum standards that we may establish from time to time in the Manuals. To the extent that we may provide suggested or mandatory standards regarding the minimum number of employees, those standards are designed solely to meet the anticipated volume of business, preserve good customer relations, and to achieve the goals of the System. Further, it is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason. You hereby acknowledge and agree

that if we incur any cost, loss, or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for such loss.

6.7 Customer Service Program. You acknowledge that providing superior customer service is a vital component of the System, and a requirement under the System Standards. You must participate in customer service programs that we have the right to specify from time to time in the Manuals. Such programs may include the use of comment cards, independent evaluation services to conduct “secret shopper” quality control, customer satisfaction surveys, or any other quality control or evaluation programs. If you receive an unsatisfactory or failing report in connection with any such program, you must immediately implement any remedial actions we require and pay us all expenses we incurred to have the evaluation service evaluate the Franchised Business, and all expenses we may incur to inspect the Franchised Business thereafter.

6.8 Inspections. We have the right, at any time during normal business hours: (i) to conduct inspections of the Franchised Business; (ii) to interview your employees and customers; and (iii) to review your business records (including, without limitation, those relating to inventory), including those maintained electronically or off premises. We can initiate these actions with or without prior notice to you. You must cooperate with such inspections by giving our representatives unrestricted access and rendering such assistance as our representatives may reasonably request. If we notify you of any deficiencies after the inspection, you must promptly take steps to correct them. If you fail to correct any deficiencies within a reasonable time, we have the right to correct such deficiencies and to invoice you for our expenses. Inspections shall be conducted in such a manner that they do not materially interfere with the conduct of your business. In addition, to promote, preserve and protect the brand and the Proprietary Marks, customers must be engaged with in a professional and respectful businesslike manner. You must diligently fulfill your obligations. In the event we become aware of a customer complaint or conduct detrimental to the brand, we may conduct investigations, interviews, and other inquiries as we deem necessary, and we may require that you resolve all complaints and eliminate harmful conduct to our satisfaction in order to preserve the value of the brand and System.

6.9 Compliance with Laws. You agree to operate the Franchised Business in full compliance with all applicable municipal, county, state, and federal laws, rules, regulations, and ordinances including, without limitation, laws and regulations regarding the operation of businesses of this nature. You have sole responsibility for compliance with all laws despite any information or advice that we may provide. (To the extent that the requirements of those laws are in conflict with the terms of this Agreement, the Manuals, or our other instructions, you must: (a) comply with those laws; and (b) immediately give us written notice of the conflict.)

6.10 Maintenance of Premises; Compliance with Lease. You must at all times maintain the Franchised Business in a high degree of sanitation, repair, and condition, and must make such additions, alterations, repairs, and replacements (but no others without our prior written consent) as may be required for that purpose, including,

without limitation, such periodic repainting and/or replacement of obsolete signs, furnishings, equipment, and decor as we may reasonably direct. We are entitled to recover from you any amounts we pay to your lessor to cure your defaults under your lease (including interest) and our reasonable collection costs, including reasonable attorneys' fees and expenses.

6.11 Ongoing Upgrades. Throughout the Term (including any renewal terms) of this Agreement, you must maintain all of the fixtures, furnishings, equipment, decor, and signs that we prescribe from time to time in the Manuals or that are otherwise communicated to you in writing or through electronic or other formats. If we determine that additional or replacement equipment is needed because of a change in the System, a change in technology, customer concerns, or safety considerations, or because of any other reason, you agree that you will install the additional equipment or replacement equipment within the reasonable time we specify.

6.12 Refurbishment and Renovations. Prior to any grant of a Successor Franchise Agreement, and otherwise upon our request, you must refurbish and renovate the Premises at your expense. We may require that you refurbish and renovate your Premises to conform to the design, signage, trade dress, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then-current image for new Restaurants. Such refurbishment and renovation may include structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements, and must be completed pursuant to such standards, specifications, and deadlines as we may reasonably specify.

6.13 Insurance.

6.13.1 Types and Amounts of Coverage. Throughout the entire Term (including any renewal terms), you must maintain such types of insurance, in such amounts, as we may require. Such insurance is in addition to any other insurance that may be required by applicable law, your landlord, or otherwise. Policies that we require must be written by an insurance company reasonably satisfactory to us with an A.M. Best rating of "A" or better, must name us and our affiliates as additional insured parties on all applicable policies, and which shall apply on a primary and non-contributory basis. Subrogation shall be waived on each applicable policy where allowed by applicable law. All policies must be written on an "occurrence" basis (unless otherwise specified in this Agreement or in the Manuals).

We require you to maintain certain insurance coverages from time to time, which currently includes the following:

- a) 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;

- b) 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 Two Million Dollars (\$2,000,000) for any one (1) 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 Three Million Dollars (\$3,000,000) 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 One Hundred and Eighty (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;
- 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 Two Hundred and Fifty Thousand Dollars (\$250,000) per occurrence and aggregate;
- such other insurance, in such amounts, as we reasonably require for our and your protection; and
- any insurance coverage that we may designate and require in connection with any vehicle that may be associated with the Franchised Business or that may display our Proprietary Marks.

For the avoidance of doubt, you must also obtain such other insurance coverage as reasonably required by us or your landlord from time to time.

At any time, we may adjust the amounts of coverage required under such insurance policies and require different or additional kinds of insurance, including, without limitation excess liability insurance. We may also require that you purchase all coverage that is required under this Agreement from a designated insurance broker.

6.13.2 Evidence of Insurance. By the dates specified below, an approved insurance company must issue a certificate of insurance, endorsement, insurance declaration, and/or other document that we may request (collectively, "certificates") showing compliance with the insurance requirements in this Section 6.13 and you must furnish us with a paid receipt showing the certificate number: (a) thirty (30) days before beginning construction of the Premises; (b) if the Premises is constructed and presently owned or leased by you, ten (10) days from the Agreement

Date; or (c) if the Premises are not presently owned or leased, ten (10) days after ownership of the Premises is conveyed to you or you sign a lease for the Premises. The coverage set forth in the policy or policies may not be canceled, or not renewed, or materially altered without at least thirty (30) days prior notice to you and us. The certificate shall include such notices and provisions as provided for in this Agreement and in the Manuals, and as required or permitted by law. You shall obtain such endorsements added to the policies to carry out the requirements in this Agreement. Upon our request, you must supply us with copies of all insurance policies and proof of payment. Every six (6) months, and upon our request, you must send us current certificates of insurance and, if we so request, copies of all insurance policies, endorsements, and riders, or other documents that we may specify. Also, your employees must be covered by your worker's compensation insurance policy prior to commencing training with us, and you must provide evidence of such coverage if requested by us.

6.13.3 Requirements for Construction and Renovation. In connection with any construction, renovation, refurbishment, or remodeling of the Premises, you must cause the general contractor to maintain commercial general liability insurance. Such insurance must be in the amount that we specify. The policies must name us and our affiliates, and our and our affiliates' officers, directors, agents, employees and members, as additional named insured parties, as our respective interests may appear, and loss payee with regard to the product purchased from us. You must also cause the general contractor to maintain worker's compensation and employer's liability insurance as may be required by law.

6.13.4 Our Right to Participate in Claims Procedure. We, or our insurer, may participate in discussions with your insurance company or any claimant (in conjunction with your insurance company) regarding any claim.

6.13.5 Waiver of Subrogation. To the extent this Section 6.13 may be effective without invalidating, or making it impossible to secure, insurance coverage from responsible insurance companies that are doing business in your state (even though an extra premium may result), with respect to any loss covered by insurance you then carry, your insurance company(ies) will not have any right of subrogation against our insurance company.

6.13.6 Effect of Our Insurance. Your required insurance policies shall be written on a primary and non-contributory basis in favor of us and our affiliates. Any insurance that we maintain does not in any way limit or affect your obligation to obtain and maintain the foregoing policy or policies in the amounts specified in this Section. Our performance of your obligations will not relieve you of liability under the indemnity provisions set forth in this Agreement.

6.13.7 Your Failure to Maintain Insurance. If, for any reason, you fail to procure or maintain the insurance required by this Agreement (as we may revise from time to time), we have the right (but not the duty) to procure such insurance. If we do so, we may charge the cost of such insurance, plus interest at the contract interest rate, to

you. Upon demand, you must immediately pay us such charges, together with a reasonable fee for our expenses in so acting.

6.13.8 **Group Insurance.** We may make available to you insurance coverage through group or master policies we arrange (such as relating to property and casualty, worker's compensation, liability and health, life and disability insurance).

6.14 **Vendors.** You agree to promptly pay, when due, all trade creditors and vendors (including but not limited to any that are affiliated with us) that supply goods and/or services to you in connection with operating your Franchised Business.

6.15 **Prices.** With respect to the sale of all services and products, you will have sole discretion as to the prices to be charged to customers; provided, however, that, subject to compliance with applicable federal and state laws, we may set minimum or maximum prices on such services and products including, without limitation, limits on the number and/or value of free, low-cost, or discounted services or products that you and/or other franchisees or Restaurants may offer. If we have imposed such a minimum or maximum price or other restrictions on a particular service or product, you may not charge a price for such service or product that is less than the minimum price, or greater than the maximum price, set by us.

6.16 **General Advice.** From time to time, and to the extent that we deem appropriate, we will make available to you information about new developments, techniques, and improvements in the areas of operations, management, and marketing, if you are in good standing, to the same extent as we make the information available to other L & L Hawaiian Barbecue franchisees in good standing. We may accomplish this Section through the distribution of printed or filmed material, an extranet or other electronic forum, meetings or seminars, individual or group counseling, training programs, telephone communications, or other forms of communications.

6.17 **Special Assistance.** If you request, and we can reasonably accommodate such request, we will furnish non-routine guidance and assistance to deal with your unusual or unique operating problems at reasonable per diem fees and charges that we periodically establish, as well as our out-of-pocket expenses.

6.18 **Credit Cards and Other Methods of Payment.** At all times, you must maintain credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, credit card gateways, and electronic-funds-transfer systems that we designate as mandatory, and you must not use any such services or providers that we have not approved in writing or for which we have revoked our approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider. You must comply with all of our credit-card policies, including minimum purchase requirements for a customer's use of a credit card as prescribed in the Manuals. You must comply with the Payment Card Industry Data Security Standards ("PCI DSS") as they may be revised and modified by the Payment Card Industry Security Standards Council (see

www.pcisecuritystandards.org), or such successor or replacement organization and/or in accordance with other standards as we may specify, and the Fair and Accurate Credit Transactions Act (“FACTA”). You must also upgrade periodically your POS System (as defined in Section 10.6 below) and related software, at your expense, to maintain compliance with PCI DSS, FACTA, and all related laws and regulations.

6.19 Conferences. At our option, we may conduct annual conferences or conventions, which may include training sessions. We may require your Manager and other designated Owners and employees to attend the conferences. At our option, we may require you to be solely responsible for all costs incurred by you and your Owners and employees in attending any conferences or conventions.

6.20 Certification of Performance. We may request that you execute a certificate (the “**Certification of Performance**”), in a form we provide, no sooner than ninety (90) days after the opening of your Franchised Business, to confirm that we have performed our preopening obligations under this Agreement. If we make this request, you must execute and deliver the Certification of Performance to us within three (3) business days of our request, unless you reasonably believe that we have not performed all our preopening obligations under this Agreement. In the latter case, you must, within the three (3)-day period, provide us with written notice specifically describing the obligations that we have not performed, and we will have a reasonable time to perform any such obligations. Not later than three (3) business days after we complete all the obligations specifically described in your notice, you must execute and deliver the Certification of Performance to us, even if we performed such obligations after the time performance was due under this Agreement. The term “preopening obligations” means such of our obligations to you under this Agreement that must be performed before the date the Franchised Business opens.

6.21 Franchisee Advisory Council. At our option, we have the right to create a “**Franchisee Advisory Council**,” or similar advisory group, for the purpose of fostering communication among and between franchisees and us and our affiliates, as well as to establish, modify or discuss various policies applicable to Restaurants operating under the System. If and when we create a Franchisee Advisory Council, we have the right to require that you participate in such Franchisee Advisory Council meetings and programs as we may designate. You will be responsible for any costs and expenses that you incur in participating in the Franchisee Advisory Council including, without limitation, the costs of transportation, lodging, and meals.

6.22 System Modifications. You acknowledge and agree that from time to time hereafter we may change or modify the System as we deem appropriate, including, without limitation, to reflect the changing market and/or to meet new and changing consumer demands, and that variations and additions to the System may be required from time to time to preserve and enhance the public image of the System and operations of Restaurants. Our changes to the System may include, without limitation, the adoption and use of new or modified products, services, equipment and furnishings and new techniques and methodologies relating to the sale of products or the delivery of services, and new trademarks, service marks and copyrighted materials.

Notwithstanding the provisions and limitations of Sections 6.11 and 6.12, you must, upon reasonable notice, accept, implement, use and display in the operation of the Franchised Business any such changes in the System, as if they were part of this Agreement at the time of execution hereof, at your sole expense. Additionally, we reserve the right, in our sole discretion, to vary the standards throughout the System, as well as the services and assistance that we may provide to some franchisees based upon the peculiarities of a particular site or circumstance, existing business practices, or other factors that we deem to be important to the operation of any Restaurant or the System. You will have no recourse against us on account of any variation to any franchisee and will not be entitled to require us to provide you with a like or similar variation hereunder.

7. PROPRIETARY MARKS, COPYRIGHTS AND OTHER INTELLECTUAL PROPERTY RIGHTS

7.1 Your Right to Use the Proprietary Marks. We or our affiliates are the owners of all right, title, and interest in and to the Proprietary Marks. Your right to use the Proprietary Marks applies only to the Franchised Business operated from the Premises as expressly provided in this Agreement. During the Term of this Agreement and after its expiration or termination, you agree that you must not directly or indirectly contest, or aid in contesting, the validity or ownership of the Proprietary Marks or take any action detrimental to our or our affiliate's rights in the Proprietary Marks.

7.2 Your Acknowledgments. You acknowledge that: (a) the Proprietary Marks serve to identify our services and the businesses operating under the System; (b) your use of the Proprietary Marks under this Agreement does not give you any ownership interest in them; and (c) all goodwill associated with and identified by the Proprietary Marks inures exclusively to our and our affiliates' benefit and is our and our affiliates' property. Upon the expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under this Agreement.

7.3 Limitations on Use of the Proprietary Marks. You agree:

7.3.1 To use only the Proprietary Marks we designate, and only in the manner we authorize;

7.3.2 To use the Proprietary Marks only for the operation of the Franchised Business and only at the Premises, or in advertising we have approved for the business conducted at the Premises, or at any approved off-site activity;

7.3.3 To operate and advertise the Franchised Business only under the name "L & L Hawaiian Barbecue," and any other mark we may authorize, without prefix or suffix;

7.3.4 To ensure that the Proprietary Marks are used together with the symbols (such as "®", "TM", or "SM") that we require from time to time;

7.3.5 To permit us or our representatives to inspect your operations to ensure that you are properly using the Proprietary Marks;

7.3.6 To use the Proprietary Marks to promote and to offer for sale only the products and services that we have approved, and not use any Proprietary Marks in association with any products or services that we have not approved or any products or services of others;

7.3.7 Not to use or permit the use or display of the Proprietary Marks as part of any internet domain name or website, or any other electronic identifier (including but not limited to email addresses, account names in a social media site, and the like) of you or the Franchised Business in any forum or medium;

7.3.8 Not to use the Proprietary Marks to incur any obligation or indebtedness on our or our affiliates' behalf;

7.3.9 Not to use any of the Proprietary Marks as part of your corporate or legal name;

7.3.10 That your use of the Proprietary Marks does not give you any ownership or other interest in or to the Proprietary Marks (except the license granted by this Agreement);

7.3.11 To accept the validity of the Proprietary Marks as they exist now and in the future and agree that you will not contest the validity of any of the Proprietary Marks at any time;

7.3.12 Not to use the Proprietary Marks in any illegal or improper manner, and not to use the Proprietary Marks in any manner that will or may cause the Proprietary Marks or the network of Restaurants to be subject to any ill repute or negative publicity; and

7.3.13 To comply with our instructions in filing and maintaining trade name or fictitious name registrations, and sign any documents we deem necessary to obtain protection of the Proprietary Marks or to maintain their continued validity and enforceability.

7.4 Changes to the Proprietary Marks. We and/or our affiliates have the right, upon reasonable notice, to change, discontinue, or substitute for any of the Proprietary Marks and to adopt new Proprietary Marks for use with the System without any liability for any diminishment of the brand. You agree to implement any such change at your own expense within the time we reasonably specify.

7.5 Third-Party Challenges. The parties agree as follows:

7.5.1 You agree to promptly notify us if you learn of any suspected infringement of the Proprietary Marks, any challenge to the validity of the Proprietary

Marks, or any known challenge to our or our affiliates' ownership of, or your right to use, the Proprietary Marks.

7.5.2 You understand and agree that we and our affiliates will have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of such a matter. You also understand and agree that we and our affiliates have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

7.5.3 If you have used the Proprietary Marks in accordance with this Agreement and our other written instructions, then we will defend you, at our expense, against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use of those marks. If you have used the Proprietary Marks but not in accordance with this Agreement or our other written instructions, then we will still defend you, but at your expense, against such third party claims, suits, or demands; and you agree to pay all of our expenses (including but not limited to attorney's fees and any settlements or judgments) when we ask that you do so. In any case, though, you will be responsible for your staff's payroll and related costs.

7.5.4 If we or our affiliates undertake the defense or prosecution of any litigation relating to the Proprietary Marks, you agree to execute any and all documents and do the things that our counsel deems necessary to carry out such defense or prosecution (including, but not limited to, becoming a nominal party to any legal action).

8. BUSINESS RECORDS AND REPORTING

8.1 **Business Records.** You agree to keep complete and accurate books, records, and accounts of all business conducted under this Agreement, in the form and manner prescribed in the Manuals or other written instructions. You must prepare annual budgets in the form and at such times as we may specify in the Manuals. You must prepare and maintain all books and records required under this Agreement and as prescribed by us during each fiscal year during the term of this Agreement, and you must preserve all of your books and records in at least electronic form for at least ten (10) years (or a longer period if required by law) from the date of preparation. To the extent books and records are created and/or maintained in an electronic form, all such books and records must be capable of being reviewed by us or our designee without special hardware or software.

8.2 Reports and Financial Statements.

8.2.1 Your fiscal year and accounting periods for reporting and payment purposes must be the same as ours. We currently divide each fiscal year into twelve (12) periods, each of which is termed a "**Period**." We reserve the right to modify this from time to time.

8.2.2 You agree to submit financial and operational reports and records and documents to us at the times and in the manner specified in the Manuals or other written instructions. You agree to submit the following: (a) within thirty (30) days after the

end of each calendar quarter, an income statement and such other data and reports as we may require for the recently concluded quarter, and (b) if we so request, within ninety (90) days of the end of each fiscal year, an annual balance sheet and income statement and such other data and reports as we may require for the recently concluded year. Upon our request, each such annual financial statement must be prepared by an independent certified public accountant acceptable to us (subject to Section 8.4 below) and use our chart of accounts and format. You or the Operating Principal must certify that the quarterly income statements are correct and complete and that they have been prepared in accordance with generally accepted accounting principles in the U.S. You must also submit to us a complete photocopy of the Franchised Business's annual federal and state income tax returns when you file such reports with the appropriate tax authorities, and such additional information or reports as we may require regarding state monthly sales income tax returns that you are required to prepare and file. If the financial and operational reports and records and documents are not provided to us at the times and in the manner specified in the Manuals or other written instructions, we have the right to charge you up to two thousand dollars (\$2,000) for each failure to report on time and/or in the manner specified.

8.2.3 If we request in writing, you agree that your financial institution is authorized to send us a monthly statement of all activity in the designated account (and such other reports of the activity in the operating account as we reasonably request) at the same time as it sends such statements to you. You also agree to sign such documents as your financial institution may require in order to implement this provision.

8.2.4 If you maintain other accounts of any type for the Franchised Business, you agree to provide us with a written description of those accounts and copies of the monthly statements for all such accounts and the details of all deposits to, and withdrawals from, those accounts. Within ten (10) days of our written request, you must also provide us with copies of monthly statements for any and all of your Owners' personal accounts and the details of all deposits to, and withdrawals from, those accounts.

8.2.5 We may use all such financial information, data, and reports, and any other information that you provide or that we collect, in any manner that we choose, including, without limitation, providing financial and operating reports to franchisees and operators operating under the System, preparing franchise disclosure documents, providing information to prospective franchisees, and in complying with government regulations.

8.3 **Examination and Audit Rights.** We have the right, both during and after the Term of this Agreement, to inspect, copy and audit your books and records, your federal, state and local tax returns, and any other forms, reports, information or data that we may reasonably designate. We will provide you ten (10) days' written notice before conducting an in-person financial examination or audit. We may conduct the examination or audit at our offices or those of a third party, in which case we may require you to send us your records. If the examination or audit reveals an understatement of Gross Sales, you must immediately pay us any Royalty fees,

Advertising Contributions, or other amounts owing, plus late fees and interest as provided in Section 3.6. If Gross Sales have been understated by more than 2% for the period covered by the examination or audit, you must also: (1) reimburse us for the full reasonable cost of the examination or audit, including travel, lodging, meals, and wages of our representatives and the legal and accounting fees of any attorneys or independent accountants we use for the examination or audit, and (2) at our request, thereafter provide us with periodic audited financial statements. If you have understated Gross Sales by two percent (2%) or more on three (3) or more occasions in any twelve-month period, or by five percent (5%) or more for any period of four (or more) consecutive weeks, we have the right to terminate this Agreement with no opportunity for cure. The foregoing remedies are in addition any other remedies and rights available to us under this Agreement or applicable law.

8.4 Accounting and Back-Office. We have the right to require that you use an independent bookkeeper and/or independent accounting firm and/or services and programs that we designate in writing for all such requirements of your Franchised Business. If we make such a designation, you agree to promptly work and cooperate with the designated bookkeeper and/or accountant. You must pay the designated service or company the fees and costs charged by the service or company, use the online, electronic, and paper reporting systems specified by the service or company, and submit to us reports that we require under this Agreement or in the Manuals. You agree to provide to the service or company complete and accurate information that we or the service or company requires, and agree that we will have full access to the data and information that you provide to the accounting or bookkeeping service or company or through the designated program. We also have the right to require you to use accounting, recordkeeping and bookkeeping software and programs that we designate, and to record data and prepare reports that we specify.

8.5 Governing Documents. If you are a corporation, partnership, LLC, or LLP, or transfer this Agreement to a corporation, partnership, LLC, or LLP, then, upon our request, you must provide to us a list of holders of direct or indirect equity interests and their percentage interests, as well as copies of your governing documents and any other corporate documents, books, or records. The Owners may not enter into any shareholders' agreement, management agreement, voting trust or other arrangement that gives a third party the power to direct and control your affairs without our prior written consent. Throughout the Term of this Agreement, your governing documents (and those of your ultimate parent) must provide that no transfer of any ownership interest may be made except in accordance with Section 14 of this Agreement. Any securities that you issue must bear a conspicuous printed legend to that effect.

9. ADVERTISING AND CREATIVE FUND

Recognizing the value of advertising and marketing, and the importance of the standardization of advertising and marketing programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

9.1 Advertising and Creative Funds. We have the right to establish, at any time, the National Brand Fund and Regional Funds, as described in this Section 9.

9.2 Advertising Obligation. For each month during the Term of this Agreement, you must contribute monies to the National Brand Fund (as described in Section 9.3 below), contribute monies to a Regional Fund (as described in Section 9.4 below), and/or spend amounts on local marketing (as described in Section 9.5 below) which, in the aggregate, are equal to the amount that we prescribe from time to time (the “**Advertising Obligation**”). Currently, the Advertising Obligation is equal the amount set forth in Appendix A.

9.2.1 We will specify the respective portions of the Advertising Obligation that you must contribute to the National Brand Fund, contribute to any Regional Fund, and/or spend directly on local advertising and promotion, and we may adjust the respective portions from time to time. As of the Effective Date, you must spend the amount set forth in Appendix A, as required under Section 9.5 below; provided, however, that the local advertising expenditure need not be made every month, but must be made annually, as further described in Section 9.5 below.

9.2.2 We have the right, upon written notice to you, to increase the Advertising Obligation to five percent (5%) of Gross Sales.

9.2.3 For all company-owned or affiliate-owned Restaurants, we or our affiliates will contribute to the National Brand Fund and/or a Regional Fund on the same basis as franchisees; provided, however that moneys that we or our affiliates spend on activities, materials or products to advertise and promote the System and Restaurants (which may include costs for our Website and online advertising (other than advertising primarily targeted toward the sale of franchises)) will be credited towards our or our affiliates' contribution obligations.

9.2.4 The Advertising Obligation will be in addition to any advertising, marketing, or promotional payments, contributions, or actions required under your lease for the Restaurant.

9.3 National Brand Fund.

9.3.1 We have the right to establish, maintain, and administer, a system-wide advertising, marketing, promotional, and creative fund (the “**National Brand Fund**”) for the “L & L Hawaiian Barbecue” brand and Restaurants. If so required by us, you must contribute each month to the National Brand Fund in the amount specified in Section 9.2 above.

9.3.2 We have the right to determine the proper operation and other decisions of the National Brand Fund. We may use your contributions to and any earnings on contributions to the National Brand Fund for any costs associated with advertising, marketing, public relations, and/or promotional programs and materials, and any other activities we believe would benefit the “L & L Hawaiian Barbecue” brand and the network of Restaurants generally. The National Brand Fund may be used for a

variety of purposes and purchases, including, without limitation, hiring and/or retaining internal and/or third parties to develop and create advertising, marketing, promotional, social media and/or public relations materials, programs, campaigns, and media; developing, creating, planning and purchasing advertising campaigns in various media; purchasing media space or time (including all associated fees and expenses); developing and implementing direct mail advertising; employing advertising and/or public relations agencies; conducting and administering promotions, contests, giveaways, public relations events, community involvement activities, etc.; purchasing promotional items; developing new or modified trade dress and marks; developing point-of-purchase (POP) materials, designs and photographs; conducting and administering visual and other merchandising programs; administering regional and multi-regional marketing and advertising programs; conducting market research and customer satisfaction surveys; developing and implementing customer loyalty and gift card programs and customer retention programs; the creative development of, and actual production associated with, print/radio/television/outdoor/electronic ads, direct mail, press releases, premium items, giveaways, promotions, contests, public relation events, and charitable or non-profit events; developing, implementing and maintaining an electronic commerce website and/or related strategies; creating, maintaining and developing one or more websites or social media platforms devoted to the System, the Proprietary Marks and/or the L & L Hawaiian Barbecue brand (but not the costs for activities principally directed toward soliciting or promoting the sale of new franchises); developing and implementing training programs for customer retention, and for customer service; and providing promotional and other marketing materials and services to the Restaurants operated under the System. The National Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services or improvements approved in advance by us, which products, services or improvements we will have the right to determine will promote general public awareness and favorable support for the System; and providing promotional and other marketing materials and services to our franchisees, and any other activities which we believe will enhance the image of the System. We have the right to direct all marketing programs, with the final decision over creative concepts, materials, and media used in the programs and their placement. We do not guarantee that you will benefit from the National Brand Fund in proportion to your contributions to the National Brand Fund.

9.3.3 We will deposit all contributions to the National Brand Fund in an account separate from our other funds and will not use them to defray any of our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the National Brand Fund or the management of National Brand Fund-supported programs (including full or partial salaries of our personnel who devote full- or part-time services to National Brand Fund activities).

9.3.4 We may make, or refrain from making, any expenditures for advertising and promotional activities. In any calendar year, we may spend more or less than that year's aggregate Advertising Contributions to the National Brand Fund. We may have the National Brand Fund borrow from us or other lenders to cover any

National Brand Fund deficits. We may have the National Brand Fund invest any surplus for the National Brand Fund's future use.

9.3.5 We will make available to you, at a reasonable cost, any promotional materials produced with National Brand Fund monies, and we will deposit the proceeds of those sales into the National Brand Fund account. We are not required to have an independent audit of the National Brand Fund completed. We will make available, and will provide electronically or in writing, an unaudited statement of contributions and expenditures for the National Brand Fund sixty (60) days after the close of our fiscal year to franchisees that make a written request for a copy.

9.3.6 With respect to maintaining, operating, or administering the National Brand Fund, we are not a trustee or fiduciary and assume no other direct or indirect liability or obligation to you.

9.3.7 At any time, we may stop collecting and disbursing advertising contributions and terminate the National Brand Fund. It will not be terminated, however, until all monies in the National Brand Fund have been expended for marketing purposes.

9.4 **Regional Fund.** We have the right to designate any geographical area for purposes of establishing a regional marketing or cooperative fund ("**Regional Fund**"). If we have established a Regional Fund for the geographic area in which your Franchised Business is located by the time you commence operations hereunder, you must immediately become a member of such Regional Fund. If we establish a Regional Fund for the geographic area in which your Franchised Business is located during the Term of this Agreement, you must become a member of such Regional Fund within thirty (30) days after the date on which the Regional Fund commences operation. In no event will you be required to be a member of more than one Regional Fund. The following provisions will apply to each such Regional Fund:

9.4.1 Each Regional Fund will be organized and governed in a form and manner, and will commence operations on a date, that we have approved in advance in writing.

9.4.2 Each Regional Fund will be organized for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized promotional materials for use by the members in local marketing and promotion.

9.4.3 To the extent the Regional Fund is permitted or wishes to develop advertising, marketing, or promotional plans or materials, such advertising, marketing, or promotional plans or materials may not be used by the Regional Fund or furnished to its members without obtaining our prior approval pursuant to the procedures and terms as set forth in Section 9.7 below.

9.4.4 You must contribute each Period (commencing from the time we establish the Regional Fund) to the Regional Fund as provided in Section 9.2, and

submit with such contributions such statements or reports as we, or the Regional Fund with our prior written approval, may require. If we request, you must submit your Regional Fund contribution and reports to the Regional Fund directly or to us for distribution to the Regional Fund.

9.4.5 Unless we designate otherwise in writing when we establish a Regional Fund, we will administer the Regional Fund in the same manner as described in Section 9.3 regarding the National Brand Fund.

9.4.6 Although once established, each Regional Fund is intended to be of perpetual duration, we maintain the right to terminate any Regional Fund. A Regional Fund will not be terminated, however, until all monies in that Regional Fund have been expended for marketing and/or promotional purposes.

9.5 **Local Marketing.** Beginning on the date the Franchised Business opens and continuing during the Term of this Agreement, we may require that you spend on local marketing of the Franchised Business amounts as required under Appendix A. If so required by us, you must make these local marketing expenditures on a quarterly basis, based upon your Gross Sales calculated for the current year on an annual basis, or at such other times as we may designate. Local marketing expenditures do not include the Grand Opening Advertising Program required under Section 9.6 below. Upon our request, you agree to submit to us, for our approval, an annual proposal and quarterly proposals detailing your plan for implementing your local marketing budget. At our request, you must submit appropriate documentation to verify compliance with the minimum spending obligation. All local advertising, marketing, and promotions by you must be in such media and of such types and format as we may approve; must be conducted in a dignified manner; and must conform to such standards and requirements as we may specify. You must not use any advertising, marketing materials or promotional plans unless and until you have received written approval from us, pursuant to the procedures and terms set forth in Section 9.7 below. We have the right to periodically designate in the Manuals the types of expenditures that will or will not count toward the minimum annual spending requirement. If you advertise jointly with other franchisees, your share of the cost will count toward your local spending requirement under this Section.

9.6 **Grand Opening Advertising Campaign.** If so required by us, you must conduct a “**Grand Opening Advertising Program**” for the Franchised Business during the period from sixty (60) days prior to opening the Franchised Business and up to ninety (90) days after the date the Franchised Business opens, spending the amount that is set forth on Appendix A. You must obtain our prior written approval as provided in Section 9.7 below before implementing any advertising plans and/or making any use or placement of advertising and promotional materials as part of the Grand Opening Advertising Program. You acknowledge that the Grand Opening Advertising Program may not be sufficient in all cases to develop adequate exposure to the services offered by your Franchised Business, and that it may be necessary for you to supplement the Grand Opening Advertising Program with additional advertising and promotional expenditures and efforts. You acknowledge that your expenditures for the Grand

Opening Advertising Program are in addition to local marketing expenditures required pursuant to section 9.5 above.

9.7 Advertising and Public Relations Approval. You agree to conduct all advertising and public relations (in any medium, including, without limitation, advertising and public relations that is conducted online or in a digital format) in a dignified manner and to conform to the standards and requirements we specify from time to time in the Manuals or other written materials. We will make available to you approved advertising, public relations and promotional materials, including, without limitation, signs, posters, collaterals, press releases, etc. that we have prepared. We will have the final decision on all creative development of advertising, public relations and promotional messages. You must submit to us in writing, for our approval before your use, all proposed plans, promotional materials, press releases and advertising that we did not prepare or approve in the previous year. If you do not receive our written approval within fourteen (14) days from the date we receive the material, the material is deemed disapproved. We reserve the right to require you to discontinue the use of any advertising, public relations or marketing materials.

9.8 Special Campaigns and Promotions. We may establish, and modify from time to time, social media campaigns, programs and policies, and/or other forms of special advertising campaigns and promotional events. You agree to participate in and comply with mandatory promotional activities and campaigns that we may prescribe from time to time for Restaurants generally or in specific geographic areas or for specific types of venues. You agree to bear your own costs of participating in such promotions. Any costs you incur to participate in such promotions will count toward your local advertising obligation under section 9.2.1. Without limiting the foregoing, these campaigns and programs may include:

9.8.1 online social media efforts and/or activities and events conducted through other media or in person.

9.8.2 programs and services for frequent customers and/or loyalty programs, which may include providing discounts or complimentary products or services. You agree to comply with all requirements that we or any designated third-party service provider may establish to carry out such programs, including, without limitation, payment of any fees, and purchasing and using additional equipment and services, which may include, without limitation, software, interface connections, and electronic funds transfer.

9.8.3 optional or mandatory programs for customer gift cards or certificates (together “**Gift Cards**”).

10. TECHNOLOGY

10.1 Computer System. We have the right to specify or require that certain brands, types, makes, and/or models of communications equipment, computer systems, and hardware be used by, between, or among Restaurants, and between and among

your Franchised Business, other Restaurants, and us, our designee and/or you, including without limitation: (a) back office, data, audio, video, voice storage, retrieval, and transmission systems; (b) point of sale systems (defined below); (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode (e.g., form of telecommunications connection) and speed (collectively, the “**Computer System**”).

10.1.1 We have the right, but not the obligation, to develop or have developed for us, or to designate:

(a) computer software programs and accounting system software that you must install and use in connection with the Computer System (the “**Required Software**”);

(b) updates, supplements, modifications, or enhancements to the Required Software and Computer System, which you must install and use;

(c) the tangible media upon which you must record or receive data;

(d) the database file structure of your Computer System; and

(e) an intranet for informational assistance, which may include, without limitation, the Manuals, other training assistance materials, and management reporting solutions; and

(f) answering service requirements and/or system-wide phone order processing of all orders.

10.1.2 You agree to install and use the Computer System and Required Software in the manner that we require.

10.1.3 You agree to implement and periodically upgrade and make other changes to the Computer System and Required Software as we may reasonably request in writing (collectively, “**Computer Upgrades**”).

10.1.4 You agree to comply with the specifications that we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at your expense. You also agree to afford us unimpeded access to your Computer System and Required Software in the manner, form, and at the times that we request.

10.2 **Ownership of Data.** To the extent that you collect information from customers and potential customers in connection with the Franchised Business (“**Customer Data**”), you agree that all Customer Data is deemed to be owned exclusively by us, and you also agree to provide the Customer Data to us at any time that we request you to do so. You have a royalty-free non-exclusive right to use Customer Data while this Agreement or a Successor Franchise Agreement is in effect,

but only in connection with operating the Franchised Business and only in accordance with the policies that we establish from time to time (which may include, without limitation, limitations or restrictions on the types of data that you may collect and/or use). You may not sell, transfer, or use Customer Data for any purpose other than operating the Franchised Business and marketing L & L Hawaiian Barbecue products and services. However, if you Transfer the Franchised Business (as provided in Section 14.3 below), as part of the Transfer, you may Transfer use of the Customer Data to the buyer for value. Notwithstanding the statements above in this Section 10.2, we may assign ownership of the Customer Data to you at any time, at our option, and after which assignment we shall have no ownership interest in or liability for such data.

10.3 Data Collection. We have the right to specify, from time to time, in the Manuals or otherwise in writing, the information, including, without limitation, the Customer Data, that you must collect and maintain on the Computer System, and you agree to provide us with the reports that we may reasonably request from the data so collected and maintained. You agree to enter into the Computer System, on a daily basis, or at such other intervals that we may require, all information and materials that we may require in connection with the Franchised Business, and to display such information and materials in the manner we may prescribe, including, without limitation, to employees of the Franchised Business.

10.4 You agree to abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information (including, but not limited to, wiretap, customer information, and data confidentiality laws) ("**Privacy Laws**").

10.4.1 You agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you must: (i) comply with the requirements of applicable law; (ii) immediately give us written notice of said conflict; and (iii) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to Privacy Laws within the bounds of applicable law.

10.4.2 You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

10.5 Website. We or our affiliates will maintain a website for the benefit of ourselves and Restaurants. You agree not to establish a website or permit any other party to establish a website that relates in any manner to your Franchised Business or refers to the Proprietary Marks, except as we may designate or approve in writing. We have the right, but not the obligation, to provide one or more references to or webpage(s) for your Franchised Business, as we may periodically designate, within our website. (The term "**website**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including but not limited to the internet, "world wide web", social networking sites (including but not limited to Facebook, X, TikTok, LinkedIn, Instagram etc.), blogs, vlogs, and other applications, etc.). If we ever do approve in writing a request for you to use a separate

website (although we are not required to permit you do so), then we have the right to require that you comply with the standards, specifications, conditions, and requirements relating to such websites that we may periodically prescribe in the Manuals or otherwise in writing. We may from time to time establish policies regarding social media as we determine appropriate for the System. Any use of social media using the Proprietary Marks is considered advertising, and you must comply with our social media and advertising policies, including approval requirements. We may modify these policies as we determine appropriate, including as available technologies and advertising methods change.

10.6 Point-of-Sale Systems. You must record all sales in computer-based point-of-sale systems that we have the right to designate or approve in the Manuals or otherwise communicate to you in writing or through electronic or other formats (“**Point-of-Sale Systems**” or “**POS Systems**”). The POS System is deemed to be part of your Computer System. You must utilize computer-based point-of-sale equipment which is fully compatible with any program or system which we have the right to designate and you must record all Gross Sales and all revenue information on such equipment.

10.7 Gift Cards. You must sell or honor Gift Cards only in accordance with the standards, policies, and requirements that we may specify from time to time. You must not sell, issue, or redeem Gift Cards other than gift cards we have approved in writing. Future Gift Card programs may require that you purchase and install software, hardware, and other items needed to sell and process Gift Cards, as we may specify in writing in the Manuals or otherwise. You may also be required to pay fees to a third-party vendor to administer the Gift Card program.

10.8 Electronic Use of the Proprietary Marks. You agree not to use or permit the use or display of the Proprietary Marks as part of any internet domain name or website, or any other electronic identifier (including but not limited to email addresses, account names in a social media site, and the like) of you or the Franchised Business in any forum or medium.

10.9 Use of Email and Other Electronic Communications. You agree not to use or permit the use or display of the Proprietary Marks as part of any email address. You must use, and only use, the email address and other identifiers we designate in connection with the business of the Franchised Business. You agree not to transmit or cause any other party to transmit advertisements or solicitations by telephone, text, or email or other electronic media without first obtaining our written consent as to: (a) the content of such communications; and (b) your plan for transmitting such communications. Our review of your advertisements or solicitations, or of your plan for transmitting such advertisements or solicitations, is only for our benefit and our review will pertain only to whether the proposed communications comply with our specifications. You agree that you will be solely responsible for complying with any laws pertaining to sending such communications, including but not limited to the Controlling the Assault of Non-Solicited Pornography and Proprietary Marketing Act of 2003 (known as the “**CAN-SPAM Act of 2003**”) and the Telephone Consumer Protection Act of 1991.

10.10 Changes to Technology. Because changes to technology are dynamic and not predictable within the Term of this Agreement, and in order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree: (a) that we will have the right to establish, in writing, reasonable new standards to address new technologies, and to implement those changes in technology into the System; and (b) to abide by our reasonable new standards as if this Section 10 were periodically revised for that purpose.

10.11 Email Communication. You agree that exchanging information with us by email is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely upon each other's use of email for communicating as part of the economic bargain underlying this Agreement. To facilitate the use of email to exchange information, you authorize the transmission of email by us and our employees, vendors, and affiliates (on matters pertaining to the business contemplated hereunder) (together, "**Official Senders**") to you and your employees during The term of this Agreement.

10.11.1 In order to implement the terms of this Section 10.11, you agree that: (a) you will cause your officers, directors, and employees (as a condition of their employment or position with you) to give their consent (in an email, electronically, or in a pen-and-paper writing, as we may reasonably require) to Official Senders' transmission of emails to those persons, and that such persons may not opt-out, or otherwise ask to no longer receive emails, from Official Senders during the time that such person works for or is affiliated with you; and (b) you will not opt-out, or otherwise ask to no longer receive emails, from Official Senders during the Term of this Agreement.

11. OPERATING MANUALS

We will provide you with electronic access to the Manuals, on loan, to use for as long as this Agreement or a Successor Franchise Agreement remains in effect. We reserve the right to establish terms of use for this electronic access to the Manuals. You acknowledge that we own the copyright in the Manuals and that the Manuals remain our property. You agree to treat the Manuals, training materials, and any other manuals or materials created or approved by us for use with the System as secret and confidential, and part of our Confidential Information (defined below). You agree not to copy, duplicate, record or otherwise reproduce the Manuals or other materials provided by us, in whole or in part. We have the right to amend and supplement the Manuals from time to time by letter, email, bulletin, videotape, audio tape software or any other form of communication. You agree to comply with each new or changed mandatory standard promptly upon receipt of notice from us. If a dispute develops relating to the contents of the Manuals, the electronic depository of the Manuals (including all changes and supplements that we may periodically issue as described above) maintained at our headquarters will control.

12. CONFIDENTIAL INFORMATION

During and after the Term of this Agreement, you may not communicate, divulge, or use for any purpose other than the operation of the Franchised Business any confidential information, knowledge, trade secrets or know-how that may be communicated to you or that you may learn by virtue of your relationship with us and the System ("**Confidential Information**"). You specifically understand and agree that you will come into possession of certain of our trade secrets concerning the manner in which we conduct business including, but not necessarily limited to: methods of doing business or business processes; strategic business plans; recipes; product ingredients; product preparation methods and formulations; customer lists and information; marketing and promotional campaigns; software; and other materials whether or not clearly marked or labeled as trade secrets. You agree that the foregoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and constitutes trade secrets belonging to us. You agree that we derive independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by, another person. You agree to take reasonable measures to keep such information secret. Indeed, you may divulge Confidential Information only to your professional advisers and to your employees who must have access to the information to operate the Franchised Business. In addition, (1) you may disclose Confidential Information if you are compelled to do so pursuant to litigation, a court order, law enforcement or any other proceeding requiring such disclosure, provided that you give us notice of the requirement and a reasonable time to challenge the request and/or to seek a protective order, and (2) there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, as specified in the Manuals.

You must not make any Confidential Information supplied by us available to any unauthorized person. All information that you receive from us is deemed to be Confidential Information for purposes of this Agreement, except information that you can demonstrate came to your attention by lawful means prior to our disclosure; or which, at the time of our disclosure to you, had become a part of the public domain. You must require your Owners and their spouses, your officers, directors and employees, and any other person or entity to whom you wish to disclose any Confidential Information, to execute (and deliver to us upon our request) agreements, in the form provided in Appendices G and H (as appropriate) to this Agreement or as we may otherwise require in writing, stating that, among other things, they will maintain the confidentiality of the disclosed information. If you do not obtain execution of the agreements containing the covenants required by this Section 12 and, upon our request, deliver those signed agreements to us, that will constitute a default under Section 15.2.12 below. You acknowledge and agree that any failure to comply with the requirements of this Section 12 will cause irreparable injury to us, and you agree to pay all court costs and reasonable attorneys' fees we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 12.

13. TRANSFERS BY US

We have the unrestricted right to transfer or assign all or any part of our rights and/or our obligations under this Agreement to any person or legal entity without your consent. You agree that we will have no liability after the effective date of transfer or assignment for the performance of, or for any failure to perform, any obligations we have transferred. We also have the absolute right to delegate the performance of any of our duties or obligations or assign any of our benefits under this Agreement to third parties that are not parties to an agreement with you.

14. TRANSFERS BY YOU

14.1 Definition of Transfer. In this Agreement, “**Transfer**” as a verb means to sell, assign, give away, pledge, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the rights and/or obligations under this Agreement, all or substantially all of the assets of the Franchised Business, and/or any direct or indirect interest in the ownership of Franchisee (if Franchisee is a corporation, partnership, or limited liability company). “**Transfer**” as a noun means any such sale, assignment, etc., referred to above.

14.2 No Transfer Without Our Prior Written Consent. Neither you nor any of the Owners may make any Transfer or permit any Transfer to occur without obtaining our prior written consent. We have the right to withhold our consent, but we will not unreasonably withhold our consent. We may condition our consent on your satisfaction of the conditions described in Sections 14.3 through 14.8. We have the right to communicate with and counsel both you and the proposed transferee on any aspect of a proposed Transfer. The Transfer may not take place until at least sixty (60) days after we receive written notice of, and request for consent to, the proposed Transfer, along with all of the proposed transfer information that we may require, or as specified in the Manuals or otherwise communicated to you in writing or through electronic or other formats. You agree to provide any information and documentation relating to the proposed Transfer that we reasonably require. Unless otherwise agreed, we do not waive any claims against the transferring party if we approve the Transfer. We may expand upon, and provide more details related to, the conditions for Transfer and our consent as described in this Section 14, and may do so in the Manuals or otherwise in writing or through electronic or other formats. We may, but are not obligated to, provide additional details regarding the Transfer conditions required for our consent.

14.3 Transfer of Entire Business. For a proposed Transfer of the Franchised Business; all or substantially all of the assets of the Franchised Business; the lease for the Franchised Business; this Agreement; or, if Franchisee is a corporation or other entity, a Transfer of ownership interests that would result in a change of control of Franchisee, the following conditions apply (unless waived by us):

14.3.1 You must be in compliance with all obligations to us under this Agreement and any other agreement you have with us or our affiliates as of the date of the request for our approval of the Transfer, or you must make arrangements

satisfactory to us to come into compliance by the date of the Transfer; and you must have been in substantial compliance with all obligations to us under this Agreement at all times during the Term, and any other agreement you have or had with us or our affiliates during the applicable terms of those agreements.

14.3.2 The proposed transferee must complete all of the following requirements:

(a) Demonstrate to our satisfaction that he she or it meets all of our then-current qualifications to become a L & L Hawaiian Barbecue franchisee, and, at our request, the proposed transferee must travel (at his, her or its expense) to our principal office for an interview. These qualifications include, but are not limited to the following: possession of good moral character and reputation, satisfactory credit ratings, acceptable business qualifications, and the ability to fully comply with the terms of an L & L Hawaiian Barbecue Franchise Agreement.

(b) Sign our then-current standard form of franchise agreement (or the standard form most recently offered to new franchisees, if we are not then offering franchises to new franchisees), and such other ancillary agreements we require for new Franchised Businesses. The new franchise agreement may materially differ from the terms of this Agreement. The term of the new franchise agreement to be signed with the transferee will be for the remaining portion of the Term that you had under this Agreement as of the date of the Transfer (or may, if we and the transferee agree, be for a full ten (10) year term). Section 14.3.4 specifies the applicable Transfer Fee.

(c) Successfully complete our then-current training requirements.

(d) If the proposed transferee is one of our other franchisees, he, she or it must not be in default under his, her or its agreements with us and must have a good record of customer service and compliance with our operating standards.

(e) If the transferee is a corporation or other entity, the owner or owners of any beneficial interest in the transferee (along with their spouses) must execute our personal guarantee in the form attached to this Agreement as Appendix C, or our then-current form (at our option), as well as the confidentiality and non-competition covenants in the form that is attached hereto as Appendix G, or our then-current form (at our option).

(f) Provide us with a list of all shareholders, partners, or other owners having an interest in this Agreement or in the transferee, the percentage interest of each shareholder, partner, or other owner, and a list of all officers and directors, in such form as we may require.

(g) You or the transferee must make arrangements to modernize, upgrade, and conform the Franchised Business, at your and/or the

transferee's expense, to our then-current standards and specifications for new Franchised Businesses.

(h) The price and other proposed terms of the Transfer must not, in our reasonable business judgment, have the effect of negatively impacting the future viability of the Franchised Business.

(i) Any purchase and sale agreement between the transferor and the transferee shall provide for and require that the Franchised Business shall continue to operate without interruption during the Transfer.

14.3.3 Except as provided below in this Section and in Sections 14.4, 14.5 and 14.6, we must be paid, either by you or the transferee, a transfer fee ("**Transfer Fee**"), which will be Seven Thousand Five Hundred Dollars (\$7,500). The payment of the Transfer Fee is in place of any initial franchise fee due under the Franchise Agreement the transferee will enter under Section 14.3.2(b) above. One-half (1/2) of the Transfer Fee shall be paid at the time you submit your request to us for consideration of the proposed Transfer, and such amount shall be non-refundable. The balance of the Transfer Fee shall be paid at the time the Transfer is consummated or closes. If the Transfer is not consummated after we have provided our approval for the proposed Transfer, then we have the right to require that you or the proposed transferee reimburse us for the out-of-pocket expenses (including attorneys' fees) that we incurred in connection with the proposed Transfer. If the transferee is a spouse, son, or daughter of the transferor, or a trust for which the transferor is the trustee, and the Transfer is for estate-planning purposes, no Transfer Fee is charged, but the transferor must reimburse us for the out-of-pocket expenses (including attorneys' fees) we incur in connection with reviewing, approving, and properly documenting the Transfer.

14.3.4 You and all Owners must execute a general release, in a form satisfactory to us, of all claims against us and our past, present and future affiliates, officers, directors, members, shareholders, agents and employees. You and the Owners will remain liable to us for all obligations arising before the effective date of the Transfer.

14.3.5 You must furnish us with an estoppel agreement indicating any and all causes of action, if any, that you may have against us, or if none exist.

14.4 Transfer of a Partial Ownership Interest. For any proposal to admit a new Owner, to remove an existing Owner, or to change the distribution of ownership shown on Appendix B, or for any other transaction that amounts to the Transfer of a partial interest in the Franchised Business or the Franchisee, you must provide us thirty (30) days' prior written notice and submit a copy of all proposed contracts and other information concerning the Transfer that we may request. The Transfer Fee for a Transfer under this Section 14.4 shall be equal to Three Thousand Dollars (\$3,000), and is due at a time designated by us prior to the Transfer. If the Transfer is not consummated after we have provided our approval for the proposed Transfer, then we have the right to require that you or the proposed transferee reimburse us for the out-of-pocket expenses (including attorneys' fees) that we incurred in connection with the

proposed Transfer. We will have a reasonable time (not less than thirty (30) days) after we have received all requested information to evaluate the proposed Transfer. You must satisfy the conditions in Sections 8.5, 14.2, and 14.3, except for Section 14.3.2(b), in connection with any such Transfer. We may withhold our consent on any reasonable grounds or give our consent subject to reasonable conditions. For the avoidance of doubt, you acknowledge that any proposed new owner must submit a personal application, and both the owner and his/her/their spouse must execute our personal guarantee in the form attached to this Agreement as Appendix C, or our then-current form (at our option), as well as the confidentiality and non-competition covenants in the form that is attached hereto as Appendix G, or our then-current form (at our option).

14.5 Transfer to a Corporation or Other Entity for Convenience. We will consent to the assignment of this Agreement to a corporation, partnership or limited liability company that you form for the convenience of ownership, provided that: (a) the entity has and will have no other business besides operating a Franchised Business (b) you satisfy the conditions in Sections 8.5, 14.3.1, 14.3.2(e), 14.3.4, and 14.3.5 above; and (c) the Owners hold equity interests in the new entity in the same proportion shown on Appendix B. The Transfer Fee for a Transfer to an entity for convenience of ownership is equal to One Thousand Dollars (\$1,000), and we will have the right to require reimbursement of any out-of-pocket expenses that we incur in reviewing the proposed Transfer, all of which is due at a time designated by us prior to the Transfer.

14.6 Transfer Upon Death or Incapacity. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of Sections 14.2 through 14.8, as applicable and as we may designate, at our option, except there will be no Transfer Fee. In addition, if the deceased or incapacitated person is the Operating Principal, you must within thirty (30) days thereafter hire and retain a replacement who is satisfactory to us to perform such obligations. If a satisfactory replacement is not retained, we will have the right (but not the obligation) to take over operation of the Franchised Business, or to hire and retain a replacement on your behalf, until the Transfer is completed and to charge a reasonable management fee for these services. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: (i) for a period of thirty (30) or more consecutive days; or (ii) for sixty (60) or more total days during a calendar year. In the case of Transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 14.3, the executor may Transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not disposed of under this Section 14.6 within six (6) months after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 15.2 below.

14.7 Non-Conforming Transfers. Any purported Transfer that is not in compliance with this Section 14 is null and void and constitutes a material breach of this

Agreement, for which we may terminate this Agreement without opportunity to cure. Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement.

14.8 Our Right of First Refusal. We have the right, exercisable within thirty (30) days after receipt of the notice specified in Section 14.2 or Section 14.4, to send written notice to you that we intend to purchase the interest proposed to be Transferred if such interest is all of the interest in, or a controlling interest in, the franchise or the franchisee entity. We may assign our right of first refusal to someone else either before or after we exercise it. However, our right of first refusal will not apply with regard to a Transfer under Section 14.5 or a Transfer to your parents, spouse, son, daughter, or mother or father in-law (including Transfers to your parents, spouse, son, daughter, or mother or father in-law as a result of death or incapacity as described in Section 14.6).

14.8.1 If the Transfer is proposed to be made pursuant to a sale, we or our designee may purchase the interest proposed to be Transferred (a) on the same economic terms and conditions offered by the third party, or (b) for the price determined by a bank of our choosing, at our option. Closing on our purchase must occur by the later of (a) ninety (90) days after the date of our notice to the seller electing to purchase the interest, or (b) the closing date as proposed in the third party's purchase offer. If we cannot reasonably be expected to furnish the same consideration as the third party, then we may substitute the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash, we will designate, at our expense, an independent appraiser and the appraiser's determination will be final. Any material change in the terms of the offer from a third-party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third party's initial offer.

14.8.2 If a Transfer is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser. Closing on the purchase will occur within 30 days after our notice to the transferor of the appraiser's determination of fair market value.

14.8.3 If we elect not to exercise our rights under this Section, the transferor may complete the Transfer after complying with Sections 14.2 through 14.6 above. Closing of the Transfer must occur within sixty (60) calendar days of our election not to exercise our rights (or such longer period as applicable law may require); otherwise the third party's offer will be treated as a new offer subject to our right of first refusal. The Transfer is conditional upon our determination that the Transfer was on terms substantially the same as those offered to us.

15. TERMINATION

15.1 Termination By Us Without Notice. You will be in default under this Agreement and all rights granted by this Agreement will automatically terminate without

notice to you if you become insolvent or make an assignment for the benefit of your creditors; if a receiver is appointed; if execution is levied against your business assets; if you file a petition in bankruptcy or if a petition is filed against you and do you not oppose it; or if suit to foreclose any lien or mortgage or bankruptcy is instituted against you and not dismissed within sixty (60) days.

15.2 Termination By Us Without A Cure Period. We may terminate this Agreement by written notice to you, without giving you an opportunity to cure, upon the occurrence of any of the following events:

15.2.1 You, your Operating Principal, the Manager, and/or your personnel fail to complete training under Section 5.1 to our satisfaction.

15.2.2 You fail to open for business by the opening deadline specified in Appendix A, or you fail to identify a suitable site for the Franchised Business, and have such site approved by us, within the time frames specified in the Site Selection Addendum in Appendix E.

15.2.3 You disclose the contents of the Manuals or other trade secrets or Confidential Information contrary to Sections 11 and/or 12 of this Agreement.

15.2.4 You refuse to permit, or try to hinder, an examination or audit of your books and records or of the Franchised Business as provided in this Agreement.

15.2.5 We discover that you made any material misrepresentation or omitted a material fact in connection with your application to us for the franchise, or you submitted to us any report or statement that you knew or should have known to be false or misleading.

15.2.6 You understate to us your Gross Sales by two percent (2%) or more on three (3) or more occasions in any twelve-month (12-month) period, or by five percent (5%) or more for any period of four (4) or more consecutive weeks.

15.2.7 You or any Owner, officer or director is accused of, indicted for, or convicted of a crime that we reasonably believe is likely to harm the reputation of the L & L Hawaiian Barbecue concept or the Proprietary Marks.

15.2.8 Any Transfer occurs that does not comply with Section 14, including a failure to transfer to a qualified successor after death or disability within the time allowed by Section 14.6.

15.2.9 You are in default three (3) or more times under the circumstances described in Sections 15.3 and/or 15.4 within any twelve -month (12 – month) period, whether or not the defaults are similar and whether or not they are cured.

15.2.10 After curing a default pursuant to Sections 15.3 or 15.4, you commit the same default within twelve (12) months, whether or not the second default is cured.

15.2.11 Any condition exists with respect to the Franchised Business that, in our reasonable judgment, seriously jeopardizes public health or safety, and you have not remedied that condition immediately upon notice from us or from a governmental or public official.

15.2.12 You fail to comply with the covenants in Section 17 below or fail to timely obtain execution of the covenants required under Section 12 above and Section 17.3 below.

15.2.13 You fail to obtain or maintain required insurance.

15.2.14 You cease to operate the Franchised Business for more than five (5) consecutive days or any fourteen (14) days in any calendar year unless we approved a temporary closing or we determine that the failure to operate was beyond your control; you otherwise abandon the Franchised Business; or you lose the right to possess the Premises or you otherwise forfeit the right to do or transact business as required under this Agreement. If, however, through no fault of you, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within ninety (90) days thereafter, you will have thirty (30) days after such event in which to apply for our approval to relocate and/or reconstruct the Premises, and we will not unreasonably withhold our approval.

15.2.15 You or any of your Owners commits any act of fraud.

15.2.16 You transfer or attempt to transfer (by assignment, sublease or otherwise) the lease for all or a portion of the Premises without our prior written consent.

15.2.17 You, directly or indirectly, commence or conduct any business operation or market any product under a name or mark that, in our reasonable opinion, is confusingly similar to the Proprietary Marks or our System.

15.2.18 You amend or attempt to amend the lease for the Premises without our prior written consent (which consent we will not unreasonably withhold or delay).

15.3 Termination by Us Following Expiration of Cure Period for Monetary Default. You will be in default under this Agreement if you fail, refuse, threaten to refuse, or neglect to pay when due (including if we are not able to collect payments by electronic funds transfer pursuant to Section 3.5 due to insufficient funds in your account(s), closure of your account(s), or any other reason resulting in the nonpayment) any monies owing to us, our affiliates, or any lender that has provided financing to you under this Agreement or any other agreement, or to your landlord and/or any supplier of goods or services to your Franchised Business. You will have seven (7) days after written notice of such default from us within which to remedy the default. You may avoid

termination by curing the default to our satisfaction within the seven-day (7-day) period (or such longer period as applicable law may require). If you do not cure the default within such seven-day (7-day) period (or such longer period as applicable law may require), this Agreement will terminate automatically and without further notice, effective immediately upon the expiration of the specified time period.

15.4 Termination by Us Following Expiration of Cure Period. For any default not covered under Sections 15.1, 15.2, or 15.3 above, you will have thirty (30) days after written notice of default from us within which to remedy the default. You may avoid termination by curing the default to our satisfaction within the thirty-day (30-day) period (or such longer period as applicable law may require). If you do not cure the default within the specified time, this Agreement will terminate automatically and without further notice, effective immediately upon the expiration of the specified time period. Any failure to comply with this Agreement, as amended or reasonably supplemented by the Manuals or otherwise in writing, not covered by Sections 15.1, 15.2, or 15.3 above constitutes a default, including, but not limited to, the following:

15.4.1 You fail, refuse, threaten to refuse, or neglect to submit to us the financial or other reports or information required under this Agreement.

15.4.2 You fail to comply with any of the mandatory standards or procedures prescribed by us in this Agreement, the Manuals or otherwise in writing.

15.4.3 You fail, refuse, threaten to refuse, or neglect to obtain our prior written approval or consent as required by this Agreement (other than a failure to obtain consent to a proposed Transfer, for which we may terminate without a cure period as provided in Section 15.2).

15.4.4 For a period of fourteen (14) days, you allow a continued violation of any law, ordinance, rule or regulation of a governmental agency, including the failure to maintain or procure any required licenses, permits, or certifications, in the absence of a good faith dispute over its application or legality and without promptly resorting to an appropriate administrative or judicial forum for relief.

15.4.5 You, or any owner, officer, or director engage in any conduct which we believe is reasonably likely to harm the reputation of the L & L Hawaiian Barbecue concept or the Proprietary Marks

15.4.6 You, directly or indirectly, sell or attempt to sell an unauthorized product or service.

15.4.7 You fail to use only our approved mayonnaise, sauces, spices, recipes, ingredients, raw materials, other designated items, or product or portion control formulas.

15.4.8 You fail to make any menu item in strict compliance with our specifications, recipes, and requirements, or fail to sell, serve, and dispense only the food items and products that we authorize.

15.4.9 You misuse or make any unauthorized use of the Proprietary Marks or otherwise impair our goodwill or rights in the Proprietary Marks.

15.5 Cross-Default. Any default by you (including for this purpose your Owners and affiliates) under any other agreement with us or under your lease or sublease for the Premises will constitute a default under this Agreement, subject to the same provisions for notice and cure, if any, as may be applicable to the default under the other agreement.

15.6 Alternatives to Termination. If we are entitled to terminate this Agreement, we may withhold from you certain benefits, plans, promotions, or products that might be available to other franchisees; we may require that you prepare a business plan for our review to demonstrate how you will operate the business in good standing going forward; we may require that you or your personnel successfully complete additional training or retraining; and/or we may not authorize you to engage in certain activities, or participate in certain meetings or events, unless and until you cure your default(s) and operate in compliance with this Agreement and our rules, policies, and standards. If any of such rights, options, or arrangements, are terminated or modified in accordance with this Section 15.6, such action shall be without prejudice to our right to terminate this Agreement in accordance with Sections 15.1 through 15.5 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

15.7 Administrative Non-Compliance Fee. If you commit or indicate your intention to commit any breach of this Agreement, you must pay to us an administrative non-compliance fee equal to Two Thousand and Five Hundred Dollars (\$2,500) to reimburse us for the time and resources that we expend addressing your default.

16. OBLIGATIONS ON TERMINATION OR EXPIRATION

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

16.1.1 You agree to promptly pay all sums owing to us, our affiliates and suppliers, including, but not limited to, Royalty payments, contributions to the National Brand Fund, all other fees, and other amounts, damages, expenses, and attorneys' fees incurred as a result of your default.

16.1.2 You agree to stop making any use of the confidential methods, procedures, and techniques associated with the System and stop offering for sale the products and services. You also agree to immediately deliver to us the Manuals and all training materials, marketing materials, records, files, forms, instructions, signs, equipment, correspondence, Customer Data, and other property in your possession or control that contain Confidential Information or that bear the Proprietary Marks and you agree not to retain any unauthorized copies of these materials. You also must deliver to us all customer information (including customer lists) that you have compiled. **For the**

avoidance of doubt, upon termination or expiration of this Agreement for any reason, your right to use our copyrighted materials, Proprietary Marks, and System shall cease, and you must immediately discontinue use of our copyrighted materials, Proprietary Marks, and System (including the Manuals and Confidential Information).

16.1.3 You agree to immediately cease to use, by advertising or in any other manner, the names "L & L Hawaiian Barbecue" all other Proprietary Marks, and all other distinctive forms, slogans, signs, symbols, domain names, websites, email addresses, and any other identifiers (whether or not we have authorized their use) that you used in connection with the Franchised Business or that are otherwise associated with the Proprietary Marks, System, and/or us. If you subsequently begin to operate another business, you agree that you will not use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks that you used either in connection with the Franchised Business or its promotion which is likely to cause confusion, mistake or deception, or which is likely to dilute our or our affiliate's exclusive rights in and to the Proprietary Marks, nor will you use any trade dress or designation of origin or description or representation which falsely suggests or represents an association or connection with us.

16.1.4 You agree to promptly take such action as may be necessary to cancel any assumed name registration or equivalent registration containing the names "L & L", "L & L Hawaiian Barbecue" or any other Proprietary Marks.

16.1.5 You will, at our option, assign to us any interest which you have in the lease or sublease for the Premises.

(a) If we do not elect or are unable to exercise our option to acquire the lease or sublease for the Premises, you must make such modifications or alterations to the Premises operated thereunder (including, without limitation, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of other Restaurants under the System, and such specific additional changes as we may reasonably request for that purpose. For instance, you must immediately remove all L & L Hawaiian Barbecue signage and cease using our color scheme and trade dress. In addition, you must stop making any use of any telephone number and/or any domain name, website, email address, and any other identifier (whether or not we have authorized its use) that you used in connection with the Franchised Business, and you must promptly execute such documents or take such steps necessary to remove references to the Franchised Business from all trade or business telephone directories, or at our request transfer the references to us.

(b) If you fail or refuse to comply with the requirements of this Section 16.1.5, we will have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your expense, which you agree to pay upon demand.

(c) In the event we cure any defaults under your lease or sublease for the Premises, we will be entitled to recover from you any amounts we pay to the lessor or sublessor to cure your defaults (including interest) and our reasonable collection costs, including reasonable attorneys' fees and expenses.

16.2 Purchase of Assets. You agree that, at our option, you will sell to us any or all of your assets used to operate the Franchised Business (including equipment, fixtures, furnishings, supplies, and inventory) that we ask in writing to purchase.

16.2.1 The purchase price for such items will be equal to fair market value or depreciated market value, whichever is lower. The fair market value of tangible assets must be determined without reference to goodwill, going-concern value, or other intangibles.

16.2.2 We may exercise this option by delivering a notice of intent to purchase to you within thirty (30) days after the expiration or termination of this Agreement. During that thirty – day (30 - day) period, you agree not to dispose of, transfer, or otherwise hinder our ability to exercise our rights with respect to your assets.

16.2.3 If we exercise our option to purchase, we may set off all amounts due to us under this Agreement and the cost of the appraisal (if any), against any payment due to you.

16.3 Right to Enter and Continue Operations. In order to preserve the goodwill of the System following termination or expiration, including the ability to continue to provide services to customers who have previously paid for services that have not been rendered, we (or our designee) have the right to enter the Premises (without liability to you, your Owners, or otherwise) for the purpose of continuing the Franchised Business operation. You must take such steps as are necessary to allow our (or our designee's) to enter the Premises and must reimburse us for any and all direct and indirect costs and expenses that we may incur in operating the Franchised Business following termination or expiration.

16.4 Liquidated Damages.

16.4.1 If this Agreement is terminated due to your default, then (in addition to any overdue fees or other amounts already owed) you must, upon written demand from us, pay us a lump-sum payment in an amount calculated as follows: (a) the average of your Royalty fees due for the last twelve (12) months before our delivery of notice of default (or, if lesser, the months you had been operating before our delivery of notice of default), (b) multiplied by the lesser of forty-eight (48) or the number of months remaining in the term of this Agreement.

16.4.2 The payments called for in this Section 16.4 constitute liquidated damages for causing the premature termination of this Agreement and are not a penalty. A precise calculation of the full extent of damages that we will incur if this Agreement terminates because you default cannot be reasonably determined. Nevertheless, the parties agree that the lump-sum payment provided under this Section 16.4 is

reasonable in light of the damages for premature termination that may reasonably be expected to occur in such event.

16.4.3 The amounts contemplated under this Section 16.4 are not a penalty and the payment is intended by the parties only as a compensatory remedy for past breaches and not as a preventative remedy to deter future breaches. The sum contemplated in this Section 16.4 does not represent a price for the privilege of not performing nor does the payment represent an alternative manner of performance. Accordingly, as a purely liquidated damages provision, this Section does not preclude, and is not inconsistent with, a court granting us specific performance or any other equitable remedies, such as an injunction, to prevent future breaches. Our rights to liquidated damages and specific performance or any other equitable relief are not mutually exclusive.

16.5 Enforcement Costs. You agree to pay all damages, costs, and expenses, including, but not limited to, reasonable attorneys' fees, that we incur (even if after the expiration or termination of this Agreement) in enforcing Section 15, this Section 16 and/or Section 17.2 below.

17. RESTRICTIONS ON COMPETITION

17.1 During the Term. You acknowledge that this Agreement will give you access to valuable and Confidential Information regarding the System, including our business development strategy and the operational, sales, promotional and marketing methods of Restaurants. You agree that during the term of this Agreement, you will not, without our prior written consent, either directly or indirectly through any other person or entity:

17.1.1 Own, manage, engage in, be employed by, advise, make loans to, consult for, rent or lease to, or have any other interest in a business or restaurant that sells 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, or any business that offers products or services substantially similar to those then offered by Restaurants ("**Competitive Business**");

17.1.2 Divert or attempt to divert any business or customer, or potential business or customer, to any Competitive Business

17.1.3 In any manner interfere with, disturb, disrupt, impair, diminish, or otherwise jeopardize our business or that of our affiliates or any of our franchisees.

17.2 After Termination, Expiration, or Transfer. For the longer of either twenty-four (24) months or sixty (60) months, whichever period may be enforceable under applicable law, after the expiration or termination of this Agreement or a Transfer to a new franchisee, you may not directly or indirectly own, manage, engage in, be employed by, advise, make loans to, consult for, rent or lease to, or have any other

interest in, any Competitive Business that is, or intends to operate: (a) at the Premises; (b) within a five (5) mile radius of the Premises; or (c) within a five (5) mile radius of any other Restaurant operating or under construction to operate under the System as of the time that the obligations under this Section 17.2 commence, except as permitted by any franchise agreements that remain in effect between you and us. You agree that the length of time in this Section 17.2 will be tolled for any period during which you are in breach of the covenants set forth in this Section 17.2, or any other period during which we seek to enforce this Agreement.

17.3 Owners and Employees. You will cause the Owners (and their spouses) to personally bind themselves to this Section 17 by signing this Agreement, the attached personal guarantee (Appendix C), and the attached confidentiality and non-competition covenants (Appendix G). With respect to the Owners (and their spouses), the time period in Section 17.2 will run from the expiration, termination, or Transfer of this Agreement or from the termination of the Owner's relationship with you, whichever occurs first. You must also require and obtain execution of covenants similar to those set forth in Section 12 above, and this Section 17 (as modified to apply to an individual), from any or all of the following persons: your officers, directors, and employees. (These persons and the Owners (and their spouses) are each a **"Restricted Party."**) For the avoidance of doubt, the covenants required by this Section 17.3 must be in the form provided in Appendix G to this Agreement for Owners (and their spouses), officers and directors. The covenants required by this Section 17.3 must be in the form provided in Appendix H for employees (which Appendix H may be updated from time to time in the Manuals). Failure by Franchisee to obtain execution of a covenant required by this Section 17.3 will constitute a default under Section 15.2.12 above.

17.4 Indirect Violations Prohibited. You may not attempt to circumvent the restrictions in Sections 17.1 and 17.2 by engaging in prohibited activity indirectly through any other person or entity including, but not limited to, family members or friends.

17.6 Operation of Competitive Business As Evidence of Breach. Regardless of whether the covenants set forth above are found to be enforceable by a judge, arbitrator, or other adjudicator, you hereby agree that any operation of a Competitive Business by you or any other covenantor shall be dispositive evidence that you have used our Confidential Information in breach of this Agreement. The provisions of Section 17 shall not be read to limit, retrain or otherwise affect any right or cause of action which may accrue to us for any infringement of, or violation of, or interference with, this Agreement, the Proprietary Marks, the System, our trade secrets, or any other proprietary aspects of our business.

17.7 Restriction on Transfer of Premises. For a period of sixty (60) months following the expiration, termination or Transfer of this Agreement or an approved Transfer to a new franchisee, you further covenant and agree that you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease or transfer the Premises to any person, firm, partnership, corporation, or other entity which you know,

or have reason to know, intends to operate a Competitive Business at the Premises. You, by the terms of any conveyance selling, assigning, leasing or transferring your interest in the Premises, must include, among the terms of such transaction, restrictive covenants as are necessary to ensure that a Competitive Business that would violate this Section is not operated at the Premises for this sixty – month (60 - month) period, and you must take all steps necessary to ensure that these restrictive covenants become a matter of public record.

17.8 Enforcement. You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of this Section 17. You agree to pay all costs and expenses that we reasonably incur in enforcing this Section 17, including reasonable attorneys' fees. You acknowledge that a violation of the terms of this Section 17 would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 17. Such injunctive relief will be in addition to any other remedies that we may have.

17.9 Liquidated Damages for Violation of Section 17. YOU AND YOUR OWNERS EXPRESSLY ACKNOWLEDGE THAT YOU POSSESS SKILLS AND ABILITIES OF A GENERAL NATURE AND HAVE OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE YOU OF THE ABILITY TO EARN A LIVING. You and your Owners expressly agree that the liquidated damages that are set forth in Section 16.4 apply to any default under this Section 17.

17.10 Severability. If any restriction in this Section 17 is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. Specifically, if any part of these restrictions is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court to that deemed reasonable.

17.11 Survival. The terms of this Section 17 will survive the termination, expiration, or any Transfer of this Agreement. The parties agree this Section 17 will be construed as independent of any other provision of this Agreement.

18. RELATIONSHIP OF THE PARTIES

This Agreement does not create a fiduciary or other special relationship or make you or us an agent, legal representative, joint venturer, partner, employee, or servant of each other for any purpose. You are not authorized to, and agree that you will not, make any contract, agreement, warranty, or representation on our behalf, or create any obligation, express or implied, on our behalf. During the term of this Agreement, you agree to hold yourself out to the public as an independent contractor operating the

Franchised Business under license from us, and you agree to disclose your status as independent contractor in all business dealings and exhibit a notice to that effect (the location and content of which we reserve the right to specify) prominently at the Premises and on all promotional materials, invoices and stationery.

19. INDEMNIFICATION

You agree to hold harmless, defend, and indemnify us and our 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, "**Claims**") arising directly or indirectly from, as a result of, or in connection with this Agreement, your operation of the Franchised Business, your and/or your employees' actions or inactions, any claim that we are a joint employer with you for any reason, your activities under this Agreement, and/or your breach of this Agreement, including, without limitation, those alleged to be caused by our negligence unless (and then only to the extent that) the Claims are determined to be caused solely by our 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 you). In the event we incur 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 you in which we are not a party, you must reimburse us 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 us or any of the other indemnitees under this Section, if you do not assume the active defense of the matter within a reasonable time, we will have the right, but not the obligation, to: (i) choose counsel; (ii) direct and control the handling of the matter; and (iii) settle any claim against the indemnitees. This Section will survive the expiration or termination of this Agreement, and applies to Claims even if they exceed the limits of your insurance coverage.

20. CONSENTS AND WAIVERS

20.1 Consent. Whenever our prior written consent is required under this Agreement, you agree to make a timely written request to us for such consent. Our approval or consent must be in writing and signed by an authorized officer to be effective.

20.2 Waivers. No delay or failure to exercise any right under this Agreement or to insist upon your strict compliance with any obligation or condition, and no custom or practice that differs from the terms of this Agreement, will constitute a waiver of our right to enforce the contract provision or to demand your strict compliance with the terms of this Agreement. Our waiver of any particular default does not affect or impair our rights with respect to any subsequent default you may commit. Our waiver of a default by

another franchisee does not affect or impair our right to demand your strict compliance with the terms of this Agreement. In addition, our acceptance of any payments or partial payments due to us under this Agreement shall not be deemed to be a waiver by us of any preceding or succeeding breach by you of any terms, provisions, covenants, or conditions of this Agreement, or other amounts due. You acknowledge and agree that we may permit certain franchisees, which may or may not include you, to sell certain “special” items that are not part of the “core” menu that is generally required under the System. You also acknowledge and agree that we may approve products and services for sale by certain franchisees and not others based on various legitimate business reasons.

21. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by email, sent by registered certified mail, sent by a recognized overnight delivery service (e.g., UPS, FedEx, etc.), or sent by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on Appendix A, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

22. ENTIRE AGREEMENT AND AMENDMENTS

This Agreement (as defined above) and the documents referred to herein constitute the entire, full and complete agreement between you and us with respect to the Franchised Business and supersede all prior negotiations, representations, correspondence, and agreements concerning the same subject matter. There have been no other representations that have induced you to execute this Agreement. There are no other oral or written understandings or agreements between us and you, or oral representations by us, or written representations by us relating to the subject matter of this Agreement, the franchise relationship, or the Franchised Business (and any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). However, nothing in this Agreement is intended to disclaim any representations made by us in the Franchise Disclosure Document that we furnished to you.

Any amendment to this Agreement will not be binding on either party unless that amendment is in writing and signed by both parties.

23. SEVERABILITY AND SURVIVAL

23.1 Clauses are Severable. Each provision of this Agreement is severable from the others. If for any reason any provision is determined by a court to be invalid, the invalidity will not impair the operation of the remaining provisions of this Agreement. The latter will continue to be given full force and effect and bind us and you.

23.2 Survival of Clauses. Each provision of this Agreement that expressly or by reasonable implication is to be performed, in whole or in part, after the expiration, termination, or Transfer of this Agreement will survive such expiration, termination, or Transfer.

23.3 Force Majeure. If the performance of any obligation by any party under this Agreement is prevented, hindered or delayed by reason of Force Majeure which cannot be overcome by reasonable commercial measures, then the parties will be relieved of their respective obligations (but only to the extent that the parties, having exercised best efforts, are prevented, hindered or delayed in such performance) during the period of such Force Majeure. The party whose performance is affected by an event of Force Majeure will give prompt written notice of the circumstances of such Force Majeure event to the other party by describing the nature of the event and an estimate as to its duration, if possible. As used in this Agreement, the term "Force Majeure" means any act of God, strike, lock out or other industrial disturbance, terrorist act, war (declared or undeclared), riot, epidemic, pandemic, fire or other catastrophe, or act of any government. However, your inability to obtain financing or make payments (regardless of the reason) does not constitute a "Force Majeure."

23.4 Recitals and Captions. The parties agree to incorporate by reference, and include in the text of this Agreement, the information in the recital paragraphs. The parties also agree that all of the captions in this Agreement are meant only for the convenience of the parties, and none of the captions will be deemed to affect the meaning or construction of any provision of this Agreement.

23.5 No Third Party Rights. Except as otherwise stated in this Agreement, nothing in this Agreement is intended (nor will be deemed) to confer upon any party any rights or remedies under or by reason of this Agreement, except for you, us, and such of our respective successors and assigns as may be contemplated (and, as to you, permitted) by Sections 13 and 14 above.

24. GOVERNING LAW

Subject to our rights under federal trademark laws, this Agreement and the relationship between the parties shall be governed by and will be construed exclusively in accordance with the procedural and substantive laws of the State of Hawaii. Nothing in this Section 24 is intended by the parties to subject this Agreement to any franchise, business opportunity, antitrust consumer protection or similar law, rule or regulation to which this Agreement would not otherwise be subject. The parties agree that any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. You waive, to the fullest extent permitted by law, the rights and protections provided by any such franchise law or regulation.

25. DISPUTES

25.1 Submission to Mediation. Except as otherwise provided in this Agreement, including in Section 25.9, and only if agreed mutually by the parties, any claim, controversy or dispute arising between you and us may, first be submitted to non-binding mediation administered by an established, neutral mediation service with experience in franchise disputes, if available, in accordance with the then-current Commercial Mediation Rules of Dispute Prevention & Resolution, Inc. (“**DPR**”). The mediation will take place: (a) virtually, (b) in the city and state of our principal place of business at the time the demand for mediation is filed, or (c) in Honolulu, Hawaii, at our option. Each party will bear its own costs with respect to the mediation. The fee for the mediation, however, will be split equally.

25.2 Arbitration. Except as otherwise provided in this Agreement, including in Section 25.9, any claim, controversy or dispute arising out of or relating to this Agreement, the Franchised Business, or the relationship created by this Agreement, including any claim by you or any of your Owners, concerning the entry into, the performance under, or the termination of this Agreement, or any other agreement between us, or our affiliates, and you or the Owners, that cannot be amicably settled among the parties or through mediation, shall be referred to arbitration. The parties shall agree on any arbitrator experienced in the arbitration of disputes between franchisors and franchisees to administer and conduct the arbitration, if available. In the event the parties cannot agree on an arbitrator within fifteen (15) days of one (1) party's written request to the other party to arbitrate a dispute, the party requesting arbitration shall submit the dispute to DPR, and any such arbitration shall be conducted in accordance with then-current DPR rules, or the matter may be submitted to a court for appointment of an arbitrator. Any arbitration hereunder must be conducted in accordance with the least expensive procedure of the DPR.

25.2.1 The arbitration provided for hereunder shall be commenced by the party requesting arbitration (the “claimant”) providing written notice of the demand for arbitration (the “demand”) to the party with whom arbitration is sought (the “respondent”). The demand shall specify with reasonable particularity the matter or matters on which arbitration is sought.

25.2.2 The parties agree that they shall utilize a virtual medium as much as possible to conduct the arbitration. If an in-person meeting is necessary, the arbitration shall take place in the city and state of our principal place of business at the time the arbitration is commenced, or Honolulu, Hawaii, at our option. The award of the arbitrator(s) shall be final, and judgment upon the award rendered in arbitration may be entered in any court having jurisdiction thereof. The arbitrators shall be required to submit written findings of fact and conclusions of law within thirty (30) business days following the final hearing session of the arbitration. The costs and expenses of arbitration, including compensation and expenses of the arbitrators, shall be borne equally by the parties or as the arbitrator(s) otherwise determines. Only claims, controversies or disputes involving you or the Owners, and no claims for or on behalf of any individual, entity, class or association may be brought hereunder. A demand for

arbitration shall not stay, postpone, or rescind the effectiveness of any termination of this Agreement.

25.2.3 The parties 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.

25.3 **Venue.** The parties agree that any action brought by you against us in any court (where resorting to court is allowed under this Agreement), whether federal or state, shall be brought only within such state and exclusively in the judicial district in which we have our principal place of business at the time the action is commenced. If our principal place of business at the time the action is commenced is in Hawaii, the venue shall be the Federal District Court in Honolulu, Hawaii, if the jurisdictional requirements are met. Any action brought by us against you in any court (where resorting to a court is allowed under this Agreement), whether federal or state, may be brought within the state and judicial district in which we or you have a principal place of business at the time the action is commenced, or Honolulu, Hawaii, at our option. The parties agree that this Section 25.3 shall not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue shall be as set forth above. You and your Owners hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

25.4 **Mutual Waiver of Class Actions.** Any lawsuit, claim, counterclaim, or other action must be conducted only on an individual basis, and must not be as part of a consolidated, common, or class action. **YOU HEREBY AGREE NOT TO SEEK JOINDER OF ANY OF YOUR CLAIMS WITH THOSE OF ANY OTHER PARTY.**

25.5 **Mutual Waiver of Jury Trial.** You and we each irrevocably waive trial by jury in any litigation.

25.6 **Mutual Waiver of Punitive Damages.** EXCEPT AS PROVIDED IN SECTION 16.4, EACH OF US WAIVES ANY RIGHT TO LOST FUTURE PROFITS OR CLAIM OF PUNITIVE, EXEMPLARY, MULTIPLE, OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER IN ANY DISPUTE AND AGREES TO BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED.

25.7 **Time Period to Bring Claims.** Except as otherwise provided in this Section 25.7, and except for those claims brought under the indemnification (Section 19) or insurance coverage (Section 6) provisions, any and all Claims arising out of or relating to this Agreement, the relationship between you and us, or your operation of the Franchised Business brought by any party hereto against the other must be commenced before the expiration of the earlier of (a) the time period for bringing an action under any applicable state or federal statute of limitations; (b) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged Claim; or (c) two (2) years after the first act or omission giving rise to an alleged Claim; or it is

expressly acknowledged and agreed by all parties that such Claims shall be irrevocably barred. Claims attributable to your underreporting of sales, and claims of your failure to pay monies owed and/or to provide indemnification shall not be time-barred contractually or by any statute of limitations. As used in this Section 25.7, "Claim" means any allegation, challenge, demand, cause of action, lawsuit, arbitration, dispute, controversy, investigation or administrative proceeding.

25.8 Remedies Not Exclusive. Except as provided in Sections 25.1 through 25.5 above, no right or remedy that the parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under applicable law.

25.9 Our Right to Injunctive Relief. Nothing in this Agreement bars our right to obtain injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage. You agree that we will not be required to prove actual damages or post a bond or other security in seeking or obtaining injunctive relief (both preliminary and permanent) and/or specific performance. In addition, the following disputes shall not be subject to arbitration: (1) any dispute involving the Proprietary Marks, and (2) any dispute or controversy involving the violation or infringement of our copyright rights.

25.10 Attorneys' Fees and Costs. You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees, costs, and expenses, and interest on such fees, costs, and expenses): (a) to enforce the terms of this Agreement or any obligation owed to us by you and/or the Owners; and (b) in the defense of any claim you and/or the Owners assert against us upon which we substantially prevail in court, arbitration, or other formal legal proceedings. For the purposes of this Section 25.10, as well as Section 16.5 and Section 17.6, the word "enforce" includes, but is not limited to, the execution, administration, collection, enforcement, protection, and/or waiver of the terms of this Agreement.

25.11 Survival. You acknowledge and agree that this Section 25 shall survive the termination or expiration of this Agreement.

26. ACKNOWLEDGMENTS

26.1 Independent Investigation. You and the Owners acknowledge that:

26.1.1 You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that it involves business risks and that your results will be largely dependent upon your own efforts and ability.

26.1.2 We expressly disclaim the making of, and you acknowledge that you have not received, any representation, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

26.1.3 Any financial performance information presented in our Franchise Disclosure Document is not a warranty or guarantee of the results that you will achieve, and your experience is likely to differ.

26.1.4 We do not, by virtue of any approvals or advice provided to you, assume responsibility or liability to you or any third party to which we would otherwise not be subject.

26.1.5 You have sole and complete responsibility for the choice of the Premises; that we have not (and will not be deemed to have, even by virtue of our approval of the proposed Premises) given any representation, promise, or guarantee of your success at the Premises; and that you will be solely responsible for your own success at the Premises.

26.1.6 We make no warranty as to your ability to operate the Franchised Business in the jurisdiction in which the Franchised Business is to be operated. You must seek or obtain advice of counsel specifically with respect to this issue.

26.2 Receipt of Documents. You acknowledge that you received a copy of this Agreement, the exhibits hereto, and agreements relating hereto, if any, with all of the blank lines therein filled in, at least seven (7) days before the date when this Agreement was signed, and with sufficient time to review the Agreement with advisors of your choosing. You further acknowledge that you received our franchise disclosure document required by the Federal Trade Commission's Franchise Rule at least fourteen (14) full days before the date this Agreement was signed.

26.3 Terrorism and Money Laundering Activities. You and the Owners represent and warrant that neither you nor any of the Owners is identified, either by name or by an alias, pseudonym, or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (text currently available at www.treas.gov/offices/enforcement/ofac/). Further, you and the Owners represent and warrant that neither you nor any of the Owners has violated, and you and all of the Owners agree not to violate, any law prohibiting corrupt business practices, money laundering, or the aid or support of persons or entities who conspire to commit acts of terror against any person, entity, or government, including acts prohibited by the U.S. Patriot Act (text currently available at <https://www.gpo.gov/fdsys/pkg/BILLS-107hr3162enr/pdf/BILLS-107hr3162enr.pdf>), or any similar law. The foregoing constitute continuing representations and warranties, and you and the Owners shall immediately notify us in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate, or misleading.

26.4 Personal Obligations of Owners. The Owners acknowledge that, by signing this Agreement or the personal guarantee attached as Appendix C, they are binding themselves as individuals to all of the terms and conditions of this Agreement, including without limitation Section 12, Section 14, Section 17, and Section 25.

26.5 System Standards. Although we retain the right to establish and periodically modify System Standards which you have agreed to maintain in the operation of the Franchised Business, you retain the right and sole responsibility for the day to day management and operation of the Franchised Business and the implementation and maintenance of System Standards at the Franchised Business.

26.6 Franchisor's Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations if we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of ours. Examples of items that will promote or benefit the System include enhancing the value of the Proprietary Marks, improving customer service and satisfaction, improving product and service quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including, without limitation, a trier of fact) will substitute judgment for our reasonable business judgment.

26.7 Other Offers. You acknowledge and agree that we may modify the offer of our franchises to other franchisees in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that differ from the terms, conditions, and obligations in this Agreement.

26.8 No Conflicting Obligations. Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

26.9 Electronic Signatures. Franchisee agrees that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Agreement may be executed by electronic signatures, such as via DocuSign. The parties to this Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Agreement shall constitute an original for all purposes.

[Signature Page Follows.]

1

APPENDIX A

Premises and Certain Contract Data

1. Approved Location:

There is no territory.

2. Is the Franchised Business permitted to conduct catering?

☐ Yes

☐ No

3. Is the Franchised Business permitted to attend and serve food at community events?

☐ Yes

☐ No

Notes on the scope of this approval:

4. The Premises (Section 1.1.1) is located at:

(If the Premises is not known upon execution of the Agreement, this will be completed following the site selection process. See Section 4.1 and Appendix E.) Signing of this Appendix A with the Premises specified shall constitute written approval of the site selected by Franchisee pursuant to Appendix E, subject, however to Section 4.3 of the Franchise Agreement and paragraph 6 of Appendix E to the Franchise Agreement.

5. The Initial Franchise Fee (Section 3.1) is: \$35,000.

6. Royalty and Advertising Obligation:

If your Restaurant is located in:	Then your Royalty is equal to:	And your National Brand Fund fee is equal to:	And your local advertising expenditure is equal to:	And your Regional Fund fee is equal to:	Total Advertising Obligation:
The West Coast of the continental United States (Specifically, the following states: Alaska, Arizona, California, Colorado, Idaho, Kansas, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming)	Currently, 3% of Gross Sales per month	Currently, 1% of Gross Sales per month	Currently, 1% of Gross Sales per month	Currently, 0% of Gross Sales per month	Currently, 2% of Gross Sales per month
East of Texas in the Continental United States. (Specifically, the following states: Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, Washington DC, West Virginia, and Wisconsin)	Currently, 4% of Gross Sales per month	Currently, 2% of Gross Sales per month	Currently, 1% of Gross Sales per month	Currently, 0% of Gross Sales per month	Currently, 3% of Gross Sales per month

Hawaii	Currently, 1.5% of Gross Sales per month	Currently, \$305 per month	Currently, 1% of Gross Sales	Currently, 0% per month	Currently, 2% of Gross Sales per month plus \$305 per month
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7. Technology Fee: Currently \$0 per month, but we reserve the right to charge this fee. This fee will never exceed \$500 per month, adjusted for inflation.
8. Grand Opening Advertising Program: \$5,000
9. Opening Deadline (Section 4.4): The eighteen (18) month anniversary of the Agreement Effective Date. Time is of the essence.
10. Addresses for Notices

Franchisor:

L & L Franchise, Inc.
2138 Algaroba Street
Honolulu, Hawaii 96826
Attention: Elisia Flores
Email: franchising@llhawaii.com

Franchisee:

Attention: _____
Email: _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

APPENDIX B

List of Owners and Ownership Interests

Effective Date: This Appendix B is current and complete
as of _____, 20__

Franchisee and Its Owners

1. Form of Franchisee Entity.

(a) Individual Proprietorship. Franchisee's owner(s) (is) (are) as follows:

(b) Corporation, Limited Liability Company, or Partnership. The Franchisee entity was incorporated or formed on _____, under the laws of the State of _____. It has not conducted business under any name other than the corporate, limited liability company, or partnership name and _____. The following is a list, as applicable, of Franchisee's partners, directors, officers and/or members as of the Effective Date:

<u>Name of Each Director/Officer/Member/Manager</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. Owners. The following list includes the full name of each person who is one of Franchisee's owners, or an owner of one of Franchisee's (direct or indirect) owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	<u>Owner's Name/Address</u>	<u>Percentage/Description of Interest</u>
(a)	_____	_____
	_____	_____

(b)	_____	_____
	_____	_____

(c)	_____	_____
	_____	_____

(d)	_____	_____
	_____	_____

3. Identification of Operating Principal. Franchisee's Operating Principal as of the Effective Date is (must be one of the individuals listed in paragraph 2 above). Franchisee may not change the Operating Principal without Franchisor's prior written consent:

L & L Franchise, Inc.	_____
Franchisor	Franchisee
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

APPENDIX C

Personal Guarantee

As an inducement to L & L Franchise, Inc. (the "**Franchisor**") to execute an L & L Hawaiian Barbecue Franchise Agreement (the "**Agreement**") with [____], [a _____ organized under the laws of _____,] (the "**Franchisee**"), the undersigned individuals (collectively, the "**Guarantors**") unconditionally guarantee to Franchisor, its affiliates, and their successors and assigns that all of the Franchisee's obligations under the Agreement, and under other agreements or arrangements between the Franchisee and Franchisor, its affiliates, or their successors or assigns, (collectively, the "**Obligations**"), will be punctually paid and performed. The liability of the Guarantors under this Guarantee is joint and several.

1. Guarantee

Upon demand by Franchisor, the Guarantors will immediately satisfy each Obligation. Each Guarantor waives any right to require Franchisor to: (a) proceed against the Franchisee or any other Guarantor for any contribution or payment required under the Agreement; (b) proceed against or exhaust any security from the Franchisee or any other Guarantor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against the Franchisee or any other Guarantor. Without affecting the liability of the Guarantors under this Guarantee, Franchisor may, without notice to the Guarantors, extend, modify, or release any Obligation, or settle, adjust, or compromise any claims against the Franchisee. The Guarantors waive notice of amendment of the Agreement and notice of demand for contribution or payment by the Franchisee and agree to be bound by any and all such amendments and changes to the Agreement. Each Guarantor also acknowledges that the statements in Section 26.1 and 26.3 of the Agreement are true and accurate as to himself or herself.

2. Indemnity

The Guarantors agree to hold harmless and indemnify Franchisor, its affiliates, and their respective officers, directors, members, shareholders and employees against any and all losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees, reasonable costs of investigation and court costs) resulting from, consisting of, or arising out of or in connection with any failure by the Franchisee to perform any Obligation.

3. Duration

Except for those personal obligations described in Section 4 below that will survive the expiration, termination or transfer of rights or ownership of the Franchisee or the Franchise Agreement, this Guarantee with respect to an individual Guarantor will terminate upon one of the following events: (a) termination or expiration of the Agreement, (b) the Guarantor's transfer of all of his/her/their interest in Franchisee, or (c) the Guarantor's spouse's transfer of all of his/her/their interest in Franchisee, if the Guarantor does not own an interest in Franchisee. However, all liabilities of the

Guarantors arising from events which occurred on or before the effective date of termination, expiration or transfer will remain in full force and effect until satisfied or discharged by the Guarantors. Upon the death of a Guarantor, the estate of the Guarantor will be bound by this Guarantee, but only for defaults and obligations of the Guarantor existing at the time of death; and the obligations of the other Guarantors will continue in full force and effect.

4. Other Personal Obligations

Except as expressly authorized by the Agreement, the Guarantors agree that they will not make any use of the intellectual property rights licensed under the Agreement or any trade secrets, know-how, systems or methods of which Guarantors may acquire knowledge by virtue of the training they may have received from Franchisor, their involvement in the business, or their or their spouse's ownership interest in the Franchisee, and Guarantors will not disclose the same to any third party.

The Guarantors acknowledge and agree to be bound personally by all covenants not to compete (Section 17 of the Franchise Agreement), confidentiality provisions (Sections 11 and 12 of the Franchise Agreement), proprietary marks provisions (Section 7 of the Franchise Agreement), governing law and dispute resolution provisions (**including the jury trial waiver, limitation on the time for bringing claims, waiver of class actions, and waiver of punitive damages** (Sections 24 and 25 of the Franchise Agreement)), construction and survival (Sections 22 and 23 of the Franchise Agreement), and restrictions on transfers of interest contained in Section 14 of the Agreement (however, the Guarantors understand and acknowledge that this Guarantee does not grant them any right to use the "L & L Hawaiian Barbecue" marks or system licensed to Franchisee under the Agreement).

5. Enforcement of Obligations Under This Guarantee

If Franchisor is required to enforce this Guarantee in a judicial or arbitration proceeding, and prevails in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses (and any interest) whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding.

GUARANTORS:

Date: _____

Printed
Name: _____

Home

Address: _____

Date: _____

Printed
Name: _____

Home
Address: _____

Date: _____

Printed
Name: _____

Home
Address: _____

APPENDIX D

EFTA Form

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (DIRECT DEBITS) _____ (Name of Person or Legal Entity) _____ (ID Number)

The undersigned depositor ("**Depositor**") ("**Franchisee**") hereby authorizes L & L Franchise, Inc., a Hawaii corporation ("**Franchisor**"), to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**") to debit or credit such account(s) pursuant to Franchisor's instructions.

Depository	Branch	
City	State	Zip Code
Bank Transit/ABA Number	Account Number	

This authority is to remain in full force and effect until sixty (60) days after Franchisor has received written notification from Franchisee of its termination, which notification may not be made by Franchisee until the termination of the Franchise Agreement.

Depositor:	Depository:
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Franchisee/Depositor: Please attach to this form a voided check from the Depositor's checking and/or savings account indicated above.

APPENDIX E

Site Selection Addendum

[] (“we” or “us”) and _____ (“you”) have this ____ day of _____, 20____ (the “**Addendum Effective Date**”) entered into a L & L Hawaiian Barbecue Franchise Agreement (“**Franchise Agreement**”) and desire to supplement its terms as set out below in this Site Selection Addendum (the “**Addendum**”). The parties hereto agree as follows:

AGREEMENT

1. **General Procedures and Broker Requirements.** After you and we sign this Addendum, we will provide you with our real estate guidelines (which are part of our Manuals), which will describe our procedures and policies regarding the selection and leasing of locations, including our minimum standards for a location for Restaurants. You agree that you will not contact any potential lessors regarding the development of a Restaurant or engage any real estate brokers before you and we begin activities under this Addendum. We suggest you engage a qualified commercial real estate broker who has adequate experience with retail leasing opportunities and who is reasonably acceptable to us.

2. **Time to Locate Site and Site Selection Area:**

2.1 Within forty-five days (45) days after the Addendum Effective Date (the “**Search Period**”), you must acquire or lease/sublease, at your expense, commercial real estate that is properly zoned for use as a Restaurant that you will operate under the Franchise Agreement (the “**Franchised Business**”) at a site that we approve as described in this Addendum. This site will be the “**Approved Location**” and will be the “**Premises**” under the Franchise Agreement.

2.2 Any sites that you propose must be within the following area:

(the “**Site Selection Area**”). The Site Selection Area is described solely for the purpose of selecting a site for the Franchised Business.

2.3 If you used your best efforts but have not identified a suitable site that we approve by the end of the Search Period, we will have the right to extend the Search Period by up to sixty (60) days. If you fail to acquire or lease or sublease a site for the Franchised Business within the Search Period (as extended, if we have done so), you will be in default under the Franchise Agreement and this Addendum, and we will have the right to terminate the Franchise Agreement and this Addendum pursuant to the terms of Section 15.2 of the Franchise Agreement. If we elect not to terminate this Agreement at such time and we extend the period of time you may search for a site past the Search Period, we may subsequently terminate the Franchise Agreement and this Addendum for your failure to acquire or lease or sublease a site for the Franchised Business, and/or we reserve the right to make your Site Selection Area available to

others (including, without limitation, current franchisees, prospective franchisees, and/or us or any of our affiliates) for the establishment of a Restaurant, and your Site Selection Area will be modified to eliminate any areas that become protected territories for another Restaurant. If we terminate the Franchise Agreement and this Addendum for your failure to acquire, lease or sublease a site for the Franchised Business, you acknowledge that we have no obligation to refund the Initial Franchise Fee to you.

2.4 You acknowledge and agree that we have no responsibility for, or liability to you for, any site review, analysis, evaluation, or recommended undertaking by or on behalf of any real estate broker or advisor that you use or retain, including brokers or advisors that we approve or recommend.

3. **Site Evaluation Services:** We will, directly or through a designated third party, conduct one on-site evaluation as we deem necessary and appropriate (on our own initiative or at your request) without a separate charge. If we or our designee conduct any additional on-site evaluations, you must reimburse us or our designee, as applicable, for all reasonable expenses that we or the designee incur in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals.

4. **Site Selection Package Submission and Approval:** You must submit a site review report and such other information or materials as we may reasonably require (including but not limited to photographs, demographic information, an option contract, letter of intent, or other evidence satisfactory to us that confirms your favorable prospects for obtaining the site). We will use reasonable efforts to approve or disapprove the proposed site within thirty (30) days after receiving your completed site review report. If we do not approve in writing the proposed site, you must, within thirty (30) days after our disapproval of the proposed site, submit an additional site for our review and approval. We will not unreasonably withhold approval of any site that meets our standards. You may not lease or otherwise acquire the right to occupy the proposed site without our prior written approval.

5. **Lease Responsibilities:** Within sixty (60) days after we approve a site, you must execute a lease or sublease, which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. In connection with the potential lease or sublease, you must engage, at your expense, a qualified real estate attorney who has adequate experience in negotiating retail leases and who is reasonably acceptable to us. Our approval of any lease is conditioned upon inclusion in the lease of the terms included in the Lease Rider attached to the Franchise Agreement as Appendix F (include these terms as an amendment or rider signed with your lease or sublease). Although we may review the lease and advise you, we will not be responsible for review of the Lease for any terms other than those contained in the Lease Rider.

6. **Approved Location:** Upon our approval of a site under Section 4 of this Addendum, and after you secure the site pursuant to Section 5 of this Addendum, we will insert its address into Appendix A of the Franchise Agreement, and it will be the "Approved Location." You acknowledge and agree that, if we have recommended,

approved or given you information regarding a site for the Approved Location, that is not a representation or warranty of any kind, express or implied, of the suitability of the site for a Restaurant or any other purpose. Our recommendation indicates only that we believe that the site meets our then acceptable criteria. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site and premises. The uncertainty and changeable nature of these criteria and factors are beyond our control, and we are not responsible if a site and premises we recommend, suggest and/or approve fails to meet your expectations. In addition, 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. You acknowledge and agree that your acceptance of the obligation to develop the Franchised Business is based on your own independent investigation of the suitability of the site for the Franchised Business.

7. **Entire Agreement:** This Addendum is an integral part of the Franchise Agreement, and the terms of this Addendum will be controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined in this Addendum will have the same meaning as used in the Franchise Agreement. Except as modified or supplemented by this Addendum, you and we ratify and confirm the terms of the Franchise Agreement.

IN WITNESS WHEREOF, each party hereto has caused its duly authorized representative to duly execute and deliver this Addendum on the date first above written.

L & L Franchise, Inc.
Franchisor

Franchisee

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

APPENDIX F

Lease Rider Terms

Notwithstanding anything in the lease to the contrary, the Landlord and Tenant agree as follows (capitalized terms not defined herein having the meanings set forth in the Franchise Agreement between Tenant and L & L Franchise, Inc. ("L & L"), Tenant's franchisor):

1. The initial term of the lease, or initial term together with renewal terms, will be for not less than ten (10) years.

2. Landlord consents to Tenant's use and display of the Proprietary Marks and signage as L & L may require from time to time for the Franchised Business, subject only to the provisions of applicable law.

3. Tenant will have the right to alter, renovate, add, remodel, modify, and/or change the Premises and/or other improvements upon the Premises as Tenant may deem desirable, provided that if any such alterations, renovations, additions, modifications, remodeling and/or changes to the Premises and/or improvements upon the Premises affect the exterior, structural elements or foundation of the Premises, Tenant must first obtain the consent of Landlord, which consent will not be unreasonably withheld, conditioned or delayed.

4. The Premises will be used solely for the operation of a Restaurant which operates using the Proprietary Marks and System while the Franchise Agreement is in effect and Tenant is in lawful possession of the Premises.

5. Landlord will concurrently provide L & L with a copy of any written notice of deficiency or default under the lease sent to Tenant, and Landlord will provide L & L with written notice specifying any deficiencies or defaults that Tenant does not cure. L & L's address is:

2138 Algaroba Street
Honolulu, Hawaii 96826

6. L & L has the right (but not obligation) to cure any deficiency or default under the lease within thirty (30) days after the expiration of the period in which Tenant has to cure any such default if Tenant fails to do so, and Landlord will not terminate the lease during that period.

7. Landlord acknowledges that, in the event the Franchise Agreement expires or is terminated: (a) Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as a Restaurant; and (b) Landlord will cooperate fully with L & L in enforcing such provisions of the Franchise Agreement, including allowing L & L, its employees and agents to enter and remove signs, decor and materials bearing or displaying any Proprietary Marks, designs, or logos, provided that Landlord will not be required to bear any expense thereof.

8. Termination of the Franchise Agreement will constitute a default under the lease.

9. L & L has the right, at L & L's election, to receive an assignment of the leasehold interest upon termination or expiration of the franchise grant. Additionally, Tenant (and any guarantors of the lease) will remain liable to Landlord for all of Tenant's obligations under the lease, notwithstanding any assignment of the lease to L & L or L & L's designee.

10. Tenant is restricted from accepting any requirement under the lease that seeks to impose any restrictions (territorial or otherwise) on the development or operation of other Restaurants by Tenant, L & L, or any other person or entity.

11. Landlord agrees that Tenant may not assign the lease or sublease all or any part of Tenant's occupancy rights thereunder without L & L's prior written consent.

12. Landlord's consent to an assignment of the lease or subletting of the Premises will not be required in connection with an assignment or subletting to L & L, or any parent, subsidiary or affiliate of L & L or Tenant, or another operator that L & L has approved to be the franchisee for the Franchised Business.

13. Landlord may not sell or lease or allow the sublease of, space in the building, or on the property, to any person or entity for a business or restaurant that sells 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, or any similar business. Additionally, Landlord will not sell to any individual or entity that engages in, and will prohibit any other tenant or subtenant in the building, or on the property, from engaging in, activities predominantly related to the offer and sale of products or services similar to those offered by a Restaurant. In the event Landlord does not comply with these restrictions, Tenant will have the right to seek an injunction prohibiting the occupancy by the new competing business or against the existing tenant, as the case may be.

14. Landlord will, upon reasonable request from Tenant's lender, agree to subordinate any interests it may have in Tenant's equipment or other leasehold improvements to Tenant's lender's interests.

15. No amendment may be made to the lease without L & L's prior written consent (which L & L will not unreasonably withhold or delay), and L & L may elect not to be bound by the terms of any amendment to the lease executed without obtaining L & L's prior written approval to such amendment.

[Signature Page to Lease Follows]

Landlord

By:_____

Name:_____

Title:_____

Date:_____

Franchisee

By: _____

Name:_____

Title:_____

Date:_____

[Signature Page to Lease Rider for L & L Hawaiian Barbecue Franchised Business]

APPENDIX G

Non-Disclosure and Non-Competition Agreement (Between Franchisee and Key Individuals)

THIS NON-DISCLOSURE AND NON-COMPETITION AGREEMENT (this “**Agreement**”) is made by _____ and between _____ (“**Franchisee**”), _____ and _____, who is an owner, spouse of an owner, child of an owner, sibling of an owner, officer or director of Franchisee, or other key member of Franchisee’s management team (“**Member**”), on the date signed by Franchisee, as set forth below.

RECITALS:

WHEREAS, L & L Franchise, Inc. (“**Franchisor**”) has developed a distinctive set of specifications and operating procedures (collectively, the “**System**”) for the operation of franchised L & L Hawaiian barbecue restaurants (“**Franchised Businesses**”).

WHEREAS, Franchisor and Franchisee have executed a Franchise Agreement (the “**Franchise Agreement**”) granting Franchisee the right to operate a Franchised Business under the terms and conditions of the Franchise Agreement;

WHEREAS, the Member, by virtue of his, her, or their position with Franchisee, will gain access to certain of Franchisor’s Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement that Franchisee is bound by.

IN CONSIDERATION of these premises, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Confidential Information. Member will not, during the term of the Franchise Agreement or thereafter, communicate, divulge or use for any purpose other than the operation of the Franchised Business, any confidential information, knowledge, trade secrets or know-how which may be communicated to Member or which Member may learn by virtue of Member’s (or Member’s spouse’s, parent’s, or sibling’s) relationship with Franchisee. All information, knowledge and know-how relating to Franchisor, its business plans, Franchised Businesses, or the System (“**Confidential Information**”) is deemed confidential, except for information that Member can demonstrate came to Member’s attention by lawful means prior to disclosure to Member or which, at the time of the disclosure to Member, had become a part of the public domain other than through Member’s act or omission. In addition, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, pursuant to the Defend Trade Secrets Act.

2. Covenants Not to Compete.

(a) Member specifically acknowledges that, pursuant to the Franchise Agreement, and/or by virtue of his, her, or their (or his or her or their spouse's, parent's, or sibling's) position with Franchisee, Member will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System.

(b) Member covenants and agrees that during the term of the Franchise Agreement, except as otherwise approved in writing by Franchisor, Member will not, either directly or indirectly, for himself, herself, or themselves, or through, on behalf of, or in conjunction with any person (including through a spouse, parent, sibling, or child), persons, partnership, corporation, or entity:

(i) 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;

(ii) own, manage, engage in, be employed by, advise, make loans to, consult for, rent or lease to, or have any other interest in any business that operates, or grants franchises or licenses to operate, a restaurant, or a similar business that offers products or services substantially similar to those then offered by Restaurants (a "Competitive Business");

(iii) divert or attempt to divert any business or customer, or potential business or customer, of the Franchised Business to any Competitive Business; or

(iv) interfere with, disturb, disrupt, impair, diminish, or otherwise jeopardize Franchisor's business or that of Franchisor's affiliates or any of its franchisees.

(c) Member covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by Franchisor, and subject to applicable law, Member will not, either directly or indirectly (including through a spouse, parent, sibling, or child), own, manage, engage in, be employed by, advise, make loans to, consult for, or have any other interest in any Competitive Business that is, or intends to operate: within a five (5) mile radius of the location of the Franchised Business (the Premises); or (d) within a five (5) mile radius of any other L & L restaurant then operating or under construction to operate under the System.

(d) As used in this Agreement, the term "Post-Term Period" will mean a continuous uninterrupted period of either twenty-four (24) months or sixty (60) months (whichever longer period may be enforceable) from the date of: (a) a transfer of

Member's interest (or, if Member is not an owner of Franchisee but a spouse, child, or sibling of the owner, a transfer of the spouse's, child's, or sibling's interest) in the Franchised Business permitted under the Franchise Agreement; (b) expiration or termination of the Franchise Agreement (regardless of the cause); (c) termination of Member's directorship or officership with Franchisee; and/or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Agreement; either directly or indirectly (through, on behalf of, or in conjunction with any person, partnership, corporation or entity).

(e) Member will notify Franchisee promptly in writing of any and all ideas, inventions, discoveries and improvements, including without limitation, recipes, methods and procedures (for the purposes of this paragraph, "Improvements"), whether patentable or not, which are made, discovered, or conceived either solely by Member or jointly with others, at Franchisee's expense, or at Franchisee's request, based on his/her/their knowledge or information obtained from Franchisee or Franchisor, in connection with the L & L Restaurant whenever or wherever such Improvements were conceived, and Member will assign all right, title and interest to them to Franchisor. Member will assign to Franchisor all interest in any patents, patent applications or other intellectual property rights relating to such Improvements and will assist Franchisor in obtaining, maintaining, and prosecuting such patents, patent applications and intellectual property rights. Member will assign and does hereby assign to Franchisor all such Improvements (including, but not limited to all patent rights, copyrights, and rights of authorship therein), free and clear of any liens, claims or encumbrances. Member will take all steps both during and after his/her/their employment with Franchisee (but at Franchisor's expense) that may be necessary in order to effectuate the assignment to Franchisor or to enforce any patents, copyrights or any proprietary rights relating to the Improvements and Member will execute all documents necessary to give to Franchisor full legal ownership to such Improvements. Member irrevocably designates and appoints Franchisor and its duly authorized officers and agents as his/her agent and attorney in fact to act for and on Member's behalf and stead, to execute and file any application, assignment or other documents and to do all other lawfully permitted acts to further the assignment, prosecution and/or issuance of a patent, copyright, mask work and/or trademark with respect to the Improvements and/or other works created by Member with the same legal force and effect as if executed and filed by Member.

3. Injunctive Relief. Member acknowledges that any failure to comply with the requirements of this Agreement will cause Franchisor irreparable injury, and Member agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.

4. Severability. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, are held invalid by any court of competent jurisdiction for any reason, then Member agrees that the court will have the authority to reform and modify that provision in order that the restriction will be the maximum necessary to protect Franchisor's and/or Franchisee's legitimate business

needs as permitted by applicable law and public policy. In so doing, Member agrees that the court will impose the provision with retroactive effect as close as possible to the provision held to be invalid.

5. Delay. No delay or failure by Franchisor or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, will constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement will be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.

6. Definitions. All capitalized terms not defined herein will have the meaning ascribed to them in the Franchise Agreement.

7. Third-Party Beneficiary. Member hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

[Signatures on next page]

IN WITNESS WHEREOF, Franchisee and Member attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on the date set forth below.

FRANCHISEE

MEMBER

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

APPENDIX H

Non-Disclosure and Non-Competition Agreement (Between Franchisee and its Other Personnel)

[Note to Franchisee: This document is a sample form only for use with your managers and employees with access to Confidential Information. You may use this form or choose to use your own form of agreement, provided that if you use your own form of agreement it must meet our standards and specifications. If you use this form, you should consult with your attorney to ensure that the terms of this agreement are enforceable within your state and make any necessary modifications. In some states, this agreement may only be enforceable to the extent permitted by state law.]

THIS EMPLOYEE AGREEMENT (THIS "AGREEMENT") IS MADE BY AND BETWEEN _____ ("FRANCHISEE") AND _____ ("EMPLOYEE") ON THE DATE SIGNED BY FRANCHISEE, AS SET FORTH BELOW.

1. Franchisee has entered into an agreement with L & L Franchise, Inc. ("Franchisor") giving Franchisee the right to operate an L & L Hawaiian barbeque restaurant pursuant to a distinctive and proprietary set of specifications and operating procedures.
2. Employee by virtue of his/her/their employment with Franchisee will gain access to certain of Franchisee's and Franchisor's confidential information and acknowledges that both Franchisee and Franchisor need to protect this information.
3. Employee will, during and after his/her/their term of employment, hold in confidence and not disclose or use to his/her/their own advantage or the advantage of others any confidential or proprietary information belonging to Franchisor or Franchisee, except on their behalf, without their express written consent.

For the purposes of this Agreement, confidential or proprietary information shall be deemed to include all information which Employee learns or to which he/she/they has access as a result of his/her/their employment, such as (a) names or addresses of any customers of the Franchisee or information relating to the services provided to such customers; (b) names or address of any of the employees of Franchisee or Franchisor; (c) proprietary, confidential or secret processes, recipes, plans, devices, or materials relating to the business, products and services, or activities of Franchisee or Franchisor; (d) proprietary, confidential or secret engineering, development, or research of Franchisee or Franchisor; (e) financial information relating to Franchisee or Franchisor; or (f) other proprietary, confidential or secret aspects of the business, products and services or activities of Franchisee or Franchisor. Excepted from the terms of this Agreement is confidential or proprietary information that (i) is currently in the public domain; (ii) becomes part of the public domain other than through Employee's act or omission; (iii) is revealed to Employee by a third party without restrictions on its

disclosure or use; or (iv) is known to Employee before such time as he/she/they shall have access to it as a result of his/her/their employment with Franchisee. In addition, there may be certain, limited circumstances where applicable law allows for the disclosure of certain trade secrets, as specified in Franchisor's Manuals.

Employee recognizes that the above definition may include within its scope some information, the disclosure of which could not reasonably be expected to cause damage to Franchisee or Franchisor. Employee understands that it is the intent of Franchisee and Franchisor to interpret and apply this Agreement reasonably. At any time, should Employee have a question on whether any information within the scope of the above definition might nonetheless be disclosed, Employee will consult with his/her manager.

4. Employee agrees that on leaving the employment of Franchisee, or at the request of Franchisee or Franchisor at any time during his/her employment, Employee shall immediately deliver to Franchisee or Franchisor (or destroy, at Franchisee's or Franchisor's option) all confidential or proprietary information and other such materials in Employee's possession, custody or control.

5. Employee will notify Franchisee promptly in writing of any and all ideas, inventions, discoveries and improvements, including without limitation, recipes, methods and procedures (for the purposes of this paragraph, "Improvements"), whether patentable or not, which are made, discovered, or conceived either solely by Employee or jointly with others, at Franchisee's expense, or at Franchisee's request, or as a result of his/her/their employment with Franchisee, or based on his/her/their knowledge or information obtained from Franchisee or Franchisor, whenever or wherever such Improvements were conceived, and Employee will assign all right, title and interest to them to Franchisor. Employee will assign to Franchisor all interest in any patents, patent applications or other intellectual property rights relating to such Improvements and will assist Franchisor in obtaining, maintaining, and prosecuting such patents, patent applications and intellectual property rights. Employee will assign and does hereby assign to Franchisor all such Improvements (including, but not limited to all patent rights, copyrights, and rights of authorship therein), free and clear of any liens, claims or encumbrances. Employee will take all steps both during and after his/her/their employment with Franchisee (but at Franchisor's expense) that may be necessary in order to effectuate the assignment to Franchisor or to enforce any patents, copyrights or any proprietary rights relating to the Improvements and Employee will execute all documents necessary to give to Franchisor full legal ownership to such Improvements. Employee irrevocably designates and appoints Franchisor and its duly authorized officers and agents as his/her agent and attorney in fact to act for and on Employee's behalf and stead, to execute and file any application, assignment or other documents and to do all other lawfully permitted acts to further the assignment, prosecution and/or issuance of a patent, copyright, mask work and/or trademark with respect to the Improvements and/or other works created by Employee with the same legal force and effect as if executed and filed by Employee.

6. A "**Competitive Business**" shall be defined to include 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 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; or (b) owning, managing, engaging in, being employed by, advising, making loans to, consulting for, renting or leasing to, or having any other interest in any business that operates, or granting franchises or licenses to operate, a restaurant, or a similar business that offers products or services substantially similar to those then offered by Restaurants (a “**Competitive Business**”). Any operation by Employee of a Competitive Business shall be deemed by any court, arbitrator, or other fact finder to be dispositive evidence that Employee has used Franchisor’s Confidential Information in violation of this Agreement.

While in the employ of Franchisee, Employee will notify Franchisee promptly in writing if Employee becomes involved in any way in any business that is or may be competitive with Franchisee, including a Competitive Business, or may affect his/her/their job performance for Franchisee. Any such companies described herein with which Employee is currently involved are listed on Exhibit A.

7. Franchisee and/or Franchisor may from time to time photograph and make audio and video recordings of Employee in the course of Employee’s employment. Employee hereby gives permission for Franchisee and/or Franchisor to so photograph and make audio and video recordings of him/her, and use such photographs and audio and video recordings for marketing, promotional and quality assurance purposes. This permission extends to the recording of telephone calls and security camera audio and video surveillance and the use of Employee’s name. Employee acknowledges that Franchisor will own all right, title and interest in and to such photographs and audio and video recordings.

8. Franchisee or Franchisor, as the case may be, shall be entitled to injunctive and/or other equitable relief to prevent a breach of the foregoing provisions and to secure their enforcement, because a breach by Employee of any of the foregoing would cause one or both of them irreparable injury and damage. Employee also agrees to pay all court costs and reasonable attorneys’ fees incurred by Franchisee or Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement. Nothing herein shall be construed as prohibiting either Franchisee or Franchisor from pursuing any other remedies for such breach or threatened breach.

9. Employee hereby acknowledges and agrees that Franchisor is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.

10. In some states, this Agreement may only be enforceable to the extent permitted by state law.

IN WITNESS WHEREOF, Franchisee and Employee attest that each has read and understands the terms of this Agreement.

FRANCHISEE

By: _____

Name: _____

Title: _____

Date: _____

EMPLOYEE

Signature

Name: _____

Title: _____

Date: _____

Exhibit B to the Franchise Disclosure Document

General 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 C to the Franchise Disclosure Document

TABLE OF CONTENTS TO MANUAL

Each topic covered in the Manuals will be provided as a series of pages that may vary in size and number depending on the setting you select on your computer. As such, the page numbers in this list of topics are approximate.

TABLE OF CONTENTS

1.	INTRODUCTION	3 - 5
2.	CORPORATE DIRECTORY	6 - 9
3.	PRE-OPENING	10 - 20
6.	DESIGN GUIDELINES & MENU BOARD	21 - 24
7.	RECIPE & MENU COMPLIANCE	25 - 29
8.	FOOD SAFETY AND PREPARATION PROCESSES	30 - 45
9.	HR BEST PRACTICES	46 - 50
10.	OPERATIONS RECOMMENDATIONS	51 - 61
11.	ADA COMPLIANCE	62 - 67
12.	FINANCIAL & ACCOUNTING CONTROLS	68 - 72
13.	REPORTING REQUIREMENTS / POS SYSTEM / GIFT CARD	73 - 75
14.	MARKETING & COMMUNICATIONS	76 - 84
15.	CUSTOMER SERVICE	85 - 90
16.	OWNERSHIP TRANSFER	91 - 93

Exhibit D to the Franchise Disclosure Document

FINANCIAL STATEMENTS



L & L Franchise, Inc.

Financial Statements
(With Independent Auditors' Report Thereon)

December 31, 2024

L & L FRANCHISE, INC.

Financial Statements

December 31, 2024

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 financial statements of L & L Franchise, Inc. (a Hawaii corporation), which comprise the balance sheet as of December 31, 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of L & L Franchise, Inc. as of December 31, 2024, 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.

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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with 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.

KKDL Y LLC

Honolulu, Hawaii
April 23, 2025

L & L FRANCHISE, INC.

Balance Sheet

December 31, 2024

Assets

Current assets:

Cash	\$ 1,714,041
Restricted cash	943,459
Accounts receivable, less allowance for credit losses of \$349,635	1,884,930
Rebates receivable	182,493
Notes receivable and accrued interest - current	92,115
Prepaid expenses and other	58,128
Total current assets	4,875,166

Investments	599,647
Property and equipment, net	3,200,496
Other property, net	745,421
Operating lease right-of-use asset	13,889
Notes receivable - noncurrent	238,244
Total assets	\$ 9,672,863

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable	\$ 51,847
Gift cards payable	106,799
Accrued expenses	171,037
Deferred revenue	395,778
Deposits	14,953
Finance lease liability - current	9,393
Operating lease liability - current	3,267
Total current liabilities	753,074

Finance lease liability - noncurrent	9,776
Operating lease liability - noncurrent	10,622
Total liabilities	773,472

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	8,698,391
Total stockholders' equity	8,899,391

Commitments and contingencies

Total liabilities and stockholders' equity	\$ 9,672,863
--	--------------

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Income and Retained Earnings

Year Ended December 31, 2024

Revenues:	
Royalty and advertising fees	\$ 8,735,954
Rebate income	685,849
Franchise fees	250,025
Other income	<u>177,791</u>
Total revenues	<u>9,849,619</u>
Operating expenses:	
Salaries and wages	1,672,024
Advertising	1,495,787
Professional fees	462,945
Insurance	363,317
Credit loss expense	282,965
Taxes and licenses	243,211
Travel	188,089
General and administration	170,460
Convention expenses	159,673
Profit sharing contribution	98,419
Depreciation	52,474
Contributions	49,499
Meals	37,634
Lease rent	<u>23,995</u>
Total operating expenses	<u>5,300,492</u>
Income from operations	<u>4,549,127</u>
Other income (expense):	
Rental income	389,156
Rental expense	(338,253)
Interest and dividend income	127,243
Gain on sale of assets	2,556
Other income	<u>130,476</u>
Total other income, net	<u>311,178</u>
Net income	4,860,305
Retained earnings - beginning of year	8,052,307
Distributions	<u>(4,214,221)</u>
Retained earnings - end of year	<u>\$ 8,698,391</u>

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Cash Flows

Year Ended December 31, 2024

Cash flows from operating activities:

Net income	\$ 4,860,305
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	79,483
Amortization	12,808
Credit loss expense	282,965
Gain on sale of assets	(2,556)
Changes in assets and liabilities:	
Accounts receivable	(675,904)
Rebates receivable	39,115
Prepaid expenses and other	5,368
Carrying amount of operating lease right-of-use asset	(13,889)
Notes receivable and accrued interest	106,648
Accounts payable	(7,048)
Gift cards payable	(2,679)
Accrued expenses	26,741
Deferred revenues	235,334
Deposits	(24,332)
Operating lease liability	13,889
Net cash provided by operating activities	<u>4,936,248</u>

Cash flows from investing activities:

Purchases of property and equipment	(56,084)
Proceeds from sale of assets	<u>25,000</u>
Net cash used in investing activities	<u>(31,084)</u>

Cash flows used in financing activities:

Distributions to stockholders	(4,214,221)
Principal payments on finance lease obligation	<u>(19,024)</u>
Net cash used in financing activities	<u>(4,233,245)</u>

Net increase in cash and restricted cash 671,919

Cash and restricted cash at beginning of year	<u>1,985,581</u>
Cash and restricted cash at end of year	<u><u>\$ 2,657,500</u></u>

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

(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.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities less than three months at the date of purchase to be cash equivalents. The Company held no cash equivalents at December 31, 2024.

Restricted Cash

Restricted cash consists of funds contractually restricted and set aside exclusively for the payment of advertising fees for the franchisees and convention expenses. The Company has presented restricted cash separately from cash in the accompanying balance sheet.

Allowance for Credit Losses

The Company records an allowance for credit losses (ACL) in accordance with the Financial Accounting Standards Board's (the FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* for the current expected credit losses inherent in its financial assets measured at amortized cost and contract assets. The ACL is a valuation account deducted from the amortized cost basis to present the net amount expected to be collected. The estimate of expected credit losses includes expected recoveries of amounts previously written off as well as amounts currently expected to be written off.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

The estimate of expected credit losses is based on the franchisees' historical loss experience adjusted for current and reasonable and supportable forecasts of economic conditions and other pertinent factors affecting the Company's franchisees such as known credit risk or industry trends. The allowance is estimated over the contractual term of the financial asset adjusted for expected prepayments. The Company does not have any off-balance sheet credit exposures.

The Company incorporates forward-looking information through the use of a macroeconomic scenario applied over the entire contractual term of the financial asset. This macroeconomic scenario is based on gross domestic product levels, as that has historically been a key driver of increases and decreases in credit losses. The Company's estimate is based on the single economic scenario that it considers most likely.

Subsequent changes (favorable and unfavorable) in expected credit losses each period are recognized immediately in net income as a credit loss expense or a reversal of credit loss expense.

Accounts Receivable

Accounts receivable, net of ACL, consists primarily of accrued royalty and advertising fee receivables, initial franchise fees, and vendor rebates. Accounts receivable do not bear interest. Management determines the ACL based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables, which are charged off against the existing allowance account when determined to be uncollectible.

The Company maintains an ACL to cover its current and expected credit losses on its receivables arising from the failure of franchisees or vendors to make contractual payments. The Company estimates credit losses expected over the life of the receivable based on historical information combined with current conditions that may affect a customer's ability to pay and reasonable and supportable forecasts. While the Company uses various credit quality metrics, it primarily monitors collectability by reviewing the duration of collection pursuits on its delinquent accounts receivable. Based on the Company's experience, the customer's delinquency status is the strongest indicator of the credit quality of the underlying trade receivable, which is analyzed monthly. In most instances, the Company's policy is to write-off accounts receivables when they are deemed uncollectible.

Investments

Investments at December 31, 2024 consists of federal agency securities. The Company classifies its debt securities in one of three categories: trading, available-for-sale (AFS), or held-to-maturity (HTM). Trading securities are bought and held principally for the purpose of selling them in the near term. HTM securities are those securities in which the Company has the ability and intent to hold the security until maturity. All securities not included in trading or HTM are classified as AFS. As of December 31, 2024, all investment securities are classified as HTM.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

HTM debt securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Declines in the fair value of HTM debt securities below their cost that are deemed to be other than temporary impairment losses are reflected in other income (expense) as realized losses on investment securities.

Premiums and discounts on debt securities are amortized or accreted over the life of the related HTM security as an adjustment to yield using the effective-interest method. Such amortization and accretion is included in interest and dividend income in the accompanying statement of income and retained earnings. Interest income is recognized when earned.

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.

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:

	<u>Estimated Useful Lives</u>
Real estate	39 years
Furniture and equipment	5 - 7 years
Automobile	3 -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.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

Leases

The Company is a lessee under long-term non-cancellable operating and finance leases (see Note 10). The Company accounts for leases in accordance with the FASB's ASU 2016-02, *Leases (Topic 842)* (ASC 842). The Company recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date.

For operating and finance leases, the lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date (or on January 1, 2022 for leases executed before the ASC 842 adoption date). The lease liability is subsequently measured at amortized cost using the effective interest method.

The Company has elected to discount its unpaid lease payments using a risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not determinable. The lease term for all the Company's leases includes the non-cancellable period of the lease plus any additional periods covered by an option to extend the lease that the Company is reasonably certain to exercise. Lease payments included in the measurement of the lease liability comprise the fixed payments owed over the lease term.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability. For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability. For finance leases, the ROU asset is subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or the end of the lease term unless the lease transfers ownership of the underlying asset to the Company or the Company is reasonably certain to exercise an option to purchase the underlying asset. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The operating lease ROU asset is presented as operating lease ROU asset on the balance sheet. The current portion of the operating lease liability is presented as operating lease liability - current and the long-term portion is presented as operating lease liability - noncurrent on the balance sheet. The finance lease ROU asset is included in property and equipment, net. The current portion of the finance lease liability is presented as finance lease liability - current, and the long-term portion is presented as finance lease liability - noncurrent on the balance sheet.

Variable lease payments associated with the Company's leases (e.g., maintenance) are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. Variable lease payments are presented as operating expenses in the Company's statement of income and retained earnings in the same line item as expense arising from fixed lease payments.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

The Company monitors for events or changes in circumstances that require a reassessment of any of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment would result in a negative ROU asset balance is recorded in profit or loss.

The Company has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognizes the lease payments associated with its short-term leases as lease expense on a straight-line basis over the lease term. The Company also combines lease and non-lease components in the contract for all lease arrangements.

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, 2024 amounted to \$1,495,787.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

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, 2020 and prior.

Long-Lived Assets

Long-lived assets, such as property and equipment, other property, and operating lease ROU asset 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, 2024.

(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.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

(3) Investments

The carrying amount, gross unrealized holding gains (losses), and fair value of HTM debt securities at December 31, 2024, are as follows:

	Amortized Cost Basis	Gross Unrealized Holding Gains	Gross Unrealized Holding (Losses)	Aggregate Fair Value
U.S. Government - Treasury	<u>\$ 599,647</u>	<u>\$ 13,132</u>	<u>\$ -</u>	<u>\$ 612,779</u>

Maturities of HTM debt securities at December 31, 2024, are as follows:

	Carrying Amount	Fair Value
Due in one year or less	\$ -	\$ -
Due after one year through five years	<u>599,647</u>	<u>612,779</u>
	<u>\$ 599,647</u>	<u>\$ 612,779</u>

Management evaluates securities for other-than-temporary impairment when economic or market concerns warrant such evaluation. Consideration is given to (1) length of time and extent to which the fair value has been less than cost, and (2) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. There were no debt securities with gross unrealized losses at December 31, 2024.

The federal agency securities are guaranteed by federal government agencies.

(4) Property and Equipment

Property and equipment at December 31, 2024 consist of the following:

Real estate	\$ 3,098,353
Furniture and equipment	268,020
Automobile	<u>87,201</u>
	3,453,574
Less: accumulated depreciation	<u>(253,078)</u>
	<u>\$ 3,200,496</u>

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

Depreciation expense for the year ended December 31, 2024 totaled \$52,474, and is included in depreciation expense in the accompanying statement of income and retained earnings.

As of December 31, 2024, the Company did not have open commitments to contractors for renovations on work to be performed.

(5) Other Property

Other property, which relates to rental activities, at December 31, 2024 consist of the following:

Real estate	\$ 1,165,350
Furniture and equipment	<u>12,384</u>
	1,177,734
Less: accumulated depreciation	<u>(432,313)</u>
	<u>\$ 745,421</u>

Depreciation expense for these rental properties totaled \$27,009 for the year ended December 31, 2024 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.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

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 \$315 - \$320 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.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

(7) Notes Receivable and Accrued Interest

Notes receivable and accrued interest at December 31, 2024 consist of the following:

Interest bearing note receivable of \$175,000; monthly principal and interest payments of \$1,600; interest accrues at 5% per annum; principal balance plus unpaid interest due until paid in full; secured by the assets of property in Colorado and ownership interest in a corporation in Aurora, Colorado	\$ 139,535
Interest bearing note receivable of \$292,151; semi-monthly principal and interest payments of \$2,500; interest accrues at 6% per annum; principal balance plus unpaid interest due until paid in full; secured by the assets of property in Tennessee and ownership interests in corporations in Fresno, California and San Marcos, California	120,675
Interest bearing note receivable of \$150,000; monthly principal and interest payments of \$2,500; interest accrues at 8% per annum; principal balance plus interest due until paid in full; secured by the assets of a certain business in National City, California	<u>70,149</u>
Total notes receivable and accrued interest	330,359
Less: current portion	<u>(92,115)</u>
Notes receivable - noncurrent	<u><u>\$ 238,244</u></u>

(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 2024 amounted to \$741,825. Total receivables owed from these franchises totaled \$179,002 as of December 31, 2024. During the year, certain royalty fees were waived for two franchises owned by a related party.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

(9) Leases Commitments

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 2027. There are no options to extend these leases for additional terms.

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

Year Ending December 31:

2025	\$	47,650
2026		27,545
2027		22,960
	\$	98,155

Rental income amounted to \$389,156 for the year ended December 31, 2024.

(10) Leases:

As Lessee

The Company is obligated under an operating lease for equipment expiring in December 2028 and a finance lease for a company vehicle expiring in December 2026.

The components of lease expense for the year ended December 31, 2024 are as follows:

Operating lease expense	\$	3,751
Finance lease expense		
Amortization of ROU assets		12,731
Interest on lease liabilities		933
Total finance lease expense		13,664
Variable lease expense		6,580
Total lease expense	\$	23,995

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

Amounts reported on the balance sheet as of December 31, 2024 are as follows:

Operating lease:	
Operating lease ROU asset	<u>\$ 13,889</u>
Operating lease liability - current	\$ 3,267
Operating lease liability - noncurrent	<u>10,622</u>
Total operating lease liability	<u>\$ 13,889</u>
Finance lease:	
Vehicle	\$ 38,193
Accumulated amortization	<u>(12,731)</u>
	<u>\$ 25,462</u>
Finance lease liability - current	\$ 9,393
Finance lease liability - noncurrent	<u>9,776</u>
Total finance lease liability	<u>\$ 19,169</u>

The following table summarizes the supplemental cash flow information for the year ended December 31, 2024:

Cash paid for amounts included in the measurement of lease liabilities:	
Cash used in operations for operating lease	\$ 3,751
Cash used in operations for finance lease	19,957
ROU assets obtained in exchange for lease liabilities:	
Operating lease	\$ 17,027
Finance lease	38,193
Reductions to ROU assets resulting from reduction to lease liabilities:	
Operating lease	\$ (3,138)
Finance lease	(19,024)

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

The following summarizes the weighted-average remaining lease term and the weighted-average discount rate:

Weighted-average remaining lease term in years:

Operating lease	4.00
Finance lease	2.00

Weighted-average discount rate:

Operating lease	4.01%
Finance lease	4.01%

Maturities of operating and finance lease liabilities under non-cancellable leases as of December 31, 2024 are as follows:

Year Ending December 31:	Operating Lease	Finance Lease
2025	\$ 3,751	\$ 9,957
2026	3,751	9,957
2027	3,751	-
2028	3,751	-
Total undiscounted lease payments	15,004	19,914
Less imputed interest	(1,115)	(745)
Total lease liabilities	<u>\$ 13,889</u>	<u>\$ 19,169</u>

(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, 2024 amounted to \$98,419.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2024

(12) State-Pass-Through Entity Tax

During the year ended December 31, 2024, the Company elected to pay the newly imposed Hawaii Pass-Through Entity (PTE) tax on behalf of their members. The PTE tax is assessed at a rate of 9% of the business taxable income in 2024 and is applied to reduce each member's proportionate share of federal taxable income reportable on their personal income tax returns. The PTE tax is designed to benefit the individual members by lowering their taxable income, and the corresponding tax benefits are passed through to the members in the form of distributions. For the year ended December 31, 2024, distributions of \$796,708 represent members' collective shares of the PTE tax paid by the Company on their behalf.

(13) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through April 23, 2025, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.



L & L Franchise, Inc.

Financial Statements
(With Independent Auditors' Report Thereon)

December 31, 2023

L & L FRANCHISE, INC.

Financial Statements

December 31, 2023

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 financial statements of L & L Franchise, Inc. (a Hawaii corporation), which comprise the balance sheet as of December 31, 2023, 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 accompanying financial statements present fairly, in all material respects, the financial position of L & L Franchise, Inc. as of December 31, 2023, 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.

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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with 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.

KKDL Y LLC

Honolulu, Hawaii
April 26, 2024

L & L FRANCHISE, INC.

Balance Sheet

December 31, 2023

Assets

Current assets:

Cash	\$ 1,142,048
Restricted cash	843,533
Accounts receivable, less allowance for credit losses of \$271,813	1,491,991
Rebates receivable	221,608
Notes receivable and accrued interest - current	106,649
Prepaid expenses and other	63,496
Total current assets	3,869,325

Investments	599,724
Property and equipment, net	3,193,868
Other property, net	772,430
Notes receivable and accrued interest - noncurrent	330,358
Total assets	<u>\$ 8,765,705</u>

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable	\$ 58,895
Gift cards payable	109,478
Accrued expenses	144,296
Deferred revenue - current	154,666
Deposits	39,285
Total current liabilities	506,620

Deferred revenue - noncurrent	5,778
Total liabilities	<u>512,398</u>

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	8,052,307
Total stockholders' equity	8,253,307

Commitments and contingencies

Total liabilities and stockholders' equity	<u>\$ 8,765,705</u>
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See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Income and Retained Earnings

Year Ended December 31, 2023

Revenues:	
Royalty and advertising fees	\$ 7,609,589
Rebate income	650,278
Franchise fees	365,500
Other income	143,055
Total revenues	<u>8,768,422</u>
Operating expenses:	
Salaries and wages	1,522,968
Advertising	1,479,291
Professional fees	372,486
Insurance	329,427
Bad debt expense	245,954
Taxes and licenses	231,802
General and administration	178,836
Convention expenses	164,879
Travel	148,280
Profit sharing contribution	82,657
Contributions	71,158
Depreciation	53,598
Lease rent	12,022
Repairs and maintenance	11,237
Total operating expenses	<u>4,904,595</u>
Income from operations	<u>3,863,827</u>
Other income (expense):	
Rental income	346,558
Rental expense	(322,185)
Interest and dividend income	67,834
Net realized gain on investments	8,081
Gain on sale of assets	649
Other income	9,627
Total other income, net	<u>110,564</u>
Net income	3,974,391
Retained earnings - beginning of year	7,527,916
Distributions	<u>(3,450,000)</u>
Retained earnings - end of year	<u><u>\$ 8,052,307</u></u>

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Cash Flows

Year Ended December 31, 2023

Cash flows from operating activities:	
Net income	\$ 3,974,391
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	80,608
Bad debt expense	245,954
Net realized gain on investments	(8,081)
Gain on sale of assets	(649)
Changes in assets and liabilities:	
Accounts receivable	(495,147)
Rebates receivable	27,805
Prepaid expenses and other	117,502
Notes receivable and accrued interest	117,349
Accounts payable	21,458
Gift cards payable	7,057
Accrued expenses	19,904
Deferred revenues	(89,667)
Deposits, net	13,750
Net cash provided by operating activities	<u>4,032,234</u>
Cash flows from investing activity:	
Proceeds from sale of investment securities	1,574,162
Purchases of investment securities	(1,781,993)
Purchases of property and equipment and other assets	(37,832)
Proceeds from sale of assets	19,000
Net cash used in investing activities	<u>(226,663)</u>
Cash flows used in financing activities:	
Distributions to stockholders	<u>(3,450,000)</u>
Net increase in cash and restricted cash	355,571
Cash and restricted cash at beginning of year	<u>1,630,010</u>
Cash and restricted cash at end of year	<u><u>\$ 1,985,581</u></u>

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2023

(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.

Recently Adopted Accounting Standard

In June 2016, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (Topic 326), which requires a financial asset (or a group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected. Topic 326 is intended to improve financial reporting by requiring earlier recognition of credit losses on certain financial assets including trade and financing receivables. Topic 326 replaces the current incurred loss impairment model that recognizes losses when a probable threshold is met with a requirement to recognize lifetime expected credit losses immediately when a financial asset is originated or purchased. Additionally, from 2016 through 2023, the FASB issued additional related ASUs that provide further guidance and clarification and become effective for the Company upon the adoption of ASU 2016-13.

The Company adopted ASU 2016-13 and its related ASUs effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities less than three months at the date of purchase to be cash equivalents. The Company held no cash equivalents at December 31, 2023.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2023

Restricted Cash

Restricted cash consists of funds contractually restricted and set aside exclusively for the payment of advertising fees for the franchisees and convention expenses. The Company has presented restricted cash separately from cash in the accompanying balance sheet.

Accounts Receivable

Accounts receivable, net of allowance for credit losses, consists primarily of accrued royalty and advertising fee receivables, initial franchise fees, and vendor rebates. Accounts receivable do not bear interest. Management determines the allowance for credit losses based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables, which are charged off against the existing allowance account when determined to be uncollectible.

As of January 1, 2023, the Company maintained an allowance for credit losses to cover its current and expected credit losses on its receivables arising from the failure of customers or vendors to make contractual payments. The Company estimates credit losses expected over the life of the receivable based on historical information combined with current conditions that may affect a customer's ability to pay and reasonable and supportable forecasts. While the Company uses various credit quality metrics, it primarily monitors collectability by reviewing the duration of collection pursuits on its delinquent accounts receivable. Based on the Company's experience, the customer's delinquency status is the strongest indicator of the credit quality of the underlying trade receivable, which is analyzed monthly. In most instances, the Company's policy is to write-off accounts receivables when they are deemed uncollectible. The Company does not have any off-balance sheet credit exposures.

Investments

Investment securities at December 31, 2023 consists of federal agency securities. The Company classifies its debt securities in one of three categories: trading, available-for-sale (AFS), or held-to-maturity (HTM). Trading securities are bought and held principally for the purpose of selling them in the near term. HTM securities are those securities in which the Company has the ability and intent to hold the security until maturity. All securities not included in trading or HTM are classified as AFS. As of December 31, 2023, all investment securities are classified as HTM.

HTM debt securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Declines in the fair value of HTM debt securities below their cost that are deemed to be other than temporary impairment losses are reflected in other income (expense) as realized losses on investment securities.

Premiums and discounts on debt securities are amortized or accreted over the life of the related HTM as an adjustment to yield using the effective-interest method. Such amortization and accretion is included in interest and dividend income in the accompanying statement of income and retained earnings. Interest income is recognized when earned.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2023

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	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.

Leases

The Company is a lessee under several long-term non-cancellable operating leases. The Company accounts for leases in accordance with FASB's ASU 2016-02, *Leases (Topic 842)* (ASC 842).

The Company recognizes a right-of-use (ROU) asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of income and retained earnings. The accounting applied by a lessor under the new guidance is substantially equivalent to prior lease accounting guidance. The Company adopted Topic 842 effective January 1, 2022 using a modified retrospective transition approach and has elected to use the available package of practical expedients.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2023

The Company has elected the short-term lease recognition exemption for all leases that qualify, which means that the Company did not recognize ROU assets or lease liabilities for leases with a term of 12 months or less. The Company recognizes the lease payments associated with short-term leases as an expense on a straight-line basis over the lease term. The Company also combined lease and non-lease components in the contract for both lessee and lessor arrangements. The Company adopted ASC 842 effective January 1, 2022. The adoption of ASC 842 did not have a material effect on the Company's financial statements for the year ended December 31, 2023.

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, 2023 amounted to \$1,479,291.

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.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2023

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, 2019 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, 2023.

(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.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2023

(3) Investment Securities

The carrying amount, gross unrealized holding gains (losses), and fair value of HTM debt securities at December 31, 2023, are as follows:

	Amortized Cost Basis	Gross Unrealized Holding Gains	Gross Unrealized Holding (losses)	Aggregate Fair Value
U.S. Government - Treasury	<u>\$ 599,724</u>	<u>\$ 26,576</u>	<u>\$ -</u>	<u>\$ 626,300</u>

Maturities of HTM debt securities at December 31, 2023, are as follows:

	Carrying amount	Fair value
Due in one year or less	\$ -	\$ -
Due after one year through five years	<u>599,724</u>	<u>626,300</u>
	<u>\$ 599,724</u>	<u>\$ 626,300</u>

Management evaluates securities for other-than-temporary impairment when economic or market concerns warrant such evaluation. Consideration is given to (1) length of time and extent to which the fair value has been less than cost, and (2) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. There were no debt securities with gross unrealized losses at December 31, 2023.

The federal agency securities are guaranteed by federal government agencies.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2023

(4) Property and Equipment

Property and equipment at December 31, 2023 consist of the following:

Real estate	\$ 3,098,353
Furniture and equipment	260,944
Automobile	<u>27,483</u>
	3,386,780
Less: accumulated depreciation	<u>(192,912)</u>
	<u>\$ 3,193,868</u>

Depreciation expense for the year ended December 31, 2023 totaled \$53,598, and is included in depreciation expense in the accompanying statement of income and retained earnings.

As of December 31, 2023, the Company did not have open commitments to contractors for renovations on work to be performed.

(5) Other Property

Other property, which relates to rental activities, at December 31, 2023 consist of the following:

Real estate	\$ 1,165,350
Furniture and equipment	<u>12,384</u>
	1,177,734
Less: accumulated depreciation	<u>(405,304)</u>
	<u>\$ 772,430</u>

Depreciation expense for these rental properties totaled \$27,010 for the year ended December 31, 2023 and is included in rental expense in the accompanying statement of income and retained earnings.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2023

(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.

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 \$310 - \$315 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.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2023

(7) Notes Receivable and Accrued Interest

Notes receivable and accrued interest at December 31, 2023 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; principal balance plus unpaid interest until paid in full; secured by the assets of property in Tennessee and ownership interests in corporations in Fresno, California and San Marcos, California \$ 171,767

Interest bearing note receivable of \$175,000; monthly principal and interest payments of \$1,600; interest accrues at 5% per annum; principal balance plus unpaid interest until paid in full; secured by the assets of property in Colorado and ownership interest in a corporation in Aurora, Colorado 151,433

Interest bearing note receivable of \$150,000; monthly principal and interest payments of \$2,500; interest accrues at 8% per annum; principal balance plus interest due until paid in full; secured by the assets of a certain business in National City, California 93,512

Interest bearing note receivable of \$153,749; monthly principal and interest payments of \$2,000; interest accrues at 8% per annum; principal balance plus unpaid interest until paid in full; personally guaranteed by the borrowers and secured by real estate located in San Diego, California 8,446

Interest bearing note receivable of \$153,749; monthly principal and interest payments of \$2,000; interest accrues at 8% per annum; principal balance plus unpaid interest until paid in full; personally guaranteed by the borrowers and secured by real estate located in San Diego, California 11,849

Total notes receivable and accrued interest	437,007
Less: current portion	(106,649)
Notes receivable and accrued interest - noncurrent	<u>\$ 330,358</u>

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2023

(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 2023 amounted to \$713,292. Total receivables owed from these franchises totaled \$165,702 as of December 31, 2023. During the year, certain royalty fees were waived for two franchises owned by a related party.

As of December 31, 2023, the Company owed \$2,500 to a related party which was subsequently paid in January 2024.

(9) Lease Commitments

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 2027. There are no options to extend these leases for additional terms.

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

Year Ending December 31:		
2024	\$	107,691
2025		42,450
2026		27,545
2027		22,960
	\$	<u>200,646</u>

Rental income amounted to \$346,558 for the year ended December 31, 2023.

(10) 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, 2023 amounted to \$82,657.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2023

(11) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through April 26, 2024, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.



L & L Franchise, Inc.

Financial Statements
(With Independent Auditors' Report Thereon)

December 31, 2022

L & L FRANCHISE, INC.

Financial Statements

December 31, 2022

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 financial statements of L & L Franchise, Inc. (a Hawaii corporation), which comprise the balance sheet as of December 31, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of L & L Franchise, Inc. as of December 31, 2022, 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.

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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with 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.

KKDL Y LLC

Honolulu, Hawaii
April 19, 2023

L & L FRANCHISE, INC.

Balance Sheet

December 31, 2022

Assets

Current assets:

Cash	\$ 840,521
Restricted cash	789,489
Accounts receivable, less allowance for doubtful accounts of \$117,953	1,242,798
Rebates receivable	249,413
Investments	383,812
Notes receivable and accrued interest - current	125,547
Prepaid expenses and other	180,998
Total current assets	3,812,578

Property and equipment, net	3,480,204
Other property, net	547,221
Notes receivable and accrued interest - noncurrent	428,809
Deposits	4,350
Total assets	<u>\$ 8,273,162</u>

Liabilities and Stockholders' Equity

Current liabilities:

Accounts payable	\$ 37,437
Gift cards payable	102,421
Accrued expenses	124,392
Deferred revenue - current	209,667
Deposits	29,885
Total current liabilities	503,802

Deferred revenue - noncurrent	40,444
Total liabilities	<u>544,246</u>

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	7,527,916
Total stockholders' equity	7,728,916

Commitments and contingencies	
Total liabilities and stockholders' equity	<u>\$ 8,273,162</u>

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Income and Retained Earnings

Year Ended December 31, 2022

Revenues:	
Royalty and advertising fees	\$ 6,788,246
Rebate income	636,158
Franchise fees	233,000
Other income	<u>141,785</u>
Total revenues	<u>7,799,189</u>
Operating expenses:	
Salaries and wages	1,343,287
Advertising	1,331,210
Professional fees	362,951
Insurance	292,612
Taxes and licenses	207,648
Convention expenses	186,386
General and administration	152,414
Bad debt expense	126,358
Travel	122,161
Repairs and maintenance	101,832
Contributions	70,052
Profit sharing contribution	69,197
Depreciation	42,734
Lease rent	<u>19,738</u>
Total operating expenses	<u>4,428,580</u>
Income from operations	<u>3,370,609</u>
Other income (expense):	
Rental income	260,354
Rental expense	(228,619)
Interest and dividend income	52,384
Net realized and unrealized loss on investment securities	(42,461)
Loss on sale of assets	(8,689)
Other income	<u>35,298</u>
Total other income, net	<u>68,267</u>
Net income	3,438,876
Retained earnings - beginning of year	6,889,040
Distributions	<u>(2,800,000)</u>
Retained earnings - end of year	<u><u>\$ 7,527,916</u></u>

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Statement of Cash Flows

Year Ended December 31, 2022

Cash flows from operating activities:	
Net income	\$ 3,438,876
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	63,598
Bad debt expense	126,358
Net realized loss on investments	42,461
Loss on sale of assets	8,689
Changes in assets and liabilities:	
Accounts receivable	(416,051)
Rebates receivable	(54,221)
Prepaid expenses and other	(87,640)
Notes receivable and accrued interest	112,225
Accounts payable	(39,869)
Gift cards payable	(57,438)
Accrued expenses	4,876
Deferred revenues	15,333
Deposits	29,885
Net cash provided by operating activities	<u>3,187,082</u>
Cash flows from investing activities:	
Purchases of property and equipment and other assets	(394,108)
Proceeds from sale of assets	40,000
Proceeds from sale of investment securities	1,156,740
Purchases of investment securities	(667,250)
Net cash provided by investing activities	<u>135,382</u>
Cash flows used in financing activities:	
Distributions to stockholders	(2,800,000)
Payments on advances from related parties	(500,000)
Net cash used in financing activities	<u>(3,300,000)</u>
Net increase in cash and restricted cash	22,464
Cash and restricted cash at beginning of year	<u>1,607,546</u>
Cash and restricted cash at end of year	<u><u>\$ 1,630,010</u></u>

See accompanying notes to financial statements.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2022

(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.

Investments

Investments at December 31, 2022 consist of certificates of deposits carried at original cost plus accrued interest, which approximates fair value.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2022

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	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.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2022

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, 2022 amounted to \$1,331,210.

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, 2018 and prior.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2022

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, 2022.

Recently Adopted Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of income and retained earnings. The accounting applied by a lessor under the new guidance is substantially equivalent to prior lease accounting guidance. The Company adopted Topic 842 effective January 1, 2022 using a modified retrospective transition approach and has elected to use the available package of practical expedients.

The Company has elected the short-term lease recognition exemption for all leases that qualify, which means that the Company did not recognize ROU assets or lease liabilities for leases with a term of 12 months or less. The Company recognizes the lease payments associated with short-term leases as an expense on a straight-line basis over the lease term. The Company also combined lease and non-lease components in the contract for both lessee and lessor arrangements. The adoption of ASU 2016-02 did not have a material effect on the Company's financial statements for the year ended December 31, 2022.

(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.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2022

(3) Property and Equipment

Property and equipment at December 31, 2022 consist of the following:

Real estate	\$ 3,478,594
Furniture and equipment	250,595
Automobile	<u>60,131</u>
	3,789,320
Less: accumulated depreciation	<u>(309,116)</u>
	<u>\$ 3,480,204</u>

Depreciation expense for the year ended December 31, 2022 totaled \$42,734, and is included in depreciation expense in the accompanying statement of income and retained earnings.

As of December 31, 2022, the Company did not have open commitments to contractors for renovations on work to be performed.

(4) Other Property

Other property, which relates to rental activities, at December 31, 2022 consist of the following:

Real estate	\$ 785,109
Furniture and equipment	<u>12,384</u>
	797,493
Less: accumulated depreciation	<u>(250,272)</u>
	<u>\$ 547,221</u>

Depreciation expense for these rental properties totaled \$20,864 for the year ended December 31, 2022 and is included in rental expense in the accompanying statement of income and retained earnings.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2022

(5) 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 \$233,000 for 2022.

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 \$305 - \$310 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.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2022

(6) Notes Receivable and Accrued Interest

Notes receivable and accrued interest at December 31, 2022 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 September 2026; secured by the assets of property in Tennessee and ownership interests in corporations in Fresno, California and San Marcos, California

\$ 215,120

Interest bearing note receivable of \$175,000; monthly principal and interest payments of \$1,600; interest accrues at 5% 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

161,831

Interest bearing note receivable of \$150,000; monthly principal and interest payments of \$2,500; interest accrues at 8% per annum; principal balance plus interest due until paid in full; secured by the assets of a certain business in National City, California

112,683

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 December 2023; personally guaranteed by the borrowers and secured by real estate located in San Diego, California

33,932

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 November 2023; personally guaranteed by the borrowers and secured by real estate located in San Diego, California

30,790

Total notes receivable and accrued interest	554,356
Less: current portion	(125,547)
Notes receivable and accrued interest - noncurrent	<u>\$ 428,809</u>

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2022

(7) 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 2022 amounted to \$670,771. Total receivables owed from these franchises totaled \$114,826 as of December 31, 2022. During the year, certain royalty fees were waived for two franchises owned by a related party.

The Company received non-interest bearing advances totaling \$500,000 from two stockholders of the Company. These advances from stockholders were repaid in March 2022.

(8) 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 August 2024. There are no options to extend these leases for additional terms.

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

Year Ending December 31:

2023	\$	52,618
2024		15,079
	\$	<u>67,697</u>

Rental income amounted to \$260,354 for the year ended December 31, 2022.

(9) 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, 2022 amounted to \$69,197.

L & L FRANCHISE, INC.

Notes to Financial Statements

December 31, 2022

(10) Economic Uncertainties

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. Such restrictions and directives, together with the recent geopolitical events and rising inflation, have adversely affected the global economy by, among other things, disrupting supply chains, lowering equity market valuations, creating significant volatility and disruptions in financial markets, and increasing costs and unemployment levels. 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 and severity of these matters.

(11) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through April 19, 2023, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

Exhibit E to the Franchise Disclosure Document
STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344	NEW YORK Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8236 Phone
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA Securities Commissioner North Dakota Securities Department 600 Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Department of Business Regulation Securities Division John O. Pastore Complex–Bldg. 69–1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9585
INDIANA Indiana Securities Commissioner Securities Division 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, South Dakota 57501
MARYLAND Office of the Attorney General Division of Insurance – Securities Regulation 200 St. Paul Place Baltimore, Maryland 21202-2020	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, Virginia 23219 (804) 371-9051

MICHIGAN Michigan Department of Attorney General Consumer Protection Division G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, Michigan 48933 (517) 373-7117	WASHINGTON Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 296-4026	WISCONSIN Commissioner of Securities Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 261-9555

AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677	NEW YORK New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Commissioner 600 Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Director, Department of Business Regulation Department of Business Regulation Securities Division John O. Pastore Complex–Bldg. 69–1 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9585

INDIANA Indiana Secretary of State 302 West Washington, Room E-018 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-4823
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Department of Attorney General Consumer Protection Division G. Mennen Williams Building, 1st Floor 525 West Ottawa Street Lansing, Michigan 48933 (517) 373-7117	WASHINGTON Department of Financial Institutions Securities Division 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 ^{7th} Place East, Suite 280 St. Paul, Minnesota 55101 (612) 296-4026	WISCONSIN Commissioner of Securities Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 261-9555

Exhibit F to the Franchise Disclosure Document
LIST OF CURRENT FRANCHISEES – as of December 31, 2024

Franchisees Who Have Signed Franchise Agreements But Not Yet Opened Their Restaurants

Franchisee's Name	Address	State/Zipcode	Telephone Number
Benny Wee Mon Hom		CA	916-387-8888
Jeff & Mary Smith	3511 Braselton Hwy Ste C-500	GA, 30019	678-643-4585
Joshua & Jennifer Juhadi	2270-F Wyoming Blvd. NE	NM, 87112	206-554-1013
Eric & Robyn Ishisaka	1205 Point Place, Unit B	VA, 23434	757-339-9243
Robert Ramos & Ephraim Rollolazo		WA	253-232-7702 / 206- 992-1106
Xiamei Chen	450 S. Decatur Blvd., Ste. 102	NV, 89107	626-376-6452

Exhibit G to the Franchise Disclosure Document
LIST OF FORMER FRANCHISEES

Listed below are the names, addresses and telephone numbers of Franchisees who had a Franchise Agreement terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during our most recently completed fiscal year, or who have not communicated with us within 10 weeks of the date of this Disclosure Document. (If you buy the franchise offered in this Disclosure Document, your contact information may be disclosed to other buyers when you leave the franchise system.)

Franchisee	Last Known Address	Phone Number
John Kook Lim & Eun Sook Jung	5633 Lincoln Ave., Cypress, California, 90630, USA	714-761-9530
Shuet Kin Poon/Ken, Linh Y Thai & Khan Diem Thai Tat	Park Place Shopping Center, 4300 Sonoma Blvd., Ste. 724 & 732, Vallejo, California, 94589, USA	707-648-0316
Marshall Douglas Townsend	1635 Eldridge Parkway, #600, Briarforest, Texas, 77077, USA	281-741-5441
Bing Yan Li & Allen Li	1505 Dillingham Blvd Ste. 116, Honolulu, Hawaii, 96817, USA	808-841-8877
Greg Arcibal	15-2714 Pāhoa Village Rd, C-1 Pāhoa, Hawaii, 96778, USA	808-965-5337
Henry Fong Chew	5255 Mowry Ave., Ste. S, Fremont, California, 94538, USA	510-794-8885

Exhibit H to the Franchise Disclosure Document

STATE-SPECIFIC DISCLOSURES

STATE-SPECIFIC ADDENDA TO THE FDD

1. Hawaii
2. Maryland
3. Minnesota
4. Virginia

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

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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.

Item 17, Additional Disclosures:

Our termination of the License Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened.

Franchise Compliance Questionnaire:

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

Additional Disclosures:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due under the Franchise Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have opened your Restaurant for business. You must pay us the initial franchise fee on the day you open your Restaurant for business.

Despite the payment provisions above, we will defer your payment of the development fee due under the Development Rights Agreement until we have fulfilled all of our initial obligations to you and you have opened your first CAPRIOTTI'S Restaurant for business. You must pay us the full development fee due under the Development Rights Agreement on the day you open your first CAPRIOTTI'S Restaurant for business.

2. The following paragraphs are added to the end of Item 17 of the Franchise Disclosure Document:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

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.”

Additional Disclosures:

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

STATE-SPECIFIC ADDENDA TO THE FRANCHISE AGREEMENT

1. Hawaii
2. Maryland
3. Minnesota
4. Virginia

HAWAII ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§482E-1 – 482E-12 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:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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: _____
Its: _____
Date: _____

By: _____
Its: _____
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.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement and the outlet is opened.

2. The following sentence in Section 23.2 is hereby deleted, to the extent required by Maryland law:

“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.”

3. Section 23.3 of the Franchise Agreement is hereby deleted, to the extent required by Maryland law.

4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

6. 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: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 - 80C.22 applies, the terms of this Addendum apply.

1. RELEASES. The following is added to the end of Sections 2 and 14 of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. TERMINATION AND NON-RENEWAL. The following is added to the end of Sections 2 and 15 of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

4. INDEMNIFICATION FOR USE OF MARKS. The following sentence is added to the end of Section 7 of the Franchise Agreement:

Provided Operator has complied with all provisions of this Agreement applicable to the Marks, Franchisor will protect Operator's right to use the Marks and will indemnify Franchisee from any loss, costs, or expenses arising out of any claims, suits, or demands regarding Operator's use of the Marks in accordance with Minn. Stat. Sec. 80c 12, Subd. 1(g).

6. WAIVER OF PUNITIVE DAMAGES. If and then only to the extent required by the Minnesota Franchises Law, Section 25.6 of the Franchise Agreement is deleted.

7. GOVERNING LAW. The following statement is added to the end of Section 24 of the Franchise Agreement:

Nothing in this Agreement will abrogate or reduce any of Operator's rights under Minnesota Statutes Chapter 80C or Operator's right to any procedure, forum, or remedies that the laws of the jurisdiction provide.

8. WAIVER OF JURY TRIAL. If and then only to the extent required by the Minnesota Franchises Law, the last paragraph of Section 25.5 of the Franchise Agreement is deleted.

10. CONSENT TO JURISDICTION. The following language is added to the end of Section 25.3 of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80c.21 and Minn. Rule 2860.4400j prohibit Franchisor, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this agreement will abrogate or reduce any of Operator's rights under Minnesota Statutes Chapter 80c or Operator's rights to any procedure, forum, or remedies that the laws of the jurisdiction provide.

11. LIMITATION OF CLAIMS; NO IMPLIED COVENANT. The following is added to the end of Section 25.7 of the Franchise Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

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:

FRANCHISEE:

L & L Franchise, Inc.

By: _____

By: _____

Its: _____

Its: _____

Date: _____

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.”

“No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

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: _____
Its: _____
Date: _____

By: _____
Its: _____
Date: _____

Exhibit I to the Franchise Disclosure Document

Approved Suppliers

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)	
L & L Proprietary Kalua Pork	Hormel
Chicken broth	Unilever's Caldo de Pollo
L & L Proprietary 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
Panko breadcrumbs	Upper Crust Enterprises
Merchant Services	FISERV
Clover System Point of Sales	FISERV
Third Party Delivery Vendor	Doordash
Third Party Delivery Vendor	Grubhub
Third Party Delivery Vendor	UberEats
Kitchen Equipment – Fryers	Frymaster
Kitchen Equipment – Flat Grill	Wolf
Mobile App	Loyalty Plant
Kitchen Equipment/Smallwares	Quicksupply
Oil life extension device	Oil Chef

Exhibit J to the Franchise Disclosure Document
FRANCHISEE COMPLIANCE CERTIFICATION

L & L Franchise, Inc.
Franchisee Compliance Certification

[Note: This Franchisee Compliance Questionnaire shall not be provided to any prospective franchisees or otherwise utilized by Franchisor in the following states: California, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, Hawaii, Illinois, Indiana, Virginia, Washington, and Wisconsin.]

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__
Initials _____ | The date of my first face-to-face meeting with any person to discuss the possible purchase of a Restaurant. |
| b. | _____, 20__
Initials _____ | The date on which I received Franchisor's Franchise Disclosure Document ("FDD"). |
| c. | _____, 20__
Initials _____ | 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. |
| c. | _____, 20__
Initials _____ | The date on which I signed the Franchise Agreement. |

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 Restaurants, 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

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	April 25, 2025 (Exempt)
Hawaii	Pending
Indiana	April 28, 2025 (Exempt)
Illinois	Pending (Exempt)
Maryland	Pending
Minnesota	Pending
New York	April 25, 2025 (Exempt)
Washington	Pending (Exempt)
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 to the Franchise Disclosure Document
RECEIPTS

RECEIPT

(To be Retained by Franchisee)

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit E.

The franchisor is L & L Franchise, Inc., located at 2138 Algaroba Street, Honolulu, Hawaii 96826, Phone: (808) 951-9888, Attn: Elisia Flores.

Issuance date: April 25, 2025

The franchise seller is Elisia Flores, Josie Akana, and _____.

Any additional individual franchise sellers involved in offering the franchise are:

Elisia Flores, Josie Akana, and _____.

L & L Franchise, Inc. authorizes the respective agents identified on Exhibit E to receive service of process for it in the state.

I have received a Franchise Disclosure Document dated April 25, 2025. This Disclosure Document includes the following exhibits:

A Franchise Agreement and Exhibits	G List of Former Franchisees
B General Release	H State-specific Disclosures
C Table of Contents to Manual	I State-specific Agreement Amendments
D Financial Statements	J Franchisee Compliance Certification
E List of State Administrators/Agents for Service of Process	K Receipts (2 copies)
F List of Current Franchisees/Company-Owned Units	STATE EFFECTIVE DATES

Date Received

Prospective Franchisee

Delivered By:

Name (Please print)

RECEIPT

(To be Retained by Franchisor)

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit E.

The franchisor is L & L Franchise, Inc., located at 2138 Algaroba Street Honolulu, Hawaii 96826, Phone: (808) 951-9888, Attn: Elisia Flores

Issuance date: April 25, 2025

The franchise seller is Elisia Flores, Josie Akana, and _____.

L & L Franchise, Inc. authorizes the respective agents identified on Exhibit E to receive service of process for it in the particular state.

I have received a Franchise Disclosure Document dated April 25, 2025. This Disclosure Document includes the following exhibits:

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F List of Current Franchisees/Company-Owned Units	STATE EFFECTIVE DATES

Date Received

Prospective Franchisee

Delivered By:

Name (Please print)

Please return this signed Receipt Page to: Franchising@llhawaii.com.