



FRANCHISE DISCLOSURE DOCUMENT

ROCKNROLL SUSHI HOLDINGS LLC

A Florida Limited Liability Company

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Rock N Roll Sushi Restaurants are rock-music themed sushi restaurants which offer the public high-quality food and beverages of a distinctive character and quality under the name Rock N Roll Sushi.

The initial investment necessary to begin operation of a Rock N Roll Sushi restaurant ranges from \$332,682 to \$797,808. This includes \$36,000 that must be paid to franchisor or its affiliates. If you purchase multiple restaurants, you will pay a discounted initial franchise fee of \$24,000 that must be paid to franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Craig LeMieux, CEO, 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550; (810)691-9623; craig@rnrsushi.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

Call your state agency or visit your public library for other sources of information on franchising. There may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 21, 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 unit 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 and Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor and at the franchisor's direction; Item 7 lists the initial investment to open, and 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 Rock N Roll Sushi business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Rock N Roll Sushi franchisee?	Item 20 or Exhibit E lists current or 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 your franchise is losing money.

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statement (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
3. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the Franchisor, its affiliates or supplier that the Franchisor designates, at prices the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
4. **Sales Performance Required.** You must maintain sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, 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.

**(THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

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 protection 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 provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 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 franchise 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 transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or 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.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
P.O. Box 30755
Lansing, Michigan 48909
Telephone Number: (517) 335-7632

FRANCHISE DISCLOSURE DOCUMENT

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ITEM 1

THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES

The Franchisor

The franchisor is RockNRoll Sushi Holdings LLC. For ease of reference in this document, RockNRoll Sushi Holdings LLC is referred to as “Franchisor,” “we,” “us,” or “our” and the person who is considering the franchise is referred to as “Franchisee,” “you,” or “your.” If you are a corporation, limited liability company, partnership or other legal entity (“legal entity”), certain provisions of the franchise agreement and any related agreements will apply to your shareholders, members, partners, officers, managers and directors (“principals”).

We are a Florida limited liability company formed on September 30, 2020. We do business under the name “**Rock N Roll Sushi**”. Our principal business address is 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550. We have not engaged in any other line of business, have not offered franchises in any other line of business, and began offering franchises as of October 9, 2020. We do not operate any Rock N Roll Sushi restaurants but we have three affiliate owned Rock N Roll Sushi restaurants located in Alabama and Florida.

Exhibit A contains our agents for service of process.

Parents, Predecessors, and Affiliates

We have no parent company. We have one predecessor. On October 9, 2020, we purchased all of the assets of RNR Sushi Franchise, LLC, an Alabama limited liability company (“RNR Alabama”). The principal place of business of RNR Alabama is 1401 5th Avenue SE, Cullman, Alabama 35055. RNR Alabama offered Rock N Roll Sushi restaurant franchises from September 2015 until October 2020, when it had 41 franchises in operation and 10 franchises sold and under development. As part of the asset purchase, RNR Alabama assigned all of its existing franchise agreements to us. RNR Alabama never offered franchises in any other line of business and did not engage in any business other than the offer and sale of Rock N Roll Sushi restaurant franchises.

Our principal owner is Bold Restaurant Brands LLC (“Bold Brands”), a Destin, Florida based multi-brand restaurant company focused on becoming a premier operator and franchisor across restaurant categories. Bold Brands owns Island Wing Franchise Company LLC, a Destin, Florida based franchisor of Island Wing Company restaurants, and is a principal owner of TaKorea Franchise Company, LLC, a Destin, Florida based franchisor of TAKKO Seoul Good restaurants.

As of the date of this Disclosure Document, we no longer have affiliate owned Rock N Roll Sushi restaurants. In 2025, we sold three Rock N Roll Sushi restaurants located in Destin, Florida, Montgomery, Alabama and New Orleans, Louisiana to franchisees. Our affiliate RockNRoll Sushi Destin, LLC is a Florida limited liability company that was formed September 16, 2021 with its principal place of business at 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550 and owned and operated one Rock N Roll Sushi restaurant located at 4421 Commons Drive E., Suite 108, Destin, Florida 32541 that was sold to a franchisee on April 1, 2025. RockNRoll Sushi Destin LLC has not offered franchises in this line or any other line of business.

Our affiliate RNR Sushi Montgomery 1, LLC is an Alabama limited liability company that was formed on January 17, 2022 with its principal place of business at 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550 and owned and operated one Rock N Roll Sushi restaurant located at 1470 Taylor Road Montgomery, AL 36117 that was sold to a franchisee on April 1, 2025. RNR Sushi Montgomery 1, LLC has never offered franchises in this line or any other line of business.

Our affiliate, RNR New Orleans, LLC, a Florida limited liability company that was formed on September 29, 2023, with its principal place of business at 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550 and owned and operated one Rock N Roll Sushi restaurant located at Riverwalk Outlets, 500 Port of New Orleans, New Orleans, LA 70130 that was sold to a franchisee on February 27, 2025. RNR New Orleans, LLC has never offered franchises in this line or any other line of business.

Other than the above, we have no other affiliates.

Description of the Franchise Offered

We grant franchises to qualified individuals to open and operate a rock-and-roll music themed sushi restaurant that offers the public high-quality food and beverages of a distinctive character and quality in a location utilizing our distinct design, décor, color scheme and furnishings (the “Restaurant” or “Franchised Business”). You will operate your Restaurant under the name “Rock N Roll Sushi” and other trademarks, service marks, logos and commercial symbols we designate (the “Marks”). If you purchase a franchise, you will be the owner of the Franchised Business, with staff to assist in the operation of the business. You will provide these services at your Restaurant location.

Your Franchised Business will operate using certain business processes, technologies, trade secrets, contracts, client lists, knowledge, know-how, trade names, service marks, trademarks, logos, emblems, trade dress and other intellectual property; distinctive signage; standards and specifications for services, products, supplies, appearance, operations and management control; training and assistance; purchasing programs; and advertising, marketing, promotional and sales programs; which may be developed or changed, discontinued, improved, modified and further developed by us from time to time (the “System”).

You must operate the Franchised Business according to our standards, specifications, techniques, and procedures that we designate for developing, operating, and managing a Franchised Business, all of which we may change, improve, and further develop (collectively, our “Standards”). You will operate the Franchised Business according to our standard franchise agreement attached as Exhibit B (the “Franchise Agreement”) and our Standards communicated to you via our confidential operations manual and other written directives in our discretion (our “Manual”).

The Market and Competition

Your Restaurant will serve the general public lunch and dinner. While we consider our menu and products to be unique, the sushi restaurant business is highly competitive. You will compete with

other restaurants and similar outlets, which may be well-established regional, national or international and may operate more locations and have greater financial resources than you. Your competitors may have a more experienced marketing organization and greater name recognition than ROCK N ROLL SUSHI®. You may also compete with other businesses, including chains and independents that are primarily directed to specific customers or areas of services. Under some circumstances, you will also compete with us and with other franchisees of us. It is possible that your Restaurant will be surrounded by competitive businesses, perhaps even in the same building, shopping center, development or complex. The market for the menu items offered by your Restaurant is year-round, although sales volumes may vary due to weather and seasonality, which may be even more pronounced in certain geographical areas.

Industry Regulations

You must obtain and maintain any permits, licenses, and certifications necessary for the operation of the Franchised Business. You should consider that certain aspects of the restaurant business are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and various state and local health departments administer and enforce laws and regulations that govern food preparation and service, and sanitary conditions. State and local agencies inspect restaurants for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. You should investigate the application of these laws further.

As a franchisee, you will be subject to general business, employment and other laws and regulations, including various employment regulations concerning wage rates, mandated employee benefits, employment taxes, worker safety, unemployment compensation, workers' compensation, disabled employees and discrimination in employment practices. You should consult with your attorney and local, state and federal government agencies before buying your Franchised Business, to determine all legal requirements and consider their effects on you and the cost of compliance. It is your sole responsibility to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time.

You must operate your Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, data privacy laws and regulations, government regulations relating to occupational hazards, health, EEOC, OSHA, discrimination, employment, sexual harassment, workers' compensation and unemployment insurance. We also require your compliance with all provisions of the USA Patriot Act and Executive Order 13224. You should consult with your attorney concerning those and other local laws and ordinance that may affect operation of the Franchised Business.

There may be other laws applicable to your business. For instance, you must obtain a liquor license to sell wine and beer, and you may have liability imposed on you by Dram Shop Laws. It is your responsibility to investigate any applicable laws as they relate to operating a Franchised Business. You should consider these laws and regulations when evaluating your purchase of a franchise and you should consult with your attorney and local, state and federal government agencies to determine all legal requirements and consider their effects on you and cost of compliance. You must keep current

and maintain in good standing all licenses, permits, and certifications required by any federal, state or local government agency in connection with the operation of a Franchised Business.

ITEM 2 BUSINESS EXPERIENCE

CHIEF EXECUTIVE OFFICER – CRAIG LEMIEUX

Craig LeMieux has been our Chief Executive Officer since December 2023 to present. In addition to his position with us, he is a partner in four Rock N Roll Sushi franchised businesses located in both Florida and Arizona from January 2022 to present. Prior to his position with us, Mr. LeMieux retired from January 2021 to November 2023. From January 2006 to January 2021, Mr. LeMieux was the CEO of LeMieux Development Corp., an area franchise developer for Tropical Smoothie Café in Spring Lake, Michigan.

CHIEF FINANCIAL OFFICER – DELORA JENRICH

Delora Jenrich has been our Chief Financial Officer since our inception in October 2020. She has also been President of Bold Restaurant Brands LLC, our principal owner, since its inception in November 2019. Mrs. Jenrich has served as President of Island Wing Franchise Company LLC in Destin, Florida since its inception in August 2012.

CHIEF DEVELOPMENT OFFICER – CHRISTOPHER KRAMOLIS

Chris Kramolis has been our Chief Development Officer since December 2023. Prior to this position, he served as our CEO from October 2020 to December 2023. He is also the Managing Partner of Little RocknRoll LLC and RocknRoll SOMA LLC, two RockNRoll Sushi franchise locations in Little Rock, Arkansas. Mr. Kramolis is also the President of business consulting company Kram Marketing & Development LLC located in Little Rock, Arkansas since June 2002.

VICE PRESIDENT OF PROCUREMENT AND CULINARY– JOSHUA PATRICK

Joshua Patrick has been our Vice President of Procurement and Culinary since November 2024. Prior to this position, Mr. Patrick was our Director of Procurement and Culinary from January 2021 to November 2024 in Destin, Florida. From July 2016 to December 2020, Mr. Patrick was Chief Operating Officer of I Love Bacon LLC, located in Huntsville, Alabama.

DIRECTOR OF MARKETING – ANDREA OLSON

Andrea Olson has been our Director of Marketing since February 2024. Prior to her position with us, Ms. Olson was a Manager of Integrated Planning at Merkle an advertising agency in New York, New York from October 2022 to February 2024. From September 2005 to October 2022, Ms. Olson was a Media Director and Account Manager for Canadian American in Flint, Michigan.

TRAINING AND SUPPORT CONSULTANT – PHILLIP ABERNETHY

Mr. Abernethy has served as our Training and Support Coordinator since May 2021. Prior to that, Mr. Abernethy was a Multi-Unit Operator and Area Leader with Zoe's Kitchen USA, LLC in Mobile, Alabama from December 2013 to April 2021.

VICE PRESIDENT OF INFORMATION TECHNOLOGY – DAVID LAROCQUE

David LaRocque has been our Vice President of Information Technology since March 2023. Prior to this position, he was the Director of Information Technology from November 2021 to March 2023. Prior to joining Rock N Roll Sushi, David operated his own technology consulting company serving as President of Rock Solid Solutions in Warwick, Rhode Island from May 2020 to November 2021. He was previously a Solutions Engineer at Toast Inc. in Boston, Massachusetts from August 2018 to April 2020.

SENIOR DIRECTOR OF OPERATIONS – DAVID ANTHONY “TONY” CLINE

David “Tony” Cline has been our Senior Director of Operations since September 2024. Prior to this with us, he was the Chief Operation Officer for LuLu's, a restaurant and event center in Gulf Shores, Alabama from July 2023 to July 2024. From October 2018 to September 2022, Mr. Cline was the Vice President of Operations for World of Beer in Tampa, Florida.

SENIOR DIRECTOR TRAINING AND SUPPORT – ALEX GITHENS

Alex Githens has served as our Senior Director Training and Support since March 2024. Prior to this position, Mr. Githens served as our Training and Support Coordinator from July 2021 to March 2024 in Destin, Florida. Mr. Githens was previously an IT Account Manager at TEKsystems in Destin, Florida from March 2020 to July 2021. Mr. Githens was a Project and Events Manager with Sandestin Golf and Beach Resort in Miramar Beach, Florida from March 2014 to March 2020 and was responsible for events like the Emerald Coast Blue Marlin Classic, Sandestin Triathlon and numerous corporate conventions.

TRAINING AND SUPPORT COORDINATOR – CANDICE ALLEN

Candice Allen has served as our Training and Support Coordinator since April 2025. Prior to her position with us, Ms. Allen was a Regional Manager for Colonial Group Oil in Savannah, Georgia from November 2019 to April 2025.

ITEM 3 LITIGATION

There is no litigation required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

There is no bankruptcy information required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You must pay us a \$36,000 initial franchise fee (“Initial Franchise Fee”) to own and operate a Rock N Roll Sushi Franchised Business upon signing the Franchise Agreement. Franchisee candidates that qualify for owning multiple units shall be granted the right to develop locations and pay a reduced fee of \$24,000 for each additional unit. The Initial Franchise Fee is considered fully earned and non-refundable upon payment. We have offered discounted Initial Franchise Fees for certain promotions.

Reduction of Initial Franchise Fee for Veterans of the U.S. Armed Forces

If you are a veteran of the U.S. Armed Forces qualified under the International Franchise Association’s VetFran Program, we will reduce the Initial Franchise Fee for your first Rock N Roll Sushi franchise by \$9,000 from the then-current Initial Franchise Fee.

ITEM 6 OTHER FEES

Fee	Amount	Due Date	Notes
Royalty Fee (Note 1)	6% of Gross Revenues	Due weekly via ACH transfer.	“Gross Revenues” means sales made and all of the revenue from operating the Franchised Business, excluding taxes collected from customers and paid to taxing authority, rebates received from a supplier, and reduced by the amount of any documented refunds, credits, allowances, and chargebacks the Franchised Business in good faith gives to customers. Franchise Agreement (“FA”) Secs. 1 and 3.2. (Note 1)
Local Advertising	1.5% of Gross Revenues	As incurred	It is recommended that you spend this amount monthly on local advertising. FA Sec. 11.1.

Fee	Amount	Due Date	Notes
Advertising Fund (Note 2)	2.5% of Gross Revenues	Due weekly via ACH transfer.	We can raise this amount up to 3% of Gross Revenues. See Item 11 for a detailed discussion about this Fund. FA Sec. 11.2.
Relocation Fees	\$5,000	Before we approve the relocation of your Rock N Roll Sushi Restaurant location.	This fee is only payable if you relocate your Rock N Roll Sushi Restaurant location.
Interest (Note 3)	The lesser of 1.5% per month or the highest commercial contract interest rate allowed by law	Amounts not received by us within five (5) days after the due date shall incur interest charges	Due on all overdue amounts. FA Sec. 3.5.
Operations Manual Replacement (Note 4)	\$250	As incurred	Payable to us if you lose or destroy the Operations Manual. FA Sec. 3.7.
Maintenance and Repair of Business (Note 5)	You are required to reimburse our expenses	As incurred	If, after we notify you, you do not undertake efforts to correct deficiencies in your location appearance, then we can undertake the repairs and you must reimburse us. FA Sec. 3.8.
Insufficient Funds (Note 6)	\$75	As incurred	Due if you have insufficient funds in your EDTA to cover a payment, or if any other payment instrument you use is rejected for insufficient funds. FA Sec. 3.9.
Management Fee (Note 7)	\$250 per person per day (plus other costs and expenses)	As incurred	Due when we (or a third party) manage your business after your managing owner's death or disability, or after your default or abandonment. FA Secs. 3.10 and 18.6.

Fee	Amount	Due Date	Notes
Technology Fee (Note 8)	\$250 to \$650	Monthly	Paid directly to approved suppliers for technology services. FA Sec. 3.11.
Renewal Fee (Note 9)	\$18,000	At the time of renewal	Payable to us if you wish to renew the term of your franchise agreement. FA Sec. 4.2.9.
Additional Training/Assistance (Note 10)	Currently, we charge \$100 per person per day if ongoing training is at our location, or \$250 per person per day (plus hotel, air fare, and other expenses incurred by our trainer) if ongoing training is at your location	When training or assistance begins	We may charge you for training newly-hired personnel; for refresher training courses; for the annual convention; and for additional or special assistance or training you need or request. For all training sessions and conferences, you must pay for your trainees' and representatives' salaries and benefits, and for their travel, lodging, and meal expenses. FA Sec. 8.4.
Refurbishment of the Equipment	At least \$15,000	Every fifth (5th) year after execution of the Franchise Agreement, upon our request	For purposes of updating your equipment. FA Sec. 10.3.

Fee	Amount	Due Date	Notes
Audit Fee (Note 11)	Cost of the inspection plus the amount of underpayment plus interest from the date such amount was due until it is received by us, paid at the rate of the lesser of 1.5% per month or the highest commercial contract interest rate allowed by law	Cost of the inspection – when billed; Underpayment and interest – immediately.	Due if the audit or any other inspection should reveal that any payments to us have been underpaid. Further, you shall reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). FA Sec. 12.6.
Testing of Products or Approval of new Suppliers (Note 12)	Not to exceed \$1,000	When billed	This covers the costs of testing new products or inspecting new suppliers you propose to us. FA Sec. 13.1.2.
Insurance	You must reimburse our costs and our expenses	When billed	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us for the cost of insurance and our expenses. FA Sec. 15.5.
Transfer Fee (Note 13)	50% of the then current Initial Franchise Fee	At the time of transfer	We must approve the transfer. No charge if Franchise Agreement transferred to an entity you control. The transfer fee is subject to state law. FA Secs. 18.2(h).
Indemnification (Note 14)	Will vary	As incurred	You must reimburse us if we are held liable for claims from your operation of the Franchised Business, lease of the business premises or a sale or transfer of the business. FA Sec. 21.3.
Liquidated Damages	Amount equal to the average Royalty Fees for the last 12 months (or shorter period, if Franchised	On demand	We may require you to pay us this amount in the event you terminate the Franchise Agreement without cause or we terminate the Franchise Agreement for cause (FA Sec. 17.1.10)

Fee	Amount	Due Date	Notes
	Business has been in operation less than 12 months), multiplied by: (i) 18 or (ii) the number of months remaining in the term, whichever is less.		
Cost of Enforcement (Note 15)	All of our costs, including reasonable attorneys' fees	Upon demand	You must reimburse us for all costs and attorney fees if we are the prevailing party in litigation with you. FA Secs. 22.4 and 23.11; Schedule 3.
Non-Compliance Fee (Note 16)	\$500 per week	Upon demand	If you breach certain provisions of the Franchise Agreement by failing to comply with our system standards, we may charge you this fee.
Taxes	Amount of taxes	As incurred	You must reimburse us for any taxes we must pay due to the operation of your Franchised Business or due to payments made to us (excluding federal and state income taxes for the state in which we are then located).

We may require that all fees payable to us be paid through an Electronic Depository Transfer Account ("EDTA"). Unless otherwise stated, all fees are imposed by, payable to, and collected by us. We mandate several fees for third party services and it is your duty to pay such fees. All fees payable to us are non-refundable and uniformly imposed. Whether fees paid to third parties are refundable would depend on their policies.

NOTES

Note 1. **Royalty Fee:** As a Franchisee, you are obligated to pay us a percentage of your revenues as compensation for your rights as a Franchisee (the "Royalty Fee"). The Royalty Fee rate is currently set at 6% of your Gross Revenues as calculated weekly for the entire term of the Franchise Agreement. The Royalty Fee obligation begins immediately on the first month your business is open for operation. The Royalty Fee is due and payable weekly at the end of each week, to be paid according to our specifications. If your Franchise Agreement is terminated, you may be required to pay us an amount equal to the average Royalty Fees for the last 12 months (or shorter period, if Franchised Business has been in operation less than 12 months), multiplied by: (i) 18 or (ii) the number of months remaining in the term, whichever is less.

Royalty Fees shall be payable to us by direct deposit from franchisee's account. The Direct Deposit Agreement is attached as Schedule 5 of the Franchise Agreement. We reserve the right to change the time and manner of payment at any time upon written notice to you. Royalty Fees and all fees paid to us are non-refundable. Unless otherwise stated, Royalty Fees and all other fees are imposed by, payable to, and collected by us.

Note 2. Advertising Fund: You must contribute 2.5% of your weekly Gross Revenues for every week during which this Franchise Agreement remains in effect. The payment of the Advertising Fund Contribution begins on the first month Franchisor establishes the Advertising Fund and is due each week for the duration of your franchise term. We may raise, discontinue, or reduce your required contribution at our sole discretion by providing advanced written notice to you. You shall pay the Advertising Fund Contribution at the same time, and on the same terms, as the Royalty Fee described above.

We will place all Advertising Fund Contributions in an account that we may use for marketing, local, regional, national, or international advertising, public relations, product and service promotions, surveys, test marketing, research and development, administrative costs related to Advertising Fund services (including salaries, accounting, collections, legal fees, and any other costs), media expenses, and any other related costs. We will make the expenditures at our sole discretion in accordance with our judgment and needs. We do not represent that any particular level of expenditure will be made for any particular program, or to benefit particular franchisees or franchised locations; nor are we required to dedicate any amount whatsoever on advertising or marketing in the area where you are located. Your contribution to the Advertising Fund does not create any fiduciary relationship between us and you concerning our expenditure, control, or use of the Advertising Fund. The "Advertising Fund" is defined and discussed in Item 11.

Note 3. Interest: Interest and late charges begin to accrue on amounts not received within (5) days after the due date without notice to you. In addition to any interest and late charges, you must also pay any damages, expenses, collection costs, and/or reasonable attorneys' fees we may incur when you do not make the required payments, provided no interest charged shall exceed the maximum legal rate of any local, national, or international authority having jurisdiction over your Franchised Business activities.

Note 4. Operations Manual: All fees for replacement of lost Operations Manuals shall occur only upon a franchisee's request of a replacement Operations Manual.

Note 5. Maintenance and Refurbishment: We may charge you certain maintenance and refurbishment fees for any work we perform on your behalf to repair or otherwise improve your franchise location, including any such repairs or improvements made on our own initiative if you refuse to complete any requested maintenance or refurbishment. The total amount of the maintenance and refurbishment fees that you pay us will vary depending on the labor and material costs of any such maintenance and refurbishing, as well as any associated costs or losses we may incur due to your failure to maintain or refurbish the location in accordance with our requests.

Note 6. Insufficient Funds: We may require that all fees payable to us be paid through an EDTA. We mandate several fees for third party services and it is your duty to pay such fees. All fees payable to us are non-refundable. Whether fees paid to third parties are refundable would depend on their

policies. We may charge you an insufficient funds fee if any payment you owe is rejected due to insufficient funds in your EDTA, or if any other payment instrument you are authorized to use is rejected for insufficient funds. If you have three or more insufficient funds occurrences within a 12-month period it will be grounds for default under the Franchise Agreement.

Note 7. **Management Fee:** Management fees will only be charged when one of our employees, or a third party appointed by us, actively controls the day-to-day management of your Franchised Business. The total amount of Management fees that you owe will be determined by the number of days that it is necessary for us to manage your business.

Note 8. **Technology Fee.** In addition to the initial fee paid for the license to use the technology systems, (i.e. TOAST POS system), there is a monthly maintenance fee of \$250 to \$650 payable to approved vendors.

Note 9. **Renewal Fee:** Renewal fees are due at the time of renewal of the Franchise Agreement.

Note 10. **Training Fees:** Training fees may be imposed on you according with our policies.

Note 11. **Audit Fee:** We will assess audit fees against you if you fail to provide us reports, supporting records, or any other information we require under the Franchise Agreement; or if you understate (or if we have reason to believe you understated) Gross Revenues or underpay Royalty Fee payments, or Advertising Fund Contributions. The total amount of the audit fees that you pay us will vary depending on the cost of the audit itself (for which you will be entirely liable), and whether you have any unpaid Royalties or Advertising Fund Contributions for which you may be penalized in accordance with the Franchise Agreement.

Note 12. **Testing of Products or Approval of New Suppliers:** You will be required to obtain our written approval for any product, vendor, supplier, or piece of equipment that you wish to use in the operation of your Franchised Business (as described in Item 8) and you will be charged an assessment fee for the examination of any product, vendor, supplier, or piece of equipment submitted to us for approval. This fee is up to, but not in excess of, \$1,000 for any single product, vendor, supplier, or piece of equipment you wish to offer, use, and/or substitute in the operation of your business. We may waive these fees at our sole and absolute discretion if the equipment, products, vendors and/or suppliers you select meet our requirements and are added to our approved list of equipment, products, vendors and/or suppliers for all franchise locations. We will make every effort to process our evaluation within 3 months of your request.

Note 13. **Transfer Fee:** The term “transfer” means any of the following: the sale of 20% or more of the assets of your Franchised Business; the sale, assignment, or conveyance of 20% or more of your stock, membership interest, membership units, or partnership units of your franchise to any third party; or the placement of your assets, stock, membership interest, partnership units, or membership units of your business into a business trust. You will pay a Transfer Fee equal 50% of the then-current Initial Franchise Fee.

Note 14. **Indemnification:** You must protect, defend, indemnify, and hold us harmless against any claims, lawsuits, or losses arising out of your operation of the Franchised Business, lease of the premises or a sale or transfer of the Franchised Business brought by third parties, or any default under

the Franchise Agreement. You must pay for any and all damages, legal fees, enforcement or collection costs, and/or any other costs assessed against us in any proceeding related to your Franchised Business to the extent permitted by law, provided that no indemnification fee shall exceed the actual total costs assessed against us.

Note 15. **Cost of Enforcement:** Cost of enforcing the Franchise Agreement will be levied against you if we prevail against you in any dispute arising out of the Franchise Agreement or if we terminate your Franchise Agreement. However, the total amount of any such fees will vary depending on the value of legal fees, expert witness fees, accountant fees, costs to us or our employees in complying or addressing the dispute, and any travel expenses that we deem necessary to resolve the dispute.

Note 16. Non-Compliance Fee. If you fail to follow our System standards you will be subjected to non-compliance fee (the “**Non-Compliance Fee**”). The Non-Compliance Fee will be \$500 per week until you cure the non-compliance.

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ITEM 7
ESTIMATED INITIAL INVESTMENT
FRANCHISE AGREEMENT

Type of Expenditure	Amount (Low-High Range)	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee (Note 1)	\$36,000	Lump sum	Upon signing your Franchise Agreement	To us
Real Estate Rent Deposits and Pre-Paid Expenses (Note 2)	\$3,000 to \$10,000 per month for a total of \$6,000 to \$20,000 for the first months' rent and security deposit	As arranged	As incurred	To landlord
Architectural and Engineering Fees, Blueprints, Plans, and Permits	\$4,600 to \$14,000	As arranged	As incurred	To hired architects or engineers, municipalities, government authorities
Furniture, Fixtures, Equipment, and Décor (Note 3)	\$92,000 to \$183,308	As arranged	As incurred	To suppliers or leasing company
Construction of Leasehold Improvements (Note 4)	\$128,082 to \$385,000	As arranged	As incurred	To hired contractors and vendors
Grand Opening and Initial Marketing (Note 5)	\$7,500	As arranged	As incurred	To third party
Inventory and Supplies (Note 6)	\$10,000 to \$22,000	As arranged	As incurred	To third party vendors
Office Equipment, TV, Cameras, and other Supplies	\$5,000 to \$25,000	As arranged	As incurred	To third party vendors
Utility Deposits, Business Licenses, Liquor License and Permits (Note 7)	\$1,500 to \$7,500	As arranged	Before lease signing	To appropriate licensing authorities
Insurance	\$2,500 to \$10,000	As arranged	As incurred	To insurance provider
Computer (POS) System and Software	\$5,000 to \$8,000	As arranged	As incurred	To third party vendors
Signage (Note 8)	\$7,500 to \$25,000	As arranged	As incurred	To third party vendors

Type of Expenditure	Amount (Low-High Range)	Method of Payment	When Due	To Whom Payment is to Be Made
Travel Expenses & In Store Training (Note 9)	\$15,000 to \$21,500	As arranged	As incurred	To hotels, airlines, etc.
Accountant and Attorney Fees	\$2,000 to 8,000	As arranged	As incurred	To attorneys or accountants
Additional Funds (3 months) (Note 10)	\$10,000 to \$25,000	As arranged	As incurred	To third parties
Total Estimated Initial Investment (Note 11)	\$332,682 to \$797,808			

NOTES

Note 1. You must pay us the Initial Franchise Fee in the amount of \$36,000 when you sign the Franchise Agreement. The Initial Franchise Fee is non-refundable and fully earned when paid.

Note 2. We anticipate that you will rent the Franchised Business' premises; it is possible, however, that you might choose to buy rather than rent real estate on which a building suitable for the Franchised Business is already constructed or could be constructed. This estimate does not reflect the potential cost of purchasing real estate. Your location should contain approximately 1,500 to 3,000 square feet. Our estimate assumes you must pay only the first month's rent and a security deposit equal to the first month's rent. These costs depend on location, size, visibility, economic conditions, accessibility, and competitive market conditions. Restaurants can be located in strip shopping centers, shopping malls, free-standing units, and other venues in commercial areas and in residential areas. The expenses in this category are likely non-refundable.

Note 3. The furniture, fixtures, and décor necessary for the operation of a Rock N Roll Sushi Restaurant includes bar equipment, dinnerware equipment, server equipment and kitchen equipment. Your bar equipment will include drink glasses and cups, liquor pour spouts, blenders, and other various bar equipment which may be needed to effectively operate the bar at your Rock N Roll Sushi Restaurant. Your dinnerware equipment will include various plates, bowls, and utensils. Your server equipment will include server trays, guest checkbooks, server aprons, bus tubs, bus carts, to go supplies, and any other server equipment necessary to successfully operate your Rock N Roll Sushi Restaurant. Your kitchen equipment will include the equipment detailed within the Operations Manual you will receive from us and which you must purchase prior to the opening of your Rock N Roll Sushi Restaurant. This equipment includes microwaves, ovens, shelving, sinks, cutting boards, knives, and other kitchen equipment. Does not include freight or installs. Based on where the location is geographically, and the square footage and capacity of the Franchised Business, the number will vary. The expenses in this category are likely non-refundable.

Note 4. These amounts are estimates of build-out costs only. Labor and material costs may vary significantly in accordance with local variations in wage rates, labor efficiency, union restrictions and availability, and price of materials. Finish-out costs are based on leasing unfinished space that consists of walls, plumbing, concrete slab, lighting, HVAC, and electricity. We are unable to calculate the exact real estate investment required of each franchisee for a Rock N Roll Sushi Restaurant due to the many

factors which influence the total project costs, such as location, amount of space leased (1,500 to 3,000 square feet), amount of remodeling needed, a landlord build-out allowance, and other factors. You may be able to negotiate certain incentives from your landlord in the form of tenant improvement allowance and initial free rent periods, which, if available, will reduce the effective cost of your build-out. The lower range of the estimates anticipates that landlord improvement incentives will be available to construct most of the improvements at your Franchised Business. The amount of landlord incentives can vary widely depending on many factors including, without limitation: financial capacity of the landlord, competitive retail leasing locations, market conditions for rental rates, occupancy of the site, and status of other leases. The use of landlord improvement money may also result in higher rent or occupancy costs. Also, a second generation location would potentially lessen your cost to convert your Franchised Business to conform to our specifications. This includes the possibility that existing walls, plumbing, concrete slab, lighting, HVAC, and electricity can be utilized. The availability of such sites may be limited or absent in your market. There is no assurance that you will be able to find sites that have these options available to you. The expenses in this category are likely non-refundable.

Note 5. You must spend this amount of Grand Opening advertising prior to opening the Franchised Business. See Item 11 for more information about our grand opening advertising requirements. Your Grand Opening advertising is likely non-refundable.

Note 6. Opening inventory of products and supplies can differ based on the expected volume of business. The expenses in this category are likely non-refundable.

Note 7. You must obtain a general business license, if applicable in your state. The costs of obtaining the required licenses and permits to operate the Franchised Business are estimates only. Some costs may vary depending on the location of the Franchised Business. Some states may require multiple licenses. You will need to obtain a liquor license for your Franchise Business. The requirements to obtain a liquor license vary from state to state. Consult your attorney regarding requirements in your state. The expenses in this category are likely non-refundable.

Note 8. The cost of signs may vary depending on the type, size, and location of the signs. Includes interior and exterior signage for the Franchised Business. The expenses in this category are likely non-refundable.

Note 9. You will not be required to pay any fees to attend our initial training program for up to three people at our headquarters, but you will be responsible for all travel and living expenses which you and anyone else required to attend training and, if applicable, for your employees' wages while they are training. The costs will vary depending on the distance (if any) traveled, choice of accommodations and travel arrangements, and other similar factors. See Item 11 for more information on the training program we offer. Your travel and training expenses are likely non-refundable.

Note 10. This estimate includes your start-up expenses during your first three months of operation. These expenses include out-of-pocket expenses, like payroll taxes and expenses, royalty and other fees collected by us, rent, repairs and maintenance, advertising and marketing expenses, bank charges, state taxes, depreciation/amortization and other miscellaneous items. This range does not include an estimate of your salary. If you intend to draw a salary (or if you wish to employ a manager who is not

you) during the initial phase of business, you should modify these estimates accordingly. The expenses in this category are likely non-refundable.

Note 11. In formulating these estimates, we relied on the experience of our management team in operating a Rock N Roll Sushi Restaurant business. All expenses paid to us or our affiliates are non-refundable. We will not finance any part of the initial investment. You should review these figures with a business advisor before making any decision to purchase a franchise. We do not finance any part of your initial investment.

ITEM 8

RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

The Goods or Services Required to be Purchased or Leased from Approved Suppliers:

Brand Products. You must purchase all Rock N Roll Sushi brand products as designated by us, if any, solely from us. Such brand products may include, but are not limited to, pre-packaged sauces and other food items, clothing, souvenirs, and novelty items as indicated by us or within the Operations Manual. As of the issue date of this Disclosure Document, we have not designated any products as brand products, but we reserve the right to do so.

Proprietary Products. You must purchase from us all proprietary products, as we designate or from one of our approved suppliers if we do not sell such products. Such proprietary products may include, but are not limited to, sauces and other ingredients and raw materials that are manufactured in accordance with our proprietary recipes, specifications, and/or formulas. We will provide you with a list of our approved suppliers from which proprietary products may be purchased. We have an approved supplier, Sysco, for most of your proprietary and non-proprietary products including dairy, meats, poultry, seafood, frozen items, produce, beverages, canned and dry items, paper goods, chemicals, supplies and equipment. As of the issue date of this Disclosure Document, we do not own an interest in any of our approved suppliers.

Non-Proprietary Products. You must purchase all non-proprietary products, as we designate, from us or an approved supplier. We will provide you with a list of non-proprietary products and approved suppliers from time to time. As of the issue date of this Disclosure Document, we do not own an interest in any of our approved suppliers.

Architectural and Engineering

You must purchase architectural and engineering services to assist in your build out. You may purchase these services from any qualified vendor that meets our qualification and according to our specifications.

Computers and Programs

You must license or purchase certain technology systems including TOAST point of sale (“POS”) system as well as any software or licenses required for such system from a supplier approved by us. We will provide you with a list of approved suppliers from which you may purchase the POS System. You must purchase computer hardware and license or purchase other software designated by us. The

required list of hardware and software is more specifically described in Item 11. You will set up, maintain and utilize e-mail capability with an e-mail service designated by us for the purposes of receiving electronic correspondence from us, other franchisees and your customers.

Equipment, TV, Cameras, and other Supplies

You must purchase equipment, TV, cameras, and other supplies from a supplier that we designate or subject to our specifications.

Payment Processing Services

We require you to enter into a merchant services agreement with our designated supplier for payment processing and fund transfer services (i.e. ACH, EFT).

Furniture, Fixtures, and Décor

We may designate suppliers from whom you will be required to purchase certain fixtures, furnishings, equipment, uniforms, supplies, marketing materials, forms, computer hardware, software, routers, and peripheral equipment and other products, supplies, services, and equipment, other than proprietary products, which you may or must use or sell at or through the Franchised Business. We are not approved suppliers for any of furniture, fixtures, décor, inventory and supplies you must purchase to establish the Franchised Business.

Inventory and Supplies

You must purchase initial and continuing inventory and supplies from our approved suppliers.

Insurance

You are required to obtain the requisite insurance as set forth below:

General Liability Insurance	\$1,000,000	Per Occurrence
	\$2,000,000	In the Aggregate
Products Liability Insurance	\$1,000,000	Per Occurrence
	\$2,000,000	In the Aggregate
Personal and Advertising Injury Insurance	\$1,000,000	
Business Property Insurance	\$300,000	Per Occurrence
Medical Payments	\$10,000	Per Occurrence
Cyber Liability, Electronic Media and Records	\$250,000	Per Occurrence
Liquor Liability Insurance	\$1,000,000	Per Occurrence
Employment Practices Liability Insurance	\$500,000	Per Occurrence
Workmen's Compensation	As required by law	Per Employee
Comprehensive Crime and Employee Dishonesty Insurance	\$10,000	Per Occurrence

Optional: Business Interruption Insurance	\$50,000	Minimum Six Months Coverage
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We have the right to establish and modify the minimum coverages required, and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. All such insurance policies must name us as additional insured, include any endorsements we may require (including an alternate employer endorsement under Employer's Liability policy) and include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees.

We do not derive revenue as a result of your purchase of insurance. If you fail to purchase and maintain any required insurance coverage or furnish satisfactory evidence of coverage to us, in addition to our other remedies (including without limitation declaring you in default of the Franchise Agreement), we may, but are not obligated to, purchase the insurance coverage for you. If we do purchase insurance on your behalf, you must pay us on our demand the amount of any premiums and reasonable expenses we incur in obtaining the insurance. The failure to maintain insurance coverage at any time is a material default under the Franchise Agreement.

Within ninety (90) days after signing the Franchise Agreement or upon signing a lease agreement, you are required to provide us with a certificate of insurance as evidence of you satisfying the minimum insurance requirements provide for within the Franchise Agreement, your lease agreement, and this Disclosure Document. You are also required to provide us with a certificate of insurance fifteen (15) days prior to any renewal of insurance coverage. If you fail to provide us with the certificate of insurance indicating your compliance with the insurance requirements required by the Franchise Agreement, your lease agreement, or this Disclosure Document, we reserve the right, but not the obligation, to force place coverage on your behalf for which you are required to immediately reimburse us for, including any administration charge that might be due to us once we have provided you with written notice indicating such administration charges.

Leased Location

You will need a retail store location in which to operate the Franchised Business. We furnish site selection guidelines. We require you to send to us any proposed lease and information as required by us to evaluate the site for our approval before you sign the lease. You may lease from any landlord.

Leasehold Improvements

You may purchase leasehold improvements from any supplier but must build out your location pursuant to our specifications.

Signage

You must purchase signage pursuant to our specifications.

Whether we or our Affiliates are Approved Suppliers

As of the date of this Disclosure Document, we are not an approved supplier of any items you are required to purchase or lease for your Franchised Business.

Alternative Suppliers

We do not maintain written criteria for approving suppliers and thus these criteria are not available to you or your proposed supplier. We do permit you to contract with alternative suppliers if approved by us and they meet our criteria. We charge our costs incurred, up to \$1,000, to test a supplier that you propose. If you wish to propose to us a supplier, you may submit the proposed supplier that you wish for us to consider in writing. Your request must include sufficient specifications, photographs, drawings and other information and samples to enable us to determine whether the supplier meets our specifications. Your request must also provide confirmation that the supplier is financially sound and carries adequate liability insurance. We will examine the quality of the items and the supplier's ability to supply a sufficient quantity in a timely way with good customer service to determine whether to consider adding the supplier to our list of approved vendors. We will notify you within three months if we approve or disapprove of an alternative supplier. If we revoke approval for a supplier, we will provide written notice to you.

We will notify you if and when we no longer approve a previously approved supplier, product, or equipment. A supplier must continually adhere to our standards and specifications to maintain its approval. We reserve the right to condition our approval of any proposed product or equipment on such terms we decide at our discretion, including your execution of a general release in our favor, your agreement to obtain additional related insurance and to attend additional training, and your agreement to a test period.

Purchases According to Standards and Specifications

You must equip and operate the Franchised Business according to our standards and specifications in order to preserve the goodwill embodied in the Marks. You must use the System and the Marks in strict compliance with the standards, procedures, specifications and requirements as set forth in the Franchise Agreement, in our Operations Manual, and as otherwise designated in writing by us.

Design, Remodeling and Opening

Our mandatory and suggested specifications and layouts for your Franchised Business, including requirements for design, color scheme, image, interior layout, signs and equipment are included in our Operations Manual. We have the right to review and approve all plans and specifications to ensure that they meet our design specifications and requirements. We may inspect the premises of your Rock N Roll Sushi Restaurant prior to opening. You must begin operations of the Franchised Business within twelve (12) months from the date that you sign the Franchise Agreement. You may not open the Franchised Business to the public until you have received our prior written approval.

Advertising and Promotional Materials

All of your advertising and promotions must conform to our standards and requirements and come from a supplier we designate. We must approve all advertising and promotional materials before you use them. You must submit to us samples of all promotional and marketing materials in whatever form you propose to use them at least fifteen (15) days before their intended use, and we will make reasonable efforts to approve or disapprove them within fifteen (15) days after we receive them. You must not use the advertising or marketing materials until we have approved them and must promptly discontinue using any advertising or promotional materials if we notify you to do so.

As noted in Items 7 and 11, you must conduct a grand opening advertising and promotional program for the Franchised Business in accordance with our guidelines and specifications during the period encompassing thirty (30) days before and thirty (30) days after the opening of your Franchised Business.

Issuance and Modification of Specifications

We issue specifications and standards to franchisees or approved suppliers through our Operations Manual or through informational bulletins we issue from time to time. We may modify these standards and specifications periodically in our sole discretion. Specifications may include minimum standards for safety, quality, quantity, delivery, performance, design, appearance, durability, style, warranties, price range, and other related restrictions. We consider these specifications to be of critical importance to the success of the System. (All specifications and guidelines are more fully described in our Operations Manual).

Revenue from Required Purchases

We may, derive revenue or other material consideration from required purchases or leases by you. In the fiscal year ending December 31, 2024, neither we nor our affiliates earned revenue or other material consideration from required purchases or leases made by franchisees from us or our affiliates.

Required Purchases as a Proportion of Costs

We estimate that approximately 90% of your expenditures for leases and purchases in establishing your Franchised Business will be for goods and services that must be purchased from us, an affiliate, an approved supplier, or from another party according to our standards and specifications. We estimate that approximately 60% of your expenditures on an ongoing basis will be for goods and services that must be purchased either from us, an affiliate, an approved supplier or another party according to our standards and specifications.

Supplier Payments to Us

Designated suppliers may make payments to us from franchisee purchases. For the fiscal year ending December 31, 2024, we derived \$571,041.48 in revenue as a result of franchisee purchases from required suppliers which is 10% of our total revenue in 2024. The revenue we derive is determined based on negotiated contract prices for our franchisees as established with our suppliers including rebates when a franchisee orders certain goods on a per case or per product basis. We anticipate

receiving additional supplier rebates or revenue in the future. We may retain such rebates for our own benefit.

Purchasing or Distribution Cooperatives

At this time, we do not have any purchasing or distribution cooperatives. We anticipate that we will negotiate purchase arrangements with suppliers for the benefit of our franchisees.

Purchase Arrangements

We may in the future negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees. As of the date of this Disclosure Document, we have purchase agreements with Sysco, Ed Don and JFC and other Approved Suppliers to benefit our franchisees.

Material Benefits

We do not provide material benefits to you based on your use of a particular supplier. However, when your franchise is up for renewal, to continue your franchise rights, we require you to be in compliance with your franchise agreement, which includes compliance with any supplier standards that are contained in our Operations Manual.

Except as described above, neither we nor our affiliates have derived any revenue or other material consideration as a result of your required purchases or leases.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Franchisee Obligations	Section In Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	2 and 5	11, 12
b. Pre-opening purchases/leases	5, 13, and 15	7, 8, 11
c. Site development and other pre-opening requirements	2, 3, 5, 8, and 10	11
d. Initial and ongoing training	8	11
e. Opening	4, 5, 11, and 13	11

Franchisee Obligations	Section In Franchise Agreement	Disclosure Document Item
f. Fees	3, 4, 8, 10, 11, 12, 13, 15, 18, 21, 22, and 23	5, 6, 7, 8, 11
g. Compliance with standards and policies/Manual	6, 7, 9, 10, and 13	8, 11, 14, 16
h. Trademarks and proprietary information	6, 7, and 9	13, 14
i. Restrictions on products/services offered	6 and 13	8, 16
j. Warranty and customer service requirements	13	16
k. Territorial development and sales quotas	NOT APPLICABLE	12
l. Ongoing product/service purchases	13	8, 11
m. Maintenance, appearance & remodeling requirements	3, 10, and 13	6
n. Insurance	15	6, 7, 8
o. Advertising	11	6, 7, 8, 11
p. Indemnification	21	6
q. Owner's participation/management/staffing	8 and 13	15
r. Records and reports	12	11
s. Inspections and Audits	6 and 12	6, 11, 13
t. Transfer	18 and 19; Schedule 1	6, 17
u. Renewal	4; Schedule 1	17
v. Post-termination obligations	17, Schedule 2	17
w. Non-competition covenants	7, 9, and 17; Schedule 2	17
x. Dispute resolution	23, Schedule 2, 3	17

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11

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

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

Pre-Opening Assistance

Before you open your Franchised Business, we will:

1. Provide an initial training program. This training does not include any professional licenses, certification, or other training you must possess and/or complete before you can operate the Franchised Business. (Section 8.1 of the Franchise Agreement).
2. Designate the territory and territorial rights for your Rock N Roll Sushi Restaurant. (Section 2.4 of the Franchise Agreement).
3. We will review the proposed site for your Franchised Business location and inform you in writing of whether the proposed site is accepted or rejected. (Section 8.2 of the Franchise Agreement). We do not typically own premises that are then leased to franchisees. The factors considered by us in reviewing a site include general location and neighborhood, competition, surrounding area and traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. We will use our good faith efforts to notify you in writing of our decision regarding approval or disapproval of your proposed site within thirty (30) days after receiving notice from you identifying the proposed site. Should we not deliver a written decision regarding the approval or disapproval of the proposed site within thirty (30) days after you have notified us of the proposed site, the proposed site will be considered approved. (Section 8.2 of the Franchise Agreement). There is no time limit for determining the site of your franchise location, but you must open your Rock N Roll Sushi Restaurant within twelve (12) months after you sign your Franchise Agreement or we can grant extensions to this time frame in our sole and absolute discretion or terminate your Franchise Agreement. (Section 2.4 of the Franchise Agreement). We do not provide assistance conforming your Franchised Business to local ordinances and building codes, obtaining any required permits, constructing, remodeling, decorating and/or hiring and training your employees.
4. Provide you with copies of our specifications for the design and layout of your Rock N Roll Sushi Restaurant and required fixtures equipment, furnishings, décor, and signs. (Section 8.2 of the Franchise Agreement).
5. Review the architectural, engineering, and construction drawings site plans prepared by the architects and general contractors for construction, remodeling, and/or renovation of your Rock N Roll Sushi Restaurant premises. We will also provide or indicate to you its approval or disapproval of such drawings and site plans. In the event we disapprove the drawings and/or site plans, we will provide to you, in writing, indication of our disapproval of the drawings and/or site plans and the corrections which need to be made to the drawings and/or site plan. (Section 8.2 of the Franchise Agreement).

6. Provide you with one (1) inspection of your Rock N Roll Sushi Restaurant during construction and one (1) final inspection of your Rock N Roll Sushi Restaurant upon completion of construction to ensure that the Rock N Roll Sushi Restaurant has been built in accordance with the drawings and specifications approved by us. (Section 8.2 of the Franchise Agreement).
7. Upon your request, provide you with additional information concerning the design and construction of your Rock N Roll Sushi Restaurant if such information is in our possession. (Section 8.2 of the Franchise Agreement).
8. Upon your request and payment, provide additional site visits, project management, design work, and equipment purchasing services at your cost. (Section 8.2 of the Franchise Agreement).
9. Provide to you opening assistance and guidance that we think advisable, in our sole discretion, to assist you with any questions you may have in operating and establishing the Franchised Business, and as may be described in the Operations Manual. (Section 8.2 of the Franchise Agreement).
10. Provide to you, on loan, one copy of the Operations Manual or provide you with access to an electronic copy of the Operations Manual. The Table of Contents of the Operations Manual, along with number of pages devoted to each section, is included as Exhibit C to this Disclosure Document. (Section 9.1 of the Franchise Agreement).
11. Provide you with a list of brand products. (Section 9.1 of the Franchise Agreement). Provide you with a list of proprietary products and designees, if any, from which proprietary products may be purchased. (Section 9.1 of the Franchise Agreement). Provide you with a list of non-proprietary products and a list of authorized suppliers from which non-proprietary products may be purchased. (Section 9.1 of the Franchise Agreement).
12. Provide assistance and guidance in establishing prices for products and services. We do not set a minimum or maximum price but we provide you with a recommended price range. (Section 6.7 and 9 of the Franchise Agreement).

Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you.

During the operation of the Franchised Business, we will:

1. Provide post-opening assistance by providing you with one person experienced in the Rock N Roll Sushi System for up to seven (7) operating days after opening your Rock N Roll Sushi Restaurant at your cost. (Section 8.2 of the Franchise Agreement).
2. Provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine. We may periodically offer you the services of certain of our representatives, such as a representative from agent support, and these representatives may periodically visit your Franchised Business and offer advice regarding your operations. (Section 14.1 of the Franchise Agreement).

3. Make periodic visits to the Franchised Business to provide you with consultation, assistance, and guidance in various aspects of the operation and management of the Franchised Business. We may prepare written reports suggesting changes or improvements in the operations of the Franchised Business and detailing insufficiencies that become evident as a result of a visit. If we prepare a report, we may provide you with a copy. (Section 14.2 of the Franchise Agreement).
4. Make available to you our operations assistance and ongoing training as we deem necessary in our sole discretion. (Sections 8.4 of the Franchise Agreement). Ongoing training programs are described later in this Item.
5. Provide you with statements of amounts owed for products and/or purchased by you from us within 15 days after the end of each accounting period. (Sections 8.2 of the Franchise Agreement). Provide updates to the lists of the brand products, proprietary products, non-proprietary products, vendors from which proprietary products may be purchased, and authorized suppliers from which non-proprietary products may be purchased. (Sections 8.2 of the Franchise Agreement).
6. We will have the right to approve or disapprove all marketing and promotional materials that you propose to use. (Sections 11.1.2 of the Franchise Agreement).
7. Provide you with modifications to the Operations Manual as they are made available to franchisees. (Section 9.2 of the Franchise Agreement).
8. Administer the Advertising Fund in the manner described in the Franchise Agreement. (Section 11.2 of the Franchise Agreement).
9. Notify you in writing of your non-compliance with the Manuals, Systems or Franchise Agreement, as provided within the Franchise Agreement should such non-compliance occur. Our failure to do so will not excuse your non-compliance. (Section 14.2 of the Franchise Agreement).

Advertising and Promotion

Each month, it is recommended that you spend 1.5% of your Gross Revenues on local advertising, promotions, and public relations in the local area in your territory and surrounding the Franchised Business. We may, subject to its sole discretion, allow you to directly control elements of the local advertising program, including designing your own materials, using your own materials, or designing an advertising program. In no event will we grant you any control of the advertising without first obtaining the Franchisor's express written permission; such permission not to exceed 15 days without the express written extension of approval by the Franchisor. Franchisor has the right to review all marketing materials and must approve such materials prior to their use. (Section 11.1 of the Franchise Agreement).

You must participate in all advertising, promotional and marketing initiatives we may require. Without limitation, initiatives may include prize contests, special product and service offers and coupons. Advertising, promotional and marketing initiatives may be conducted internationally, nationally, regionally and locally and may vary from region to region or locality to locality; all other franchisees

using the System shall not necessarily be required to participate in the initiatives in which you must participate. You must also participate in the launch of any new products we may require, and you must honor all coupons, gift certificates and other promotional offers authorized by us including without limitation, you must honor all coupons, certificates and promotional offers presented to you.

You are required to contribute up to 2.5% of your monthly Gross Revenues to a System-wide marketing, advertising, and promotion fund (“Advertising Fund”). Advertising Fund Contributions are made at the time and in the manner provided for Royalty Fees in Section 3.2 of the Franchise Agreement. We have the right to increase the amount of the Advertising Fund Contribution to up to 3.0% of Gross Revenues. We shall notify you at least 30 days before any increase in the contribution to the Advertising Fund or changing the Advertising Fund Contribution requirements.

We maintain and administer the Advertising Fund as follows:

1. We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet, or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the Advertising Fund. We are not obligated to spend any amount of Advertising Fund Contributions in your Territory or in any particular franchisee’s territory.
2. We will use contributions to the Advertising Fund for producing, maintaining, administering and directing consumer advertising (including but not limited to the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; hosting an Internet web page of similar activities; employing advertising agencies to assist therein; providing promotional brochures; conducting market research; and providing other marketing materials to franchisees) on a national and/or regional level as we deem necessary or appropriate, in our sole discretion. We may use multiple sources for advertising including in-house and regional or national agencies. We will not use the advertising funds for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the Advertising Fund. No more than 25% of the Advertising Fund in any year will be used for the solicitation of new franchisees.
3. We shall attempt to use all contributions in the fiscal year they are made; however, if less than all monies of the Advertising Fund are spent in the fiscal year in which they accrue, the money will remain in the Advertising Fund to be spent in subsequent years. We will use any interest or other earnings of the Advertising Fund before we use current contributions. We intend for the fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your *pro rata* share. In the fiscal year ending December 31, 2024, we collected \$1,082,322.38 in Advertising Fund Contributions. We spent \$1,019,366.39 which equaled 9% on production, 35% on administrative costs, 26% on media placement, 18% on software and programs, 7% on public relations and 6% on trade shows.
4. The Advertising Fund is not audited. Franchisees will not have any rights to access the Advertising Fund. The Advertising Fund is not a trust and we assume no fiduciary duty in

administering the fund. After the end of any calendar year, at your request, we will provide you with a report for such concluded year, of the amounts actually expended by us on the marketing and promotion programs. Locations owned by us or our affiliates contribute equally to the Advertising Fund.

5. Except for salaries of marketing personnel employed by the Franchisor, we do not receive compensation for providing goods or services to the Advertising Fund.
6. The Advertising Fund is not and will not be our asset. Although the Advertising Fund is intended to be of perpetual duration, we maintain the right to terminate the Advertising Fund. The Advertising Fund will not be terminated, however, until all monies in the Advertising Fund have been expended for marketing purposes. If amounts are unspent in the Advertising Fund at fiscal year-end, those amounts are carried over by the Advertising Fund for expenditure in the following year. (FA Sec. 11.2).

Grand Opening Advertising

You must spend \$7,500 to promote the opening of your Restaurant pursuant to our guidelines and specifications during the period encompassing thirty (30) days before and thirty (30) days after the opening of your Franchised Business. (Section 11.3 of the Franchise Agreement).

Internet Marketing

You are restricted from establishing a presence on, or marketing on the Internet without our written consent. We have an Internet website at the uniform resource locator rnr sushi.com that provides information about the System and about our franchises. We may provide you with a page on our home page, where we will have contact information on your location. All information posted on the Rock N Roll Sushi website or any linked webpages must be approved by us before they are posted. We retain the sole right to market on the Internet, including the use of websites, domain names, social media accounts, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, social media pages and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, the Rock N Roll Sushi website. You are not permitted to use a domain name containing Rock N Roll Sushi in the URL.

We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term "Online Site" 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, webpages, microsites, social networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Google Plus, Pinterest, Instagram, etc.), blogs, vlogs, applications to be installed on mobile devices (for example, iOS or Android apps), and other applications, etc. However, if we approve a separate Online Site for you (which we are not obligated to do), then each of the following provisions will apply: (1) you may neither establish nor use any

Online Site without our prior written approval; (2) before establishing any Online Site, you must submit to us, for our prior written approval, a sample of the proposed Online Site, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta tags), in the form and manner we may require; (3) you must not use or modify an Online Site without our prior written approval; (4) you must comply with the standards and specifications for Online Sites that we may periodically prescribe in the Manual or otherwise in writing; (5) if we require, you must establish hyperlinks to our Online Site and other Online Sites; and (6) we may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf. (Section 11.4 of the Franchise Agreement).

Advertising Cooperative

We reserve the right to issue binding policies to coordinate marketing councils and/or advertising cooperative programs. For example, we may require that all franchisees within close proximity participate in local advertising programs or cooperatives. We will personally direct and coordinate all online and web advertising for the Rock N Roll Sushi business brand. All advertising programs, whether local, national, international, online or physical, as well as any accompanying policies are our proprietary trade secrets and you shall make every effort to preserve their confidentiality. If we require you to join a local or regional marketing cooperative (the “**Co-op**”), then you must: join the Co-op; participate with other franchisees in the Co-op’s marketing programs; and pay your share of the Co-op’s marketing expense. Any payments you make for the Co-op’s marketing will be applied towards your local marketing requirement but will not affect your obligation to make Brand Fund Contributions under the Franchise Agreement. If the amount you contribute to a Co-op is less than the local marketing requirement (if any), then you shall nevertheless spend the difference locally. The Co-op’s marketing expenses will be allocated among its members based on the number of participating franchisees or on some other reasonable basis as may be determined by the franchise advisory council, if established, or us. We or our designee will be responsible for administering the Co-op; however, we may delegate this authority to the franchise advisory council or some other committee of franchisees. We do not currently have an advertising council composed of franchisees that advises us on advertising materials, but we may in the future. The Co-op will operate under written governing documents prepared by us or our designee, which will be made available to you upon reasonable written request. An accounting of the operation of the Co-op will be prepared annually by the Co-op, at the Co-op’s expense, and made available to Co-op members upon written request. We have the right, in our sole discretion, to modify, merge or dissolve any Co-op upon written notice to its members; however, a Co-op will not be dissolved until all of the money in the Co-op has been spent for marketing purposes.

Computer System

You must purchase and use any hardware and software programs we designate. (Section 12.5 of the Franchise Agreement). Presently, we require you to purchase the following hardware and software:

HARDWARE	SOFTWARE
1 Computer (laptop or desktop); 3 in 1 laser printer copier, scanner	TOAST POS System; QuickBooks Online; Office 365; Jolt, Seven Shifts, Merchant Centric and Loop

In addition to the initial fee paid for the license to use the technology systems, (i.e. TOAST POS system), there is a monthly maintenance fee of \$250 to \$650 that will be payable to approved vendors. We require that you provide us continuous, ongoing remote access to your QuickBooks application and POS system and all data associated with both systems. You are also required to have Internet access. RNR Sushi does not specify specific computer hardware or an Internet supplier. However, the laptop or desktop computer selected to act as the back office must be in good repair, with sufficient memory to carry out ordinary business functions, as provided in the Operations Manual, this Disclosure Document, or your Franchise Agreement, and to run the Office 365 and QuickBooks software.

The approximate cost of the hardware and software ranges from \$5,000 to \$8,000.

You must use your Computer System to (i) enter and track sales and customer information, (ii) update inventory of merchandise and products, (iii) enter and manage your customer contact information, (iv) generate sales reports and analysis relating to your Franchised Business, and (v) provide other services relating to the operation of your Franchised Business. We have the right to develop or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System (“**Required Software**”), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media upon which you must record data; and (d) the database file structure of your Computer System. 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.

Neither we nor our affiliates or any third party have any obligation to provide ongoing maintenance, repairs, upgrades, or updates. You must maintain your computer systems in good working order and must replace, update, or upgrade your hardware systems as we require. The estimated annual cost of optional or required maintenance, updating, upgrading, or support contracts to your computer systems is approximately \$1,000.

Independent Access to Information

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 or require you to use only an e-mail address that we provide for your Franchised Business’ business e-mails. You must afford us unimpeded 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 retrieve and use this data and information from your Computer System in any manner we deem necessary or desirable. We have the right to

require you to use one or more designated telephone vendors. If we so require, you must use our designated telephone vendors for the phone service to your Franchised Business. We may designate, and own, the telephone numbers for your Franchised Business.

There are no contractual limitations on our right to access this information stored on your Computer System. Any client lists or information compiled or amassed through your computer systems or otherwise, will be our proprietary property. You may not sell or use client lists or information for any purpose other than in connection with the operation of your Franchised Business. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business.

Typical Length of Time Before Operation

We expect you to find an acceptable location for the Franchised Business within 90 days of the signing of the Franchise Agreement. We estimate the length of time between signing your Franchise Agreement and opening your Restaurant to be approximately six months. You must sign a lease or otherwise secure the legal right to operate the Franchised Business from the location within 60 days of finding an acceptable location. Factors that may affect your beginning operations include ability to secure permits, zoning and local ordinances, weather conditions, and attending training. You must open your Franchised Business and be operational within twelve (12) months from executing the Franchise Agreement. The foregoing notwithstanding, we reserve the right to grant extensions to this time frame in our sole and absolute discretion. We are in no way obligated to consider such extensions in any case. (Section 5.4 of the Franchise Agreement).

Failure to meet these timelines is a material default of the Franchise Agreement. (FA Sec. 16.2.1).

Training

Before opening your Franchised Business, you (or if you are an entity, your Operating Principal) and your Manager (if you will employ a Manager) must attend and successfully complete, to our satisfaction, the initial training program (which may include an online component) we offer for our franchisees at our affiliate-owned Restaurant located in Destin, Florida or at another location that we specify. Our initial training program will be conducted periodically as needed. The Franchised Business must at all times be under the active full-time management of either you or the Operating Principal or Manager who has successfully completed (to our satisfaction) our initial training program. If you, your Operating Principal or Manager cannot complete the program to our satisfaction, we may terminate the Franchise Agreement. (Section 8 of the Franchise Agreement).

If you (or your Operating Principal) or your Manager cease active management or employment at the Franchised Business, then you must enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our initial training program within 30 days after the former individual ended his/her full-time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so (in all cases, the replacement shall successfully complete training within 120 days). You must pay our then-current per diem training charges (\$100 per day if at our headquarters; \$250 per day at your location) for replacement training.

We may require that your Operating Principal, Managers, and employees periodically attend additional courses, seminars, conferences, and other training programs.

We will bear the cost of all initial training (instruction and required materials) of you, your Operating Principal, and your Manager (if applicable) (except for additional and replacement training and web-based training, as noted above and in Item 6). Up to a total of three people may attend this initial training including the Franchisee, Operating Principal and the Manager. Any additional persons will be charged \$350 per day. You will also bear all other expenses incurred in attending training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance (see Items 6 and 7 of this disclosure document).

All persons attending the initial training program must complete the program to our satisfaction by showing you can operate the Franchised Business, determined in our sole discretion. If you cannot complete the program to our satisfaction, we may terminate the Franchise Agreement. (Section 8.3 of the Franchise Agreement). Note, the hours of training on the above chart may overlap and be provided concurrently, at our discretion.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation	1	0	Destin, FL or a designated training location
Employee Operations	1	0	Destin, FL or a designated training location
Kitchen Daily Preparation	1	20	Destin, FL or a designated training location
Kitchen Line Execution	1	30	Destin, FL or a designated training location
Kitchen Closing Station	1	8	Destin, FL or a designated training location
Sushi Chef Setup	1	10	Destin, FL or a designated training location
Sushi Chef Daily Preparation	1	18	Destin, FL or a designated training location
Sushi Chef Line Execution	1	40	Destin, FL or a designated training location

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Sushi Chef Closing Station	1	8	Destin, FL or a designated training location
Dishwasher	1	1	Destin, FL or a designated training location
Totals	10 hours	135 hours	

The hours devoted to each module are estimates and may vary based on how quickly trainees learn the material, their prior experience with the subject, and scheduling.

Our officers and consultants are currently overseeing the training, including our Senior Director of Operations, Tony Cline, who has been with us for less than a year but has over 30 years of experience in the industry. Our trainers also include our Senior Director Training and Support, Alex Githens, who has been with us for four years and has over a decade of experience in the industry. Our Vice President of Culinary and Procurement, Josh Patrick, also serves as a trainer and has over 16 years of experience in the food service and culinary industry. He has over 11 years of experience in the training environment including three years of direct training and field operations with us. Our trainers also include our Training and Support Consultant, Phillip Abernethy, who has been with us for four years and has over a decade of experience in the industry. Their experience is also listed in Item 2. We may name additional or substituted trainers periodically. All trainers will minimal be experienced in the field and with us and pass our training program.

The principal instructional materials will consist of the Operations Manual which is attached as Exhibit C to this Disclosure Document. The Operations Manual contains a total of 348 pages.

Periodically, you, your managers and/or employees must attend refresher-training programs to be conducted at a location we designate or by webinar, in our discretion. Subjects covered in any additional training may include, for example: (i) System-wide changes in processes, procedures or offerings, (ii) franchisee-specific or employee-specific trouble-shooting, (iii) safety, (iv) sales and marketing, (v) service, (vi) computer hardware and software, and (vii) financial recordkeeping. Additional training, if and when provided, will generally be at least one day and may last up to two weeks. Attendance at these programs will be at your expense; however, you do not have to attend more than 2 of these programs in person in any calendar year and these programs will not collectively exceed 4 full days during any calendar year (including both in person training and webinar training). (Franchise Agreement, Section 8.4).

ITEM 12 TERRITORY

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

You must operate your Franchised Business within the specific location identified in your Franchise Agreement. You are awarded a protected marketing territory (the “Territory”) that will include a business area to be determined by us based on your location. We reserve the right to grant each franchisee a territory on a case-by-case basis in order to account for the unique features of each geographic marketplace; however, typically it will generally encompass a 1-mile radius around your location. You may not conduct business at any other site or sites other than in the Territory as described in your Franchise Agreement, or any additional part of the Territory that may be added by an addendum attached to your Franchise Agreement. You may not relocate your business within the Territory without our express written consent. Any proposed relocation will be subject to our review of the proposed new site under our then-current standards for site selection, and we will also have the right to take into consideration any commitments we have given to other franchisees, landlords, and other parties relating to the proximity of a new Rock N Roll Sushi restaurant to their establishment.

We cannot license any other person or entity to operate a Franchised Business within your Territory during the term of the Franchise Agreement.

Your licensed Territory is determined by population, competition, traffic patterns, proximity to major roads, demographics of the surrounding area, available parking, market penetration, and/or other conditions important to the successful operation of a Rock N Roll Sushi Restaurant, as we deem appropriate and as identified in your Franchise Agreement. We retain the right to demarcate the exact bounds of your licensed Territory once a primary location is chosen, and such Territory shall not be altered even if there is a population increase or decrease, unless we decide otherwise in our sole and absolute discretion. Certain locations, such as major metropolitan areas may have smaller territories due to the relative density of the populated areas. You may not open your primary location in the Territory for your Business until we grant you our explicit written permission. You may not relocate your Franchised Business or establish additional locations within your Territory until we grant you our explicit written consent, such consent to be given at our sole and absolute discretion. We will base any such consent on traffic patterns at your proposed new location and a study of the local population.

If you want to establish more than one franchise with us, you must submit a separate application for each such proposed franchise. You shall pay a fee for each additional location mentioned in Item 5, and you must further be in compliance with all other terms and conditions of the Franchise Agreement. We must also approve the suitability of any additional location as contemplated in Items 11 and 12 above.

We retain all other rights with respect to the System, the Rock n Roll Sushi® name, the Marks, the sale of products and services which are and are not part of the System, anywhere in the world, including, without limitation, the right to: (a) own and operate Rock N Roll Sushi Restaurants anywhere outside your Territory, as we consider appropriate, including within close proximity to the location of your Rock N Roll Sushi Restaurant or your Territory; (b) offer and sell products and services within and outside your Territory that are not part of the System through any distribution method; (c) solicit, market or advertise the products and services that are and are not part of the System, to any person or entity, both within and outside your Territory and under the Marks and/or other names and marks; (d) establish and operate, and grant rights to other persons to establish and operate, on any terms, cafe or restaurant businesses or any similar or dissimilar businesses that are not primarily identified by the Marks at any locations, whether within or outside the Territory; (e) acquiring the assets or ownership interests of, or being acquired (regardless of the form of transaction) by any

businesses providing products and services similar or dissimilar to those that Rock N Roll Sushi and provide, and franchising, licensing or creating other arrangements for these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, whether within or outside the Territory; (f) using or licensing the use of the Marks, and all products and services associated with any of the Marks, in any other alternative methods of distribution, except as specifically described above. Certain of our or our affiliates' products or services, whether now existing or developed in the future, may be distributed in your Territory by us or our affiliates, in such manner and through such channels of distribution as we, in our sole discretion, shall determine. These alternate channels of distribution include, but are not limited to, the sale of pre-packaged sauces and food items, clothing, souvenirs and novelty items under the Marks via the Internet, mail order catalog, though wholesale and resale stores, and direct marketing via television and radio. However, we will not permit other franchisees to make sales through alternative channels of distribution in your Territory. We reserve the same right to sell products (including shipping such items) to anyone from anywhere without compensation to you.

Our reserved right authorizing us to sell branded products in your Territory through other channels of distribution may affect your ability to sell those products. There are no restrictions on our right to solicit or accept orders from consumers inside your Territory. Nothing in the Franchise Agreement prohibits us or our affiliates from selling services and products through alternative channels of distribution within your Territory. We are not required to pay you any compensation for soliciting or accepting orders from inside your Territory. Neither we nor our affiliates currently plan to operate or franchise any business under any different trademarks that sells or distributes similar products or services to those that you will offer.

For any default of the Franchise Agreement, as an alternative to termination, we may, at our sole and absolute discretion, unilaterally modify or completely eliminate any rights that you may have with respect to the Territory, effective ten (10) days after delivery of written notice to you. In addition, we may modify, or eliminate completely, the Territory. (Franchise Agreement Section 2.4).

Any rights not expressly granted to you are reserved to us.

We are not responsible for paying any compensation to you concerning the sale of services over the Internet or other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are or are not substantially similar to the Franchised Business, or any business that does not use the Marks. For clarity, the Franchise Agreement grants you no rights to offer and/or provide services and products, through any alternative channels of distribution (other than our approved list of channels of distribution) without our express permission or share in any of the proceeds from our activities through alternative channels of distribution.

We have not established, and do not presently intend to establish, other franchises or company-owned businesses, except as disclosed in Item 1 of this Franchise Disclosure Document, that offer similar services or products under a trade name or trademark different than the Marks.

Except for the Territory granted in your Franchise Agreement, we do not grant any rights of first refusal to obtain additional franchise rights. If you wish to develop additional Rock N Roll Sushi restaurants, you must enter into a new Franchise Agreement and meet all our current requirements for franchisees. The Territory described above will affect where you and other franchisees may solicit

business. You may not sell any products outside your Territory without our prior written consent. Except in conjunction with approved advertising promotions, you may not directly market or solicit business outside your Territory without prior written authorization from us, including Internet marketing, postcards, letters, fliers, emails, or other marketing communications. You may not make telemarketing calls to customers or prospective customers located outside your Territory or advertise in print or other media where two-thirds or more of the media circulation base or broadcast area is located outside your Territory.

ITEM 13 TRADEMARKS

You receive the right to operate your business under the name “Rock N Roll Sushi,” which is the primary Mark used to identify our System per the limitations set forth in the Franchise Agreement and/or Operations Manual. You may also use any other current or future Marks to operate your franchised business that we designate, including the logo on the front of this Disclosure Document and the service mark listed below. By “Mark,” we mean any trade name, trademark, service mark or logo used to identify your business. We have filed for the registration of the following Mark on the U.S. Patent and Trademark Office (“USPTO”) Principal Register:

MARK	REGISTRATION NUMBER	REGISTRATION DATE	PRINCIPAL OR SUPPLEMENT REGISTER OF THE USPTO
RNR ROCK N ROLL SUSHI	5413598	February 27, 2018	Principal
RNR SUSHI	5752003	May 14, 2019	Principal
	5674606	February 12, 2019	Principal
	5674539	February 12, 2019	Principal

	5646170	January 8, 2019	Principal
	6084757	June 23, 2020	Principal
	6084790	June 23, 2020	Principal
	6084800	June 23, 2020	Principal
Dine Out Loud	6080136	June 16, 2020	Principal
Sushi Amplified	6085195	June 23, 2020	Principal
ROCK N ROLL SUSHI	7540822	October 22, 2024	Principal
Rock Out With Your Chopstixs Out	7547946	October 29, 2024	Principal

We intend to renew the registration and file all appropriate affidavits for the Marks at the times required by law. As of the date of issuance of this Disclosure Document, the following service mark is filed for protection and awaiting registration:

MARK	SERIAL NUMBER	DATE	INTERNATIONAL CLASS OF GOODS
	98069529	July 3, 2023	043
ROCK N ROLL SUSHI + HIBACHI	98069409	July 3, 2023	043

We do not have a federal registration for these trademarks as of the date of this Disclosure Document. Therefore, these trademarks do not have as many legal benefits and rights as our federally registered trademarks. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or any court; or any pending infringement, opposition, or cancellation proceeding in which we unsuccessfully sought to prevent registration of a trademark in order to protect a trademark licensed by the franchisor. There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark. We know of no infringing or prior superior uses that could materially affect the use of the Marks.

You do not receive any rights to the Marks other than the right to use them in the operation of your Franchised Business. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of the Franchised Business. You cannot use any Mark or portion of any Mark as part of any business entity name. You may not use any Mark in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us in writing when you learn about any claim of infringement, unfair competition, or similar claims about the Marks. You must not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so; however, you may communicate with your own counsel at your own expense. We are not required to take affirmative action when notified of these uses or claims. We have the sole right to control any administrative or judicial proceeding involving a trademark licensed by us. The Franchise Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorable to you. You must take any actions that, in

the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

We reserve the right to substitute different Marks for use in identifying the System and the businesses operating as part of the System if our currently owned Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different Marks will be beneficial to the System. In such cases, you must implement and use such different Marks at your cost and in the manner we require. If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We have no obligation to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your franchised business for the new or modified Marks. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

If we undertake the defense or prosecution of any litigation concerning the Marks, you must sign any documents and agree to do the things as may, in our counsel's opinion, be necessary to carry out such defense or prosecution, such as becoming a nominal party to any legal action.

Except to the extent that the litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, we agree to reimburse you for your out of pocket costs in doing these things, except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. To the extent that the litigation is the result of your use of the Marks in a manner inconsistent with the terms of the Franchise Agreement, you must reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing the words "Rock N Roll Sushi" or any variation thereof without our prior written consent.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents are material to the franchise. We claim common law copyright protection in the Operations Manual, our website, our marketing materials, training manuals or videos, and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights, but we reserve the right to register these copyrights in the future. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a Franchised Business. We will provide our trade secrets and other confidential information to you during training, in the Operations Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating the Franchised Business. You may only disclose trade secrets and/or other confidential information to employees who must have access to it to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule 2 to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce those agreements.

All ideas, concepts, techniques or materials concerning the Franchised Business and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed without additional compensation to you. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Operations Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in Item 17.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

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 Franchised Business and must own at least 5% of the voting and ownership interests in the franchisee entity. You must inform us in writing whether the Operating Principal will assume full-time responsibility for the daily supervision and operation of the Franchised Business. If the Operating Principal will not supervise the Franchised Business on a full-time and daily basis, you must employ a full-time

Franchised Business manager (a “Manager”) with qualifications reasonably acceptable to us, who will assume responsibility for the daily operation of the Franchised Business.

You must, at all times, retain and exercise direct management control over all aspects of the Franchised Business. Your personal supervision is not required if the day-to-day operation of your Franchised Business is performed by a Manager who has successfully completed our required training program and has, at our sole discretion, the appropriate experience and training. If you do not personally supervise the operation of the Franchised Business, you and your Operating Principal still must attend and satisfactorily complete training. You, your Operating Principal or your Manager must devote full time and best efforts to the operation of the Franchised Business. You will be required to maintain certain hours of operation of your Franchised Business as set forth in the Manual. You are not restricted as to whom you may hire as a Manager, except that your Manager must be competent, conscientious, substance-free, fully-trained and must meet all license requirements. Your Manager must be approved by us. See Item 11 for a description of our initial training program.

As described in Item 14, certain individuals associated with your Franchised Business, including your owners (and members of their immediate families and households who have reached the age of maturity), officers, directors, partners, and your managers, executives, employees, and staff may be required to sign nondisclosure and non-competition agreements the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule 2 to the Franchise Agreement. We will be a third-party beneficiary with the independent right to enforce the agreements.

If you are a corporation or other business entity, anyone who owns a 5% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Unlimited Guaranty and Assumption of Obligations attached as Schedule 3 to the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all the services and products we specify. You may not sell any services or products that we have not authorized and you must discontinue offering any services or products that we may disapprove of. We may take action, including terminating your franchise if you purchase or sell unapproved products or make purchases from unapproved suppliers. We may periodically change required or authorized services or products. There are no limits on our right to do so.

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors, including test marketing, your qualifications, and regional or local differences.

We do not place restrictions on you with respect to who may be a customer of your Franchised Business.

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 agreement attached to this disclosure document.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of Franchise Term	Section 4.1	The initial term is 10 years.
b. Renewal or Extension of Term	Section 4.2	You have the right to renew for an additional term of 10 years. You must pay the renewal fee of \$18,000. If you do not meet the conditions, we may refuse to renew or extend the terms of your Franchise Agreement.
c. Requirements for Franchisee to Renew or Extend	Section 4.2	Renewal means that you are allowed to remain as a franchisee after the initial term of your Franchise Agreement expires. You may renew the Franchise Agreement if you: have fully complied with the provisions of the Franchise Agreement; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us or any of our affiliates; are not in default of any provision of the Franchise Agreement or any other agreement between you and us; have given timely written notice of your intent to renew; sign a current Franchise Agreement, which may have materially different terms and conditions than your original Franchise Agreement; comply with current qualifications and

		agree to comply with any training requirements; sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement and pay a renewal fee of \$18,000.
d. Termination by you	Section 16.1	You may not terminate the Franchise Agreement unless otherwise permitted pursuant to state law.
e. Termination by Franchisor without Cause	Not Applicable	Not Applicable
f. Termination by Franchisor with Cause	Section 16.2	We may terminate the Franchise Agreement only if you default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
g. “Cause” Defined – Curable Defaults	Section 16.2.2	If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Operations Manual, you can avoid termination of the Franchise Agreement if you cure the default within 30 days of receiving our notice of default, except for the defaults that require cure in a shorter time and non-curable defaults. If a default arises from your failure to maintain insurance, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within 5 days of

		receiving our notice of default. If we terminate the Franchise Agreement resulting from a default, your interest in the franchise will terminate.
h. “Cause” Defined – Non-Curable Defaults	Section 16.2.1	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to timely establish, equip and begin operations of the franchised business; fail to have your Operating Principal satisfactorily complete training; fail to maintain all required professional licenses, permits and certifications for more than 3 business days; made any material misrepresentation or omission in the application for the franchise; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the Franchised Business; after notice to cure, fail to refrain from activities, behavior or conduct likely to adversely affect either party or the Franchised Business; use the Operations Manual, trade secrets or other confidential information in an unauthorized manner; if required, fail to have your owners (and members of their immediate families and households), officers, directors, managers, other executives, employees and professional staff, and other individuals having access to trade secrets or other confidential information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure

		and non-compete agreements; abandon the Franchised Business for 5 or more consecutive days; surrender or transfer control of the Franchised Business in an unauthorized manner; fail to maintain the Franchised Business under the supervision of an Operating Principal following your death or disability; submit reports on 2 or more separate occasions understating any amounts due by more than 2%; are insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; fail on 2 or more occasions within any 12 months to submit reports or records or to pay any fees due us or any affiliate; violate on 2 or more occasions any health, safety or other laws or operate the Franchised Business in a manner creating a health or safety hazard to customers, employees or the public; take any action reserved to us; fail to comply with applicable law after notice; repeatedly breach the Franchise Agreement or comply with specifications; or default under any other agreement with us (or an affiliate) so that we (or the affiliate) have the right to terminate the agreement.
i. Franchisee's Obligations on Termination/Non-Renewal	Section 17.1	If the Franchise Agreement is terminated or not renewed, you must: stop operating the Franchised Business; stop using any trade secrets, confidential information, the System and the Marks; cancel or assign to us any assumed names; pay all sums

		owed to us including damages and costs incurred in enforcing the Franchise Agreement; return the Operations Manual, trade secrets and all other confidential information; assign your telephone and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.
j. Assignment of Contract by Franchisor	Section 18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by Franchisee – Definition	Section 18.2	"Transfer" includes transfer of an interest in the franchise, the Franchise Agreement or the Franchised Business' assets.
l. Franchisor's Approval of Transfer by Franchisee	Section 18.2	You may not transfer your interest in any of the items listed in (k) above without our prior written consent which such consent shall not be unreasonably withheld.
m. Conditions for Franchisor Approval of Transfer	Section 18.2	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay the Transfer Fee equal to 50% of the then current Initial Franchise

		Fee; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the transferee, if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; and the transferee has agreed that its Operating Principal will complete the initial training program before assuming management of the Franchised Business.
n. Franchisor's Right of First Refusal to Acquire Franchisee's Franchised Business	Section 19	We may match an offer for your Franchised Business or an ownership interest you propose to sell.
o. Franchisor's Option to Purchase Franchisee's Franchised Business	Section 17.4	Except as described in (n) above, we do not have the right to purchase your Franchised Business; however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the franchised business for book value.
p. Death or disability of Franchisee	Section 18.6	After the death or incapacity of an owner of the franchise, his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchise within 180 days of death or incapacity or we may

		terminate the Franchise Agreement.
q. Non-Competition Covenants During the Term of the Franchise	Section 7.4	We have the right to require you, your owners (and members of their families and households) and your officers, directors, executives, managers, professional staff, and employees to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule 2. Upon our request, you shall provide us with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the Franchised Business and are subject to audit or review as otherwise set forth herein. We shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.
r. Non-Competition Covenants After the Franchise is Terminated or Expires	Section 17.2	For 2 years after the termination or expiration of the Franchise Agreement, you may not offer competitive business services or sell our approved products within 10 miles of the Franchised Business or any other Rock N Roll Sushi Restaurant business, or planned expansion thereof, or of any other Franchisor owned business; or soliciting or influencing any of our customers, employees, or business associates to compete with us or terminate their relationship with us.
s. Modification of the Agreement	Sections 9.2, 22.7, and 22.8	The Franchise Agreement can be modified only by written agreement between you and us.

		We may modify the Operations Manual without your consent if the modification does not materially alter your fundamental rights.
t. Integration/Merger Clause	Section 22.7	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document, the Operations Manual and/or Franchise Agreement may not be enforceable.
u. Dispute Resolution by Arbitration or Mediation	Section 23.9; Schedules 2 and 3	You must mediate and arbitrate claims against us which may be subject to state law.
v. Choice of Forum	Section 23.2; Schedules 2 and 3	Any litigation or arbitration must be pursued in Walton County, Florida (subject to applicable state law).
w. Choice of Law	Section 23.1; Schedules 2 and 3	Except as to claims governed by federal law, Florida law applies (subject to applicable state law).

ITEM 18 PUBLIC FIGURES

We do not currently use any public figures 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 franchised business or under particular circumstances.

We had sixty-two (62) operational franchisees as of December 31, 2023. The table set forth below contains the historic Gross Revenue generated in 2024 by the fifty-nine (59) franchised units that were open for the entirety of 2024 (the “**Reporting Franchisee Units**”). Table I below shows the Gross Revenue for the Reporting Franchisee Units from January 1, 2024 to December 31, 2024.

Table I

Location	2024 Gross Revenue²
Mobile, AL	\$640,667.79
Trussville, AL	\$1,397,025.68
West Mobile, AL	\$575,910.91
Hoover, AL	\$1,787,120.32
Saraland, AL	\$1,288,362.51
Daphne, AL	\$1,462,836.18
Foley, AL	\$856,344.17
Dothan, AL	\$1,462,159.88
Huntsville (Clinton), AL	\$1,650,278.64
Jasper, AL	\$724,866.58
Gadsden, AL	\$1,046,209.32
Birmingham (Colonnade), AL	\$944,897.73
Cullman, AL	\$792,415.58
Midtown Mobile, AL	\$798,000.35
Tillman's Corner, AL	\$755,281.71
Decatur, AL	\$955,829.18
Tuscaloosa, AL	\$984,806.53
Birmingham (UAB), AL	\$1,347,439.96
Huntsville (Hayes), AL	\$1,000,982.68
Little Rock, AR (Chenal)	\$1,601,593.53
Little Rock, AR (Main St)	\$1,319,044.21
Conway, AR	\$1,471,368.27
Benton, AR	\$1,325,788.33
North Little Rock, AR	\$1,377,552.20
Glendale, AZ	\$951,774.17
Colorado Spring, CO	\$1,289,324.52
Pensacola, FL	\$1,018,442.59
Gulf Breeze, FL	\$669,203.52
Pace, FL	\$1,104,117.73
Tallahassee, FL	\$910,298.79
Gainesville (Newberry), FL	\$761,804.03
Beulah, FL	\$931,182.83
Tallahassee, FL (Magnolia)	\$1,169,727.04
Gainesville (Butler), FL	\$1,017,578.64
Stockbridge, GA	\$1,537,207.63
Canton, GA	\$838,277.25
Locust Grove, GA	\$871,297.79

Bonaire, GA	\$990,526.63
Macon, GA	\$778,111.75
Warner Robins, GA	\$814,469.23
Duluth, GA	\$838,750.80
Rome, GA	\$1,045,678.85
Slidell, LA	\$779,229.15
Kenner, LA	\$605,526.43
Gulfport, MS	\$697,948.91
D'Iberville, MS	\$877,727.40
Hattiesburg, MS	\$743,224.93
Tupelo, MS	\$880,604.04
Ridgeland, MS	\$401,310.04
Memphis, TN	\$1,093,160.20
Nashville, TN	\$1,803,837.96
Germantown, TN	\$1,156,993.82
Jackson, TN	\$847,223.01
Murfreesboro, TN	\$1,523,441.40
Nashville (Donelson), TN	\$1,837,301.51
Hendersonville, TN	\$1,317,371.69
Smyrna, TN	\$1,017,578.64
Spring, TX	\$1,691,814.28
Cypress, TX	\$657,278.03

Table II below shows the average, median, high and low of the top 25% of the Reporting Franchisee Units, the top 50% of the Reporting Franchisee Units, the top 75% of the Reporting Franchisee Units and the top 100% of the Reporting Franchisee Units.

Table II

	Average	Median	High	Low
Top 25% of the Reporting Franchisee Units	\$1,567,926.96	1,537,207.63	\$1,837,301.51	\$1,347,439.96
Top 50% of the Reporting Franchisee Units	\$1,350,382.43	\$1,325,788.33	\$1,837,301.51	\$1,000,982.68
Top 75% of the Reporting Franchisee Units	\$1,196,706.82	\$1,104,117.73	\$1,837,301.51	\$814,469.23
All Reporting Franchisee Units	\$1,068,404.74	\$990,526.63	\$1,837,301.51	\$401,310.04

Notes:

- 1. **Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.**
- 2. "Gross Revenue" represents aggregate sales of services and products sold for 2024, as reported by the point-of-sale system used by the franchised locations satisfying the Reporting Criteria.
- 3. We had two (2) franchisee locations close in 2024 and one (1) temporarily close. Each of Reporting Franchisee Units operate under the same territorial and contractual obligations as offered in the Franchise Agreement attached to this Disclosure Document. Each of Reporting Franchisee Units offers services and products similar to the services and products that will be offered by you.
- 4. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. Franchisees or former franchisees listed in this Disclosure Document may also be a source of information.

Other than the preceding financial performance representations, we do not make any financial performance representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Franchisor's management by contacting Craig LeMieux, 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550; 810-691-9623; craig@nrnsushi.com.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2022 TO 2024

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	50	58	+8
	2023	58	62	+4
	2024	62	69	+7

Company-Owned*	2022	1	3	+2
	2023	3	3	0
	2024	3	3	0
Total Outlets	2022	51	61	+10
	2023	61	65	+4
	2024	65	72	+7

*Company-Owned outlets are owned by our affiliates.

TABLE 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS *
FOR YEARS 2022 TO 2024

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Alabama	2022	1
	2023	1
	2024	0
Arkansas	2022	0
	2023	1
	2024	0
Florida	2022	0
	2023	1
	2024	0
Mississippi	2022	0
	2023	1
	2024	0
Tennessee	2022	1

Total	2023	2
	2024	1
	2022	2
Total	2023	6
	2024	1

TABLE 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2022 TO 2024

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2022	20	1	0	0	2	0	19
	2023	19	0	0	0	0	0	19
	2024	19	0	0	0	0	0	19
Arkansas	2022	2	2	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	2024	5	1	0	0	0	0	6
Arizona	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Colorado	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	6	1	0	0	0	0	7

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2023	7	1	0	0	0	0	8
	2024	8	4	0	0	0	0	12
Georgia	2022	6	4	0	0	0	0	10
	2023	10	0	0	0	0	1	9
	2024	9	0	0	0	0	1	8
Louisiana	2022	3	0	1	0	0	0	2
	2023	2	1	1	0	0	0	2
	2024	2	0	0	0	0	0	2
Mississippi	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
Tennessee	2022	7	2	0	0	0	0	9
	2023	9	0	0	0	0	0	9
	2024	9	1	0	0	0	0	10
Texas	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	1	2
Totals	2022	50	11	1	0	2	0	58
	2023	58	6	1	0	0	1	62
	2024	62	9	0	0	0	2	69

TABLE 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2022 TO 2024

Column1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the year
Alabama	2022	0	0	2	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	1	0	1
Florida	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Louisiana	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
Total	2022	1	0	2	0	0	3
	2023	3	0	0	0	0	3
	2024	3	1	0	1	0	3

TABLE 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2024

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Next Fiscal Year
Alabama	2	2	0
Arizona	2	1	0

Arkansas	4	3	0
Colorado	3	0	0
Florida	5	5	0
Georgia	4	2	0
Michigan	1	1	0
Mississippi	1	1	0
Missouri	0	1	0
Nevada	1	1	0
Tennessee	1	1	0
Texas	0	1	0
Total	24	19	0

Exhibit E contains a list of the names of all franchisees and the address and telephone number of each of their outlets.

Exhibit E also contains a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that limit them from discussing with you their experiences as a franchisee in our franchise system.

We are not aware of any trademark-specific franchisee organizations associated with the franchise system being offered.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit D are our audited financial statements as of December 31, 2022, December 31, 2023 and December 31, 2024 dated April 16, 2025 . Our fiscal year end is December 31.

ITEM 22. CONTRACTS

The following contracts are attached to this Disclosure Document:

- a. **Exhibit B - FRANCHISE AGREEMENT**
 - Schedule 1-General Release
 - Schedule 2-Nondisclosure and Non-Competition
 - Schedule 3-Unlimited Guaranty and Assumption of Obligations
 - Schedule 4-Collateral Assignment of Lease
 - Schedule 5-ACH Payment Agreement
 - Schedule 6-Holders of Legal or Beneficial Interest in Franchisee; Officers;
Directors
 - Schedule 7-State Addenda to the Franchise Agreement
 - Schedule 8-Accepted Location and Territory

ITEM 23. RECEIPTS

You will find two copies of a receipt in Exhibit I at the end of this Disclosure Document. One receipt must be signed, dated and delivered to us. The other receipt should be retained for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Our registered agent in the State of Florida is: Eric D. Jenrich, 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550. 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:

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Department of Financial Protection & Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 Toll Free: (866) 275-2677	Commissioner of the Department of Financial Protection & Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 Toll Free: (866) 275-2677
Connecticut	Banking Commissioner Department of Banking Securities and Business Investments Division 260 Constitution Plaza Hartford, CT 061031800 (860) 240-8299	
Hawaii	Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722
Illinois	Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Indiana	Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360
Michigan	Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567	Michigan Attorney General's Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567
Minnesota	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600
New York	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, New York 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231-0001 (518) 473-2492
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue, State Capital, 14 th Floor, Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Avenue, State Capital, 14 th Floor, Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Rhode Island	Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527	Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
Washington	Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760	Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
Wisconsin	Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139	Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT B TO THE DISCLOSURE DOCUMENT

**ROCKNROLL SUSHI HOLDINGS LLC
FRANCHISE AGREEMENT**

**ROCKNROLL SUSHI HOLDINGS LLC
FRANCHISE AGREEMENT**



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Schedule 1-General Release

Schedule 2-Nondisclosure and Non-Competition Agreement

Schedule 3-Unlimited Guaranty and Assumption of Obligations

Schedule 4-Collateral Assignment of Lease

Schedule 5-ACH Payment Agreement

Schedule 6-Holders of Legal or Beneficial Interest in Franchisee; Officers; Directors

Schedule 7-State Addenda to the Franchise Agreement

Schedule 8- Accepted Location and Territory

ROCKNROLL SUSHI HOLDINGS LLC FRANCHISE AGREEMENT

This Franchise Agreement (the “Agreement”) made and entered into as of the Effective Date that we have indicated on the signature page of this Agreement by and between:

- RockNRoll Sushi Holdings LLC, a Florida limited liability company having its principal place of business at 12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550 (“Franchisor,” “we,” “us,” or “our”); and
- _____, an individual/partnership/corporation/limited liability company established in the State of _____ and whose principal address is _____ (“Franchisee,” “you,” or “your”).

INTRODUCTION

We have developed our own distinctive and proprietary systems for operating rock-music themed sushi restaurants which offer the public high-quality food and beverages of a distinctive character and quality under the name Rock N Roll Sushi utilizing our distinct design, décor, color scheme, furnishings, and techniques developed by us (the “System”). Our System includes (among other things): business processes, technologies, trade secrets, customer lists, knowledge, know-how, menus, recipes, trade names, service marks, trademarks, logos, emblems, trade dress and other intellectual property; distinctive signage; standards, specifications and sources for services, products, supplies, appearance, operations and management control; safety standards; training and assistance; purchasing programs; and advertising, marketing, promotional and sales programs; all of which we may periodically change, discontinue, improve, modify and further develop.

We identify the System by means of our proprietary marks. Our proprietary marks include certain trade names (for example, the mark “Rock N Roll Sushi” and logo), service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with the System (all of these are referred to as our “Marks”). We continue to develop, use, and control the use of our Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System’s high standards of quality, appearance, and service.

We are in the business of developing and awarding franchise rights to third party franchisees, such as you, to develop and operate a rock-and-roll music themed sushi restaurant that offers the public high-quality food and beverages under the System and using the Marks (the “Franchised Business”).

You have asked to enter into the business of operating a Franchised Business under our System and wish to obtain a franchise from us for that purpose. By entering into this Agreement, you understand and acknowledge the importance of our high standards of quality, appearance, and service and the necessity of operating the business franchised under this Agreement in conformity with our standards and specifications.

You received our current Franchise Disclosure Document and its exhibits, including this Agreement (the “Disclosure Document”) at least fourteen (14) calendar days before you signed this Agreement

or made a payment to us in connection with the franchise sale. By signing this Agreement, you acknowledge that you have carefully reviewed the Disclosure Document and had enough time, if you wanted, to consult with a lawyer, accountant or other professional advisor. You had full opportunity to ask us and our employees, agents, or representatives all appropriate questions and those questions have been answered to your satisfaction. If you did not use a professional advisor, you represent you are satisfied relying on your own education, experience and skill to evaluate the Disclosure Document and this Agreement.

By signing this Agreement, you represent to us that you have reached the age of majority, you have the legal capacity to enter into this Agreement and independently operate a Franchised Business, you are not violating any other agreement by entering into or performing under this Agreement, and you are not listed or “blocked” in connection with, and are not in violation of any anti-terrorism law, regulation, or executive order. You also represent and acknowledge that no employee, agent or representative of ours made any oral, written or visual representation or projection to you of actual or potential sales, earnings or net or gross profits, costs involved in operating a Rock N Roll Sushi business, or the likelihood of success that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.

You understand the risks of owning a Franchised Business and you are able to accept such risks. You understand the success of your Franchised Business will depend primarily on your own efforts and abilities and those of your employees. Our approval of the location for your Franchised Business does not guarantee its success. Other factors beyond our or your control will affect the Franchised Business’s success including competition, demographic patterns, consumer trends, economic and market conditions, government policies, labor costs, lease terms and other factors which may be difficult to anticipate, assess or even identify.

You will be in the business of operating a Franchised Business, using the same brand and Marks as other independent businesses that operate other Rock N Roll Sushi businesses under the System. We will not operate your Franchised Business for you, although we have (and will continue) to set standards for your Franchised Business that you will have chosen to adopt as yours by signing this Agreement and by your day-to-day management of your Franchised Business to our brand standards.

In recognition of all of the details noted above, the parties have chosen to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this contract, and for other good and valuable consideration (the sufficiency and receipt of which they hereby acknowledge) and they agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

“**Advertising Fund**” has the meaning given to such term in Section 11.2;

“**Advertising Fund Contribution**” has the meaning given to such term in Section 11.2;

“**Affiliate**” means any business entity that controls, is controlled by, or is under common control with us;

Rock N Roll Sushi

Franchise Disclosure Document | Multistate 2025 | Exhibit B: Franchise Agreement

“Agreement” means this agreement entitled “RockNRoll Sushi Holdings LLC Franchise Agreement” and all instruments supplemental hereto or in amendment or confirmation hereof;

“Approved Supplier(s)” has the meaning given to such term in Section 13.10;

“Competitive Business” means any business that offers the same or similar products and services as a Rock N Roll Sushi restaurant business under any system, or any other restaurant that offers sushi or other raw fish served on rice to the public or a business that offers the same products, menu, or services as or similar to those provided by Rock N Roll Sushi businesses or in which Trade Secrets or other Confidential Information could be used to our disadvantage, any Affiliate or its other franchisees; provided, however, that the term “Competitive Business” shall not apply to (a) any business operated by you under a Franchise Agreement with us, or (b) any business operated by a publicly-held entity in which you own less than a five percent (5%) legal or beneficial interest;

“Confidential Information” means technical and non-technical information used in or related to the Franchised Business and not commonly known by or available to the public, including, without limitation, Trade Secrets, methods, recipes and products, customer or client services techniques and other techniques and methodologies not generally known to the industry or public, and any other information identified or labeled as confidential when delivered by us. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of yours; (b) you can demonstrate it was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

“Effective Date” means the date on which you and we fully execute this Agreement, thereby commencing its effectiveness and term;

“Electronic Depository Transfer Account” means an account established at a national banking institution approved by us and providing us with access to electronically withdraw any funds from you that are due to us;

“Franchise” means the right granted to you by us to use the System and the Marks;

“Franchise Fee” has the meaning given to such term in 3.1;

“Franchised Business” means the Rock N Roll Sushi restaurant business to be established and operated by you pursuant to this Agreement and the System;

“Franchisee” means the individual or entity defined as “Franchisee” in the introductory paragraph of this Agreement;

“Franchisor” means RockNRoll Sushi Holdings LLC, a Florida limited liability company;

“Franchisor Indemnities” has the meaning given to such term in Section 21.3;

“Gross Sales” means the aggregate of: (1) all of the revenue from operating the Franchised Business whether made for cash, on credit, or otherwise, without reserve or deduction for inability or failure to collect, that you, in the normal course of your operations would credit or attribute to the operation of a Franchised Business; (2) all monies, trade value, or other things of value that you receive from Franchised Business operations at, in, or from the Franchised Business; and (3) business interruption insurance proceeds.

“Gross Sales Reports” has the meaning give to such term in Section 12.2;

“Incapacity” means your inability, or any holder of a legal or beneficial interest in you, to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

“Internet” means any local or global interactive communications media that is now available, or that may become available, including sites and domain names on the World Wide Web;

“Manual” means the Rock N Roll Sushi Operations Manual, whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by us from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers’ manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by us, or on our behalf;

“Marks” means the service mark “Rock N Roll Sushi” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as we may designate to be used in connection with the Franchised Business;

“Operating Principal” means the person you designate if you are a corporate entity that must devote full time and best efforts to the development and operation of the Franchised Business and must have at least five percent (5%) ownership of the Franchised Business and full authority to bind you regarding all operational decisions about the Franchised Business.

“Royalty Fee” has the meaning given to such term in Section 3.2.

“System” means the uniform standards, methods, procedures and specifications developed by us and as may be added to, changed, modified, withdrawn or otherwise revised by us for the operation of a Rock N Roll Sushi business; and

“Trade Secrets” means information in any form (including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in the operation of a Rock N Roll Sushi restaurant business that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. GRANT OF FRANCHISE; APPROVED FRANCHISED BUSINESS

2.1 Grant

We grant you the right, and you accept the obligation, all under the terms (and subject to the conditions) of this Agreement:

- 2.1.1 to operate one Rock N Roll Sushi restaurant business under the System (the “Franchised Business”);
- 2.1.2 to use the Marks and the System, but only in connection with the Franchised Business (recognizing that we may periodically change or improve the Marks and the System); and
- 2.1.3 to do all of those things only at the Accepted Location and within the Territory identified and defined in Schedule 8 attached hereto.

2.2 Accepted Location

- 2.2.1 *Accepted Location Defined.* The street address or geographical description of the area for the Franchised Business is specified in Schedule 8 attached to this Agreement and is referred to as the “Accepted Location”.
- 2.2.2 *Retail Commercial Space.* You shall operate your Franchised Business out of a retail commercial space at a site you will find, which will become the Accepted Location after we have given you our written approval for that site and you have obtained the right to occupy the premises, by lease, sublease, or acquisition of the property.
- 2.2.3 *Reservation of Rights to Approve Location.* We have the right to grant or withhold approval of the Accepted Location under this Section 2.2. You understand, acknowledge, and agree that our review and approval of your proposed location, under this Section 2.2 does not constitute our assurance, representation, or warranty of any kind that your Franchised Business at the Accepted Location will be profitable or successful.
- 2.2.4 *Restriction on Relocation.* You may not relocate the Franchised Business without our prior written consent. Any proposed relocation will be subject to our review of the proposed new site under our then-current standards for site selection, and we will also have the right to take into consideration any commitments we have given to other franchisees, licensees, landlords, and other parties relating to the proximity of a new Rock N Roll Sushi restaurant business to their establishment.

2.3 Sub-Franchising/Agents

- 2.3.1 *Restriction on Sublicensing.* You shall not sublicense the use of the System or Marks to any person or entity.

- 2.3.2 *Restriction on Granting Rights to Third Parties.* Except as permitted in Section 18, you shall not grant any person or entity the right to perform any part of your rights or obligations licensed hereunder.

2.4 Territory; Reservation of Rights; Performance Standards

- 2.4.1 *Territory Defined.* The protected marketing territory (the “Territory”) granted to you is defined in Schedule 8 attached hereto after the Accepted Location is approved and given our written consent which may be after this Agreement is signed. You shall be prohibited from operating a franchise, conducting business or soliciting customers outside of the Territory without our prior written consent.
- 2.4.2 *Protected Territory.* During the initial term and all renewal terms of this Agreement, and provided that you are in full compliance with this Agreement and all other agreements between you and us, we shall not own or operate, or grant anyone else the right to own or operate, a Rock N Roll Sushi restaurant business within the Territory identified in Schedule 8 as modified and finalized upon you selecting an approved site for the Franchised Business.
- 2.4.3 *Time Limit to Select Location and Territory.* If the parties do not agree upon a Territory prior to the signing of this Agreement, then they shall agree to it upon the selection of the Accepted Location. There is no time limit for determining the Accepted Location but you must open your Rock N Roll Sushi restaurant within twelve (12) months after you sign this Agreement or we can grant extensions to this time frame in our sole and absolute discretion or terminate this Agreement., as provided in Section 16.
- 2.4.4 *Territory Size.* We reserve the right to grant each franchisee a Territory on a case-by-case basis in order to account for the unique features of each geographic marketplace; however, typically it will encompass a 1-mile radius around your Accepted Location. We reserve the right to demarcate the exact bounds of your Territory once the Accepted Location is chosen, and such Territory shall not be altered even if there is a population increase or decrease, unless we decide otherwise in our sole and absolute discretion. Certain locations, such as major metropolitan areas may have smaller territories due to the relative density of the populated areas.
- 2.4.5 *Activity Restricted to Your Territory.* You may not sell approved services or products at any other site or sites other than in the Territory or any additional part of the Territory that may be added by an addendum attached to your Franchise Agreement. Except in conjunction with approved advertising promotions, you may not directly market or solicit business outside your Territory without prior written authorization from us, including ad and Internet marketing. You may not distribute postcards, letters, fliers, e-mails, or other marketing communications outside your Territory, or advertise in print or other media where two-thirds or more of the media circulation base or broadcast area is located outside your Territory. You may conduct additional activities to sell products and/or provide services (for example at promotional events, charity events, etc.), so long as such events are within your Territory. You may conduct business at off-site events in other geographical areas where there is no Rock N Sushi

restaurant business only after providing notice to us and after obtaining our explicit written approval.

- 2.4.6 *Reservation of our Rights.* We reserve the right to conduct any business at any location, including: (a) the right to use, and to license others to use, the System and the Marks for the operation of a Rock N Roll Sushi restaurant business at any location outside of your Territory; (b) the right to sell, and to license others to offer and sell products that are used at Rock N Roll Sushi restaurants through other channels of distribution via the Internet, and other forms of electronic commerce; (c) the right to acquire and operate businesses of any kind and to grant or franchise the right to others to operate other businesses of any kind, no matter where located; and (d) the right to use and license the use of the Marks and other marks in connection with the operation of businesses at any location outside your Territory, which businesses and marks may be the same as, similar to, or different from the Franchised Business and the Marks, on such terms and conditions as we deem advisable, and without granting you any rights therein.
- 2.4.7 *No Right of First Refusal.* Except for the Territory granted in this Agreement, we do not grant any rights of first refusal to obtain additional franchise rights. If you wish to develop an additional Franchised Business, you must enter into a new Franchise Agreement and meet all our current requirements for franchisees.
- 2.4.8 *Reservation of Rights.* You understand and acknowledge that any rights not expressly granted to you with respect to your Territory are reserved to us including, but not limited to, the following:
- 2.4.8.1 the right to develop, manufacture, and/or distribute any products that have been branded with the Marks through any alternative or other channels of distribution. If we decide to develop and distribute products within the Territory, you will receive no compensation from us for such sales, unless agreed otherwise by the parties in writing;
 - 2.4.8.2 the right to implement advertising cooperative programs which may allow us or others to offer services and products to customers of your Franchised Business and those other Franchised Businesses adjacent to or in the vicinity of your Territory. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs in your region;
 - 2.4.8.3 the right to own and/or operate ourselves or authorize others to own and/or operate (a) any business located outside the Territory as designated on your Agreement, whether or not using the Marks and/or System, (b) any business anywhere, whether using the Marks and/or System or not, which is not substantially similar to the business franchised to you under this Agreement, and/or (c) any business anywhere which does not use the Marks; and

- 2.4.8.4 the right to acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with businesses located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised or other businesses (including your own Franchised Business) are converted to another format or we acquire a similar business which will be maintained under the System or otherwise. You will fully participate in any conversion subject to any person/entity merging with, or acquiring us or when we acquire, reimbursing you for reasonable costs directly related to the conversion.

3. FEES

3.1 Franchise Fee

Upon execution of this Agreement, you shall pay us an initial franchise fee of \$36,000 initial franchise fee (“Initial Franchise Fee”) to own and operate a Rock N Roll Sushi Franchised Business upon signing this Agreement. Franchisee candidates that qualify for owning multiple units shall be granted the right to develop locations and pay a reduced fee of \$24,000 for each additional unit. The Initial Franchise Fee is uniformly imposed and is considered fully earned and nonrefundable upon payment.

Reduction of Initial Franchise Fee for Veterans of the U.S. Armed Forces

If you are a veteran of the U.S. Armed Forces qualified under the International Franchise Association’s VetFran Program, we will reduce the Initial Franchise Fee for your first Rock N Roll Sushi franchise by \$9,000 from the then-current Initial Franchise Fee.

3.2 Monthly Royalty Fee

- 3.2.1 *Monthly Royalty Fee Payment.* During the term of this Agreement, you shall pay to us a nonrefundable and continuing Royalty Fee equal to 6% of Gross Sales for the right to use the System and the Marks. If any taxes, fees, or assessments are imposed on Royalty Fee payments by reason of we acting as a franchisor or licensing the Marks under this Agreement, you shall reimburse us the amount those taxes, fees, or assessments within 30 days after receipt of an invoice from us.
- 3.2.2 *Royalty Fee Payment Date.* The Royalty Fee shall be paid by you weekly at the end of each week via Automated Clearing House (“ACH”) starting with the first week your Franchised Business is open to the public and continues for the duration the term of this Agreement. If this Agreement is terminated by us, you may be required to continue such Royalty Fee payments to us.
- 3.2.3 *Default Rate.* Any payment or report not actually received by us on or before the specified submission date shall be deemed overdue. If any payment or report is overdue, in addition to the right to exercise all rights and remedies available to it under this Agreement, we shall be entitled to interest on such amount from the date it was due until paid at the rate of 1.5% percent per month or the maximum rate allowed by

the laws of the State in which your Franchised Business is located or any successor or substitute law (referred to as the “Default Rate”), until paid in full.

3.3 Taxes and Indebtedness

- 3.3.1 *Payment of Taxes.* You agree to promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a state or federal authority.
- 3.3.2 *Payment of Vendors.* You agree to promptly pay when due all trade creditors and vendors (including any that are affiliated with us) that supply goods or services to you and/or the Franchised Business.
- 3.3.3. *Your Right to Contest Liabilities.* If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.
- 3.3.4 *Compliance with Law.* You agree to comply with all federal, state, and local laws, rules, and regulations, and to timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement, including, without limitation, licenses to do business, health certificates, fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of any such laws are in conflict with the terms of this Agreement, the Manual, or our other instructions, you agree to: (a) comply with said laws; (b) immediately provide us with written notice describing the nature of the conflict; and (c) cooperate with us and our counsel in developing a way to comply with the terms of this Agreement, as well as applicable law, to the extent that it is possible to do so.
- 3.3.5 *Notice of Violations and Actions.* You agree to notify us in writing within five (5) days after: (a) you receive notice of any investigation by a government entity, any complaint or notice from the state or local department of health, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, (b) the occurrence of any accident or injury which may adversely affect the operation of the Franchised Business or your financial condition, or give rise to liability or a claim against either party to this Agreement, or (c) the discovery of any facts that may give rise to a professional liability claim against either party to this Agreement.

3.4 Electronic Transfer of Funds Due to Franchisor

We shall require all Royalty Fees, Advertising Fund Contributions and other amounts due to us to be paid through an Electronic Depository Transfer Account (“EDTA”) which allows us to debit your account through the Automated Clearing House (ACH) system. The ACH form you are required to fill out is attached as Schedule 5 to this Agreement. You shall open and maintain an EDTA, and shall provide us with continuous access to such account for the purpose of receiving any payments due to us. You shall make deposits to the account sufficient to cover amounts owed to us prior to the date such amounts are due. You shall execute any documents our or your bank requires to establish and implement the EDTA. Once established, you shall not close the EDTA without our written consent.

3.5 Interest

Royalty Fees, Advertising Fund Contributions, and amounts due to us and other amounts not received by us within five (5) days after the due date shall incur interest at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by the law of the state where you are located, whichever is lower) from the date payment is due to the date payment is received by us. You shall pay us for all costs incurred by us in the collection of any unpaid and past due Royalty Fees, Advertising Fund Contributions or any other amounts due us, including reasonable accounting and legal fees. This Section shall not constitute an agreement by us to accept any payments after the due date or a commitment by us to extend credit to or otherwise finance you.

3.6 Application of Payments

Notwithstanding any designation by you, we shall have the right to apply any payments by you to any past due indebtedness for Royalty Fees, Advertising Fund Contributions, purchases from us or any other amount owed to us in any proportion or priority.

3.7 Operations Manual Replacement Fee

You agree to pay us \$250 if you lose or destroy the Manual.

3.8 Maintenance and Refurbishing of Business

If, after we notify you, and you do not undertake efforts to correct deficiencies in the appearance of the Franchised Business, we can undertake the repairs and you must reimburse us. The total amount of the maintenance and refurbishment fees that you pay us will vary depending on the labor and material costs of any such maintenance and refurbishing, as well as any associated costs or losses we may incur due to your failure to maintain or refurbish the location in accordance with our requests. If, after we notify you, and you do not undertake efforts to correct deficiencies in the appearance of your Franchised Business, we can undertake the repairs, and you must reimburse us. There is no limits on the capital required to maintain, repair and refurbish your Franchised Business during the term of this Agreement and all subsequent terms.

3.9 Insufficient Funds Fee

You agree to pay to us \$75 if any payment you owe is rejected due to insufficient funds in our EDTA, or if any other payment instrument you use is rejected for insufficient funds.

3.10 Management Fee

You agree to pay to us \$250 per person per day (plus costs and expenses) in addition to all other fees due when we or (a third party) manages your Franchised Business after your default or abandonment. Management fees will only be charged when one of our employees, or a third party appointed by us, actively controls the day-to-day management of your Franchised Business. The total amount of management fees that you owe will be determined by the number of days that it is necessary for us to manage your business. The management fee shall be paid at the same time as Royalty Fees and all other fees due to us.

3.11 Non-Compliance Fee

If you fail to follow our System standards you will be subjected to a non-compliance fee (the “**Non-Compliance Fee**”). The Non-Compliance Fee will be \$500 per week until the issue of non-compliance is cured. This provision and the Non-Compliance Fee do not waive any additional rights we have under this Agreement including our right to termination per Section 16 of this Agreement. Issuing a Non-Compliance Fee does not waive a breach of this Agreement. Non-Compliance Fees are non-refundable.

4. TERM AND RENEWAL

4.1 Initial Term

The term of this Agreement starts on the Effective Date and, unless this Agreement is earlier terminated in accordance with its provisions, will expire ten (10) years from the Effective Date.

4.2 Renewal Terms

You will have the right to renew your rights to operate the Franchise Business for an additional term of ten (10) years, so long as you have satisfied all of the conditions specified in Sections 4.2.1 through 4.2.10 before each such renewal:

- 4.2.1 You have, during the entire term of this Agreement, fully complied with all material provisions of this Agreement;
- 4.2.2 You have, at your expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects our then-current standards and specifications;
- 4.2.3 You have satisfied all monetary obligations owed by you to us (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;

- 4.2.4 You are not in default of any provision of this Agreement or any other agreement between you and us or between you and our Affiliates or suppliers, landlord and vendors;
- 4.2.5 You have given written notice of your intent to operate a successor franchise to us not less than nine (9) months nor more than twelve (12) months prior to the end of the term of this Agreement;
- 4.2.6 You have executed our then-current form of franchise agreement (or has executed other documents at our election that modify this Agreement to reflect the fact that the franchise agreement relates to the grant of a successor franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Advertising Fund Contribution; provided, however, that you shall not be required to pay the then-current Franchise Fee;
- 4.2.7 You have complied with our then-current qualifications for a new franchisee and has agreed to comply with any training requirements;
- 4.2.8 You have executed a general release, in a form the same as or similar to the General Release attached as Schedule 1, of any and all claims against us, any Affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located; and
- 4.2.9 You have paid the renewal fee of \$18,000.

5. FRANCHISED BUSINESS

5.1 Operation of Franchised Business

You shall operate the Franchised Business within the Territory from a fixed location (the “Premises”) which must be at an approved retail or commercial restaurant space. You shall manage and administer the Franchised Business from the Premises and shall maintain and store the books and records of the Franchised Business at the Premises.

5.2 Failure to Develop Franchised Business

Should you fail to develop the Franchised Business within twelve (12) months after this Effective Date, we have the right to terminate this Agreement and retain all fees paid to us by you. You shall comply with all conditions set forth in Section 5.3 below and be prepared to open and continuously operate the Franchised Business. Time is of the essence.

5.3 Opening

Before opening the Franchised Business and commencing business, you must:

- 5.5.1 fulfill all of your obligations pursuant to the other provisions of this Section 5;
- 5.5.2 furnish us with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we may request;
- 5.5.3 complete initial training to our satisfaction;
- 5.5.4 possess all required state, county, city, and local professional licenses and certifications;
- 5.5.5 obtain all necessary state, county, city, and local permits and licenses, including any zoning permits needed to operate the Franchised Business from a retail or commercial space;
- 5.5.6 pay in full all amounts due to us or our Affiliates;
- 5.5.7 if you are a business entity, you have caused each of your stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to us that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and
- 5.5.8 obtain our written permission and approval of an opening date;
- 5.5.9 build out the Premises pursuant to our specifications.

5.4 Site Approval

- 5.4.1 *Accepted Location.* You must secure an Accepted Location for the Franchised Business within ninety (90) days of signing this Agreement. You have sole responsibility for finding a location. We will not unreasonably withhold approval of a location you find.
- 5.4.2 *Written Approval Request.* You must submit a written approval request describing the proposed location. We will accept or reject the location within a reasonable time, but if we do not respond within 30 days, the location shall be deemed by you as rejected. We have a site review procedure conducted at our sole option. Our approval is not a guarantee of success at the location.
- 5.4.3 *Retail or Commercial Space Lease.* You must sign a lease or otherwise secure the legal right to occupy the Premises, meeting all our state specifications, within sixty (60) days of finding an Accepted Location.
- 5.4.4 *Rights Upon Termination.* If this Agreement is terminated pursuant to this Section 5.4, we shall retain the entire Initial Franchise Fee paid by you. The Initial Franchise Fee

retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and our other efforts up to the date of your failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

6. MARKS

6.1 Ownership

Your right to use the Marks is derived solely from this Agreement, is exclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications you operating procedures prescribed from time to time by us. Any unauthorized use of the Marks by you is a breach of this Agreement and an infringement of our rights in and to the Marks. Your use of the Marks, and any goodwill created thereby, shall inure to our benefit. You shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to you. You shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

6.2 Limitations on Use

- 6.2.1 *Business Entity Name.* You shall not use any Mark or portion of any Mark as part of any business entity name.
- 6.2.2 *Unauthorized Service.* You shall not use any Mark in connection with the sale of any unauthorized service or in any other manner not expressly authorized in writing by us.
- 6.2.3 *Fictitious Name.* You shall obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business and shall immediately cancel the fictitious name upon termination or expiration of this Agreement.
- 6.2.4 *Trademark Registration.* You shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to you.
- 6.2.5 *Public Notification.* You shall include on your letterhead, forms, cards and other such identification, a prominent notice stating that the Franchised Business is an “Independently Owned and Operated Rock N Roll Sushi Franchise”.
- 6.2.6 *Limited Permission to Use the Marks.* The permission to use the Marks granted to you under this Agreement does not constitute a warranty of the absence of any third-party senior or superior use claims in and to the Marks. We shall have no liability to you for any senior users that may claim rights to the Marks. You shall amend any business entity name at our request.

6.3 Notification of Infringements and Claims

You shall immediately notify us in writing of any infringement, claim of infringement, unfair competition, or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. You shall not communicate with any person other than us and our counsel in connection with any such infringement, challenge, or claim. We are not required to take affirmative action when notified of these uses or claims. We have the sole right to control any administrative or judicial proceeding arising out of any infringement, challenge, or claim involving a trademark licensed by us. This Agreement does not require us to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorable to you. You shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in our opinion or our counsel, be necessary or advisable to protect and maintain our interests in any such litigation or other proceeding or to otherwise protect and maintain our interest in the Marks.

6.4 Indemnification for Use of Marks

We are not required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark. At our option, we or our designee may defend and control the defense of any proceeding arising directly from your use of any Mark.

6.5 Discontinuance of Use

If we deem it necessary for you to modify or discontinue use of any of the Marks, and/or use additional or substitute trade names, trademarks, service marks or other commercial symbols, you shall comply with our directions within 10 business days after notice to you by us and subject to the limitations in Section 10.2. We shall not be required to reimburse you for your expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by you to promote a modified or substitute Mark.

6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that you are properly employing the Marks in the operation of the Franchised Business, we reserve the right to inspect the Franchised Business at any time without advanced notice.

6.7 Franchisor's Sole Right to Domain Name

You shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "Rock N Roll Sushi" or any variation thereof without our written approval. We are the sole owner of a right, title and interest in and to such domain names. We may grant you a page on our website, rnr sushi.com, for purposes of providing the public with contact information for your Franchised Business.

7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

7.1 Confidentiality of Trade Secrets and Other Confidential Information

You acknowledge that we shall disclose Trade Secrets and other Confidential Information to you during the training program, through the Manual, and as a result of guidance furnished to you during the term of this Agreement. You shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing your duties during the term of this Agreement. You acknowledge that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. You acknowledge that the Trade Secrets and other Confidential Information are proprietary and are disclosed to you solely on the condition that you (and all holders of a legal or beneficial interest in you and all your officers, directors, executives, managers and members of the professional staff): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by us to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. You shall enforce this Section as to your employees, agents and representatives and shall be liable to us for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for you or your owners or employees, shall be promptly disclosed to us and shall be deemed the sole and exclusive property of us and works made-for-hire for us, and no compensation shall be due to you or your owners or employees therefore, and you hereby agree to assign to us all rights, title and interest in any intellectual property so developed. We have the right to incorporate such items into the System. To the extent any item does not qualify as a “work made-for-hire” for us, you shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to us and shall sign any assignment or other document as we request to assist us in obtaining or preserving intellectual property rights in the item. We shall disclose to you concepts and developments of other franchisees that are made part of the System. We may reasonably request that you shall take all actions to assist our efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by you or not.

7.3 Exclusive Relationship

You acknowledge that we would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Rock N Roll Sushi franchisees if owners of Rock N Roll Sushi restaurants and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, you, any holder of a legal or beneficial interest in you (or any member of your immediate families or households), and any of your officers, Rock N Roll Sushi

directors, executives, managers or members of your professional staff, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall not:

- 7.3.1 divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System;
- 7.3.2 at any time during the term of this Agreement, own, maintain, engage in, be employed by, perform services for or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with a Competitive Business; or
- 7.3.3 at any time within a two-year period following termination or expiration of this Agreement, own, maintain, engage in, be employed by, perform services for or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with a Competitive Business at the Premises or within a 10-mile radius of the Franchised Business or any Rock N Roll Sushi franchise or Affiliate-owned Rock N Roll Sushi business.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

We have the right to require any holder of a legal or beneficial interest in you (and any member of your immediate families or households), and any of your officers, directors, executives, managers or members of your professional staff and all employees to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule 2, upon execution of this Agreement or prior to each such person's affiliation with you. Upon our request, you shall provide us with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at your Premises and are subject to audit or review as otherwise set forth herein. We shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.

7.5 Reasonableness of Restrictions

You acknowledge that the restrictive covenants contained in this Section are essential elements of this Agreement, and that without their inclusion we would not have entered into this Agreement. You acknowledge that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for our protection, the System and the Marks and you waive any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

- 8.1.1 *Who Must Attend Training.* Before opening your Franchised Business, you (or if you are an entity, your Operating Principal) and your Manager (if you will employ a Manager)

Rock N Roll Sushi

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must attend and successfully complete, to our satisfaction, the initial training program (which may include an online component) we offer for Rock N Roll Sushi franchisees at our headquarters or another location that we specify. Training shall be performed for up to three (3) people at no additional charge.

- 8.1.2 *Qualified Replacement Training.* If you (or your Operating Principal) or your Manager cease active management or employment at the Franchised Business, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our training program within thirty (30) days after the former individual ended his/her full-time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so (in all cases, the replacement shall successfully complete training within 120 days). You must pay our then-current per diem training charges (\$100 per day if at our headquarters; \$250 per day at your location as of the date of this Agreement) for replacement training.

8.2 Opening Assistance

8.2.1 Before you open your Franchised Business, we will:

8.2.1.1 Designate the territory and territorial rights for your Rock N Roll Sushi Restaurant;

8.2.1.2 We will review the proposed site for your Franchised Business location and inform you in writing of whether the proposed site is accepted or rejected. The factors considered by us in reviewing a site include general location and neighborhood, competition, surrounding area and traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. We will use our good faith efforts to notify you in writing of our decision regarding approval or disapproval of your proposed site within thirty (30) days after receiving notice from you identifying the proposed site. Should we not deliver a written decision regarding the approval or disapproval of the proposed site within thirty (30) days after you have notified us of the proposed site, the proposed site will be considered approved. You must open your Rock N Roll Sushi Restaurant within twelve (12) months after you sign your Franchise Agreement or at our option, we may provide you with additional time to open your Rock N Roll Sushi Restaurant. We also have the right to terminate your Franchise Agreement if we believe you are not fulfilling your obligations to open your restaurant;

8.2.1.3 Provide you with copies of our specifications for the design and layout of your Rock N Roll Sushi Restaurant and required fixtures equipment, furnishings, décor, and signs;

8.2.1.4 Review the architectural, engineering, and construction drawings site plans prepared by the architects and general contractors for construction, remodeling, and/or renovation of your Rock N Roll Sushi Restaurant premises. We will also provide or indicate to you its approval or disapproval of such drawings and site

plans. In the event we disapprove the drawings and/or site plans, we will provide to you, in writing, indication of our disapproval of the drawings and/or site plans and the corrections which need to be made to the drawings and/or site plan;

8.2.1.5 Provide you with one (1) inspection of your Rock N Roll Sushi restaurant during construction and one (1) final inspection of your Rock N Roll Sushi restaurant upon completion of construction to ensure that the Rock N Roll Sushi Restaurant has been built in accordance with the drawings and specifications approved by us;

8.2.1.6 Upon your request, provide you with additional information concerning the design and construction of your Rock N Roll Sushi Restaurant if such information is in our possession; and

8.2.1.7 Upon your request and payment, provide additional site visits, project management, design work, and equipment purchasing services at your cost.

8.2.2 We will provide to you opening assistance and guidance that we think advisable, in our sole discretion, to assist you with any questions you may have in operating and establishing the Franchised Business, and as may be described in the Manual.

8.2.3 We will provide post-opening assistance by providing you with one person experienced in the Rock N Roll Sushi System for up to seven (7) operating days after opening your Rock N Roll Sushi restaurant at your cost.

8.2.4 Provide you with statements of amounts owed for products and/or purchased by you from the company within 15 days after the end of each accounting period. Provide updates to the lists of the brand products, proprietary products, non-proprietary products, vendors from which proprietary products may be purchased, and authorized suppliers from which non-proprietary products may be purchased.

8.3 Failure to Complete Initial Training Program

You are required to complete the initial training program before commencing operation of the Franchised Business. If we determine that the you are unable to satisfactorily complete the training program described above, we have the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, we shall have no obligation to return any of the Initial Franchise Fee. If you are a business entity and the Operating Principal fails to complete the initial training program to our reasonable satisfaction, you may be permitted to select a substitute Operating Principal who must complete the initial training to our satisfaction. You will be required to pay us our then-current rates for additional training or \$100 per day if at our headquarters; \$250 per day at your location (plus hotel, air fare and other expenses incurred by our trainer).

8.4 Ongoing Training

We may require that you, your Manager or your employees attend additional training that we deem necessary. We may consider many factors in determining whether or not to require that you or your Rock N Roll Sushi

employees attend additional training, including: (a) the length of time since your completion of the initial training program, (b) the existence of new or additional menu items, recipes, equipment, inventory, supplies, procedures, processes or technology in the System, and (c) performance. Subjects covered in any additional training may include, for example: (i) System-wide changes in processes, procedures or offerings, (ii) franchisee-specific or employee-specific trouble-shooting, (iii) safety, (iv) sales and marketing, (v) service, (vi) computer hardware and software, and (vii) financial recordkeeping. Additional training, if and when provided, will generally be at least one day and may last up to two weeks. We may also hold an annual franchisee conference devoted to training and plans for the future of Rock N Roll Sushi which you will be required to attend. You shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with your attendance at such training or conferences. You are solely responsible for ensuring that your management staff and employees are adequately trained.

9. OPERATIONS MANUAL

9.1 Loan by Us

While this Agreement is in effect, we shall lend to you one (1) copy of the Manual or grant you access to an electronic copy of the Manual. Except in the case of a conflict with applicable laws or regulations, you shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by us and may be in written or electronic form. The Manual shall, at all times, remain our sole property and shall promptly be returned to us upon expiration or termination of this Agreement.

9.2 Revisions

We have the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by us. Franchisor may make such additions or modifications without prior notice to you. You shall immediately, upon notice, adopt any such changes and shall ensure that your copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by us at our headquarters shall be controlling.

9.3 Confidentiality

The Manual contains Trade Secrets and our other Confidential Information and its contents shall be kept confidential by you both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. You shall at all times ensure that your copy of the Manual is available at the Franchised Business in a current and up-to-date manner. If the Manual is in paper form or stored on computer-readable media, you shall maintain the Manual in a secure manner at the Franchised Business; if the Manual is in electronic form, you shall maintain the Manual in a password-protected file. You shall only grant authorized personnel, as defined in the Manual, access to the Manual or any key, combination, or passwords needed for access to the Manual. You shall not disclose, duplicate, or otherwise use any portion of the Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Except in the case of a conflict with applicable laws or regulations, you shall strictly comply, and shall cause the Franchised Business and your employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual or other communications supplied to you by us. Consistent with the goals of the System, you shall be responsible for the day-to-day operation of the Franchised Business. In case of a conflict between the Manual, this Agreement or other communications supplied to you on the one hand, and applicable laws or regulation, you shall request a variance and we shall grant an automatic variance for the purpose of compliance with such laws or regulations. You acknowledge the mandatory specifications, standards and operating procedures are not for the purpose of exercising control of over the day-to-day operation of the Franchised Business.

10.2 Modification of System

You acknowledge and understands that, from time to time, we may introduce, as part of the System, other methods or technology which require certain System modifications including, without limitation, the adoption and use of modified or substitute Marks, new computer hardware and software, equipment or signs. You agree to make all required upgrades and modifications at your expense as may be required by us.

10.3 Refurbishment of Equipment

You, every fifth (5th) year after execution of this Agreement, upon our request shall repair and replace all equipment needed for operations of Franchised Business in order to meet our then-current standards. There is no limits on the capital required to maintain the equipment for your Franchised Business during the term of this Agreement and all subsequent terms. The obligations described in this Section are exclusive of the obligations described in Section 10.2.

10.4 Variance

We have the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which we deem to be of importance to the successful operation of any particular Rock N Roll Sushi restaurant. We shall not be required to disclose or grant to you a like or similar variance hereunder.

11. ADVERTISING AND PROMOTIONAL ACTIVITIES

11.1 Local Advertising

- 11.1.1 *Local Advertising Requirement.* It is recommended that you spend each month at least 1.5% of your Gross Sales from the previous month on local advertising (such advertising to be approved by us prior to use thereof). You shall continuously and consistently promote the Franchised Business. Every month, we recommend you

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participate in a variety of marketing and promotions such as mailings, public relations, online or mobile advertisement, or any other form of marketing within the immediate locality surrounding the Franchised Business.

- 11.1.2 *Franchisor's Control and Approval.* We shall have sole control over creative concepts, materials, and media used in local marketing programs, and the placement and allocation thereof. We do not warrant that any particular franchisee will benefit directly or pro rata from expenditures by our local advertising program. We do not warrant the success or effectiveness of any particular advertising/marketing program. We shall have the right to approve or disapprove all marketing and promotional materials that you propose to use.
- 11.1.3 *Local Advertising Criteria.* Certain criteria will apply to the local marketing that you conduct. All of your local marketing must be professional and dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing, or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials (unless, within the previous six months, we prepared or already approved the plans or materials). If you email us with your request for approval, along with all needed information, we will ordinarily provide you with our response (whether approval or disapproval) to the proposed plans or materials within three business days; but if we do not give our approval within fifteen days, we will have been deemed to disapprove the plans or materials.
- 11.1.4 *Work for Hire.* All copyrights in and to marketing, advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign any documents (and, if necessary, require your independent contractors to sign the documents) that we deem reasonably necessary to implement this provision. We may periodically make available to you certain marketing materials for your use in local advertising and promotion, some of which must be purchased.
- 11.1.5 *Local Marketing Defined.* As used in the Franchise Agreement, the term "local marketing" refers to only the direct costs of purchasing and producing marketing materials (such as camera-ready advertising and point of sale materials), marketing to referral partners, and your direct out-of-pocket expenses related to costs of marketing in your local market or area. Local marketing and promotion also includes postage, shipping, telephone, and photocopying costs. "Marketing" does not, however, include any of the following: (a) salaries, incentives or discounts offered to your employees, and your employees' expenses; (b) charitable, political, or other contributions or donations; and (c) the value of discounts given to consumers.
- 11.1.6 *Materials Available for Purchase.* We may periodically make available to you for purchase marketing plans and promotional materials, merchandising materials, sales aids, point-of-purchase materials, special promotions, community relations programs, and similar marketing and promotional materials for use in local marketing.

- 11.1.7 *Rebates.* You acknowledge and agree that periodic marketing programs and promotions will, if and when we approve and adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in marketing programs and promotions that we establish and/or that other franchisees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities.
- 11.1.8 *Considerations as to Charitable Efforts.* You acknowledge and agree that certain associations between you and/or the Franchised Business and/or the Marks and/or the System, on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, our reputation and/or the good will associated with the Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions that are, or which may be perceived by the public to be, taken in the name of, in connection or association with you, the Marks, the Franchised Business, us, and/or the System involving the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity.
- 11.1.9 *Additional Marketing Expenditure Encouraged.* You understand and acknowledge that the required contributions and expenditures are minimum requirements only, and that you may (and we encourage you to) spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Franchised Business.

11.2 Advertising Fund

During the term of this Agreement, you will contribute to the System-wide marketing, advertising, and promotion fund (the “Advertising Fund”). You shall be required to contribute monthly to the Advertising Fund in an amount of 2.5% of your Gross Sales for the previous month which we in the future may increase up to 3% in our sole discretion (“Advertising Fund Contribution”). Advertising Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.2. We shall notify you at least thirty (30) days before changing Advertising Fund Contribution requirements. The Advertising Fund shall be maintained and administered by us or our designee as follows:

- 11.2.1 We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet, or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the Advertising Fund;
- 11.2.2 We will use contributions to the Advertising Fund for producing, maintaining, administering and directing consumer advertising (including but not limited to the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; hosting an Internet web page of similar activities; employing advertising agencies to assist therein;

providing promotional brochures; conducting market research; and providing other marketing materials to franchisees). We may use Advertising Fund Contributions for reasonable administrative costs and overhead related to the administration of the Advertising Fund including salaries of our marketing professionals or contractors;

- 11.2.3 We shall attempt to use all contributions in the fiscal year they are made; however, if less than all monies of the Advertising Fund are spent in the fiscal year in which they accrue, the money will remain in the Advertising Fund to be spent in subsequent years. We intend for the fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the Advertising Fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your *pro rata* share;
- 11.2.4 The Advertising Fund is not audited. Franchisees will not have any rights to access the Advertising Fund or to obtain any statements related to the account. The Advertising Fund is not a trust and we assume no fiduciary duty in administering the fund. The Advertising Fund is not our asset; and
- 11.2.5 Except for salaries of marketing personnel employed by us, we do not receive compensation for providing goods or services to the Advertising Fund.

11.3 Grand Opening Advertising

You must spend \$7,500 to promote the opening of your Franchised Business pursuant to our guidelines and specifications during the period encompassing thirty (30) days before and thirty (30) days after the opening of your Franchised Business..

11.4 Internet Advertising

- 11.4.1 *Restrictions on Internet.* You are restricted from establishing a presence on, or marketing on the Internet without our written consent. We have an Internet website at the uniform resource locator www.rnrsushi.com that provides information about the System and about Rock N Roll Sushi franchises. We may provide you with a page on our home page, where we will have contact information on your location. All information posted on the Rock N Roll Sushi website or any linked webpages must be approved by us before they are posted. We retain the sole right to market on the Internet, including the use of websites, domain names, social media accounts, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing, and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, social media pages and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, the Rock N Roll Sushi website. You are not permitted to use a domain name containing Rock N Roll Sushi in the URL.

11.4.2 *Our Online Site.* We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term “Online Site” 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, webpages, microsites, social networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Google Plus, Pinterest, Instagram, etc.), blogs, vlogs, applications to be installed on mobile devices (for example, iOS or Android apps), and other applications, etc. However, if we approve a separate Online Site for you (which we are not obligated to do), then each of the following provisions will apply: (1) you may neither establish nor use any Online Site without our prior written approval; (2) before establishing any Online Site, you must submit to us, for our prior written approval, a sample of the proposed Online Site, including your domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta tags), in the form and manner we may require; (3) you must not use or modify an Online Site without our prior written approval; (4) you must comply with the standards and specifications for Online Sites that we may periodically prescribe in the Manual or otherwise in writing; (5) if we require, you must establish hyperlinks to our Online Site and other Online Sites; and (6) we may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf.

12. ACCOUNTING, RECORDS, AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, You shall maintain full, complete, and accurate books, records and accounts in accordance with the standard accounting system prescribed by us in the Manual or otherwise in writing. You shall utilize the accounting software Quickbooks.com (or our other approved accounting software) to manage your books. You shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by us or required by law. By signing this Agreement, you grant us unlimited access to the accounting software and Computer System for any business purpose.

12.2 Gross Sales Reports

You shall maintain an accurate record of Gross Sales and shall deliver to us electronically a signed and verified statement of Gross Sales (“Gross Sales Report”) on a daily basis in accordance with the guidelines established by us. You will electronically link your Franchised Business to us and will allow us to poll on a daily basis at a time selected by us your restaurant’s computerized POS system to retrieve sales, sales mix, usage, and operations data. You will also grant us access to your Quickbooks online accounting database to afford us real-time access to your financial information.

12.3 Financial Statements

You shall supply to us on or before the fifth (5th) day of each month, in a form approved by us, a balance sheet as of the end of the last day of the preceding month and an income statement for the preceding month and the fiscal year-to-date. You shall, at your expense, submit to us within ninety (90) days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with GAAP, applied on a consistent basis. If required by us, such financial statements shall be reviewed or audited by a certified public accountant. You shall submit to us such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

12.4 Other Reports

You shall submit to us copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as we may reasonably request from time to time or as specified in the Manual. We shall have the right to release financial and operational information relating to the Franchised Business to our lenders or prospective lenders. You shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer Equipment; Required Software; Our Access; Telephone Numbers

12.5.1 *Computer System.* You must meet our current requirements concerning the Computer System, including: (a) back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at the Rock N Roll Sushi restaurants, between or among other franchised businesses, and between and among the Franchised Business, and you, and us; (b) physical, electronic, and other security systems and measures; (c) printers and other peripheral devices; (d) archival back-up systems; (e) Internet access mode (such as the telecommunications connection) and speed; and (f) technology used to enhance and evaluate the customer experience (collectively, all of the above are referred to as the “Computer System”).

12.5.2 *Required Equipment and Software.* You must license or purchase a TOAST point of sale (“POS”) system as well as any software or licenses required for such system from a supplier approved by us. We will provide you with a list of approved suppliers from which you may purchase or license certain software. You shall purchase, install, and use computer equipment consisting of hardware and software in accordance with our specifications. You are required to purchase and use, at minimum, QuickBooks Online. In addition to the initial fee paid for the license to use the technology systems, (i.e. TOAST POS system), there is a monthly maintenance fee of \$250 to \$650 payable to approved vendors. 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 or require you to use only an e-mail address that we provide for your Franchised Business’ business e-mails. As of the date of this Franchise Agreement, we require you to purchase the following hardware and software:

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HARDWARE	SOFTWARE
1 Computer (laptop or desktop); 3 in 1 laser printer copier, scanner	TOAST POS System; QuickBooks Online; Office 365 Jolt, Seven Shifts, Merchant Centric and Loop

12.5.3 *Franchisor Access.* We shall have full access to all of your computers, data and systems and all related information by means of direct access, either in person or by telephone, modem, or Internet to permit us to verify your compliance with your obligations under this Agreement. You must afford us unimpeded 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 retrieve and use this data and information from your Computer System in any manner we deem necessary or desirable. We have the right to require you to use one or more designated telephone vendors. If we so require, you must use our designated telephone vendors for the phone service to your Franchised Business. We may designate, and own, the telephone numbers for your Franchised Business. We have the right to review your business operations, in person, by mail, or electronically, and to inspect your operations and obtain your paper and electronic business records related to the Franchised Business and any other operations taking place through your Franchised Business. There are no contractual limitations on our right to access the information stored on your Computer System.

12.5.4 *Reservation of Rights.* We have the right to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System (“Required Software”), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media upon which you must record data; and (d) the database file structure of your Computer System. 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.

12.5.5 *Email and Internet.* You must be able to access information that is available on the Internet and be able to send and receive email.

12.5.6 *Customer Lists.* Any customer lists or information compiled or amassed through your computer systems or otherwise, will be our proprietary property. You may not sell or use client lists or information for any purpose other than in connection with the operation of your Franchised Business.

12.6 Right to Inspect

We or our designee has the right, during normal business hours without notice, to examine, copy, and audit your books, records, and tax returns. If the audit or any other inspection should reveal that any payments to us have been underpaid, then you shall immediately pay to us the amount of the

underpayment plus interest from the date such amount was due until paid at the rate of one and one-half percent (1.5%) per month (or the rate legally allowed by the law of the state where you are located, whichever is lower). You shall, in addition, reimburse us for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies we may have.

12.7 Release of Records

At our request, you shall release or authorize and direct third party(s), including accounting and legal professionals, to release to us copies of all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to us on a monthly basis for the length of the unexpired term of this Agreement or until such time as we withdraw our request. You shall execute all documents necessary to facilitate the release of records referenced herein to us.

13. STANDARDS OF OPERATION

13.1 Authorized Services, Products and Suppliers

- 13.1.1 *Reputation and Goodwill.* You acknowledge that the reputation and goodwill of the System is based in large part on offering high quality services and products to your customers. Accordingly, you shall open and operate a rock-and-roll music themed sushi restaurant that offers the public high-quality food and beverages of a distinctive character and quality in a location utilizing our distinct design, décor, color scheme and furnishings with the greatest diligence and care and comply with our specifications and quality standards. You shall not offer for sale, sell or provide through the Franchised Business or from the Franchised Business any products or services that we have not approved. Furthermore, you must offer for sale all menu items currently offered by us or which will be offered by us in the future.
- 13.1.2 *Suppliers.* Notwithstanding anything contrary in this Agreement, we have the right to review from time to time our approval of suppliers. We may revoke our approval of any item, service or supplier at any time by notifying the supplier without notice to you. You shall, at your own expense, promptly cease using, selling or providing any items or services disapproved by us. The cost to review a new product or service as proposed by you shall not exceed \$1,000 per product or service.
- 13.1.3 *Variance Rights.* We have the right to designate certain menu offerings, products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as we determine including, but not limited to, franchisee qualifications, test marketing and regional or local differences. We have the right to give our consent to one (1) or more franchisees to provide certain services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.4 and shall not create any rights in you to provide the same products or services.

- 13.1.4 *Supplier Benefits.* We have the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. You shall have no entitlement to or interest in any such benefits.

13.2 Appearance and Condition of the Franchised Business

You shall maintain the Premises and signage of the Franchised Business in a condition approved by us, and shall repair or replace the furniture, fixtures and equipment in the Premises and signage as necessary to comply with our specifications and any applicable laws or regulations. The expense of such maintenance shall be borne by you and shall be in addition to any required System modifications, as described in Section 10.2.

13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct supervision of you or your “Operating Principal” (if you are a corporate entity) who must devote full time and best efforts to the development and operation of the Franchised Business. Your Operating Principal must have and maintain at least 5% ownership of the Franchised Business and have full authority to bind you regarding all operational decisions about the Franchised Business. We must approve your Operating Principal, and you must designate a qualified replacement from among your owners if your Operating Principal can no longer fulfill his or her responsibilities under this Agreement. You must not engage in any business or other activities that will conflict with your obligations under this Agreement. You will recruit, hire, train, terminate, and supervise all employees, set pay rates, and pay all wages and related amounts, including any employment benefits, unemployment insurance, withholding taxes or other sums. We are not an employer, co-employer or joint employer with you of your management staff or other employees. You are solely responsible for all employment matters, decisions and relationships.

13.4 Days of Operation

You shall keep the Franchised Business open for business during normal business hours on the days specified in the Manual.

13.5 Contributions and Donations

In order to protect the Marks, you must obtain our prior written consent before making any contributions or donations of items, services or funds to any non-profit organization. We may withhold any such consent in our sole and absolute discretion.

13.6 Licenses and Permits

You shall secure and maintain in force all required operational and professional licenses, permits and certificates necessary for the operation of the Franchised Business, including all zoning and local permits necessary to operate the Franchised Business from the Premises, and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. We make no representation to you with regard to any legal requirements that you must satisfy or comply with in connection with the operation of the Franchised Business. You shall be solely responsible for

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investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

13.7 Notification of Proceedings

You shall notify us in writing of the commencement of any action, suit or proceeding involving you or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business not more than five (5) days after notice of such commencement or issuance. You shall deliver to us not more than five (5) days after your receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects your failure to meet and maintain the highest applicable rating or your noncompliance or less than full compliance with any applicable law, rule or regulation.

13.8 Compliance with Good Business Practices

You acknowledge that the quality of customer service, and every detail of appearance and demeanor of you and your employees, is material to this Agreement and the relationship created and licenses granted hereby. Accordingly, you shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business, including operating in strict compliance with all applicable rules and regulations. You shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct.

13.9 Attire

You shall abide by all dress code requirements stated in the Manual or otherwise.

13.10 Credit Cards

You shall, at your expense, lease or purchase the necessary equipment and/or software through approved vendors and shall have arrangements in place with Visa, MasterCard, American Express and such other credit card issuers as we may designate, from time to time, to enable the Franchised Business to accept such methods of payment from your customers.

13.11 E-Mail

You shall, at all times and at your expense, maintain an e-mail address and account for communicating with us. We reserve the right to approve your email address or require you to use only an e-mail address that we provide for your Franchised Business' business e-mails. You, your Operating Principal, and your Manager of the Franchised Business will be required to have an email account.

13.12 Best Efforts

You shall use your best efforts to promote and increase your customer base and recognition of the restaurant services offered through the Franchised Business. You shall require all of your employees,

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managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the provision of all services provided as part of the System.

14. FRANCHISOR'S ASSISTANCE

14.1 General Advice and Guidance

We will render advice, discuss problems, and offer general guidance to you by telephone and/or electronic correspondence, with respect to planning and operating the Franchised Business as we deem necessary in our sole discretion.

14.2 Periodic Visits

We or our representative may, in our sole discretion, make periodic visits, which may be announced or unannounced, to the Franchised Business. During the visit, we may monitor and observe the conduct of the Franchised Business for the purposes of determining compliance with the requirements of this Agreement, for conducting quality assurance audits which may include customer surveys, and for any other purpose connected with the System. Such right shall also include, without limitation, the ability to confer with your employees and customers and to observe the manner in which you are maintaining your Rock N Roll Sushi restaurant. You shall in all cases facilitate our exercise of our rights under this Section. We and our representatives who visit, monitor or review the Franchised Business may prepare, for the benefit of both us and you, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. You shall implement any required changes or improvements as required by us with time being of the essence.

15. INSURANCE

15.1 Types and Amounts of Coverage

15.1.1 *Insurance Coverage Required.* Before starting any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the term of this Agreement, at your expense, at least the following insurance policy or policies in connection with the Franchised Business or other facilities on Premises:

15.1.1.1 Commercial general liability insurance, including us, and any entity in which we have an interest and any entity affiliated with us and each of our members, managers, shareholders, directors, officers, partners, employees, servants and agents as additional insureds protecting against any and all claims for personal, bodily and/or property injury occurring in or about the Franchised Business and protecting against assumed or contractual liability under this Agreement with respect to the Franchised Business and your operations, with such policy to be placed with minimum limits of \$1,000,000 combined single limit per occurrence and \$2,000,000 general aggregate per location; provided, however, that at our election, such minimum limits may be periodically increased;

- 15.1.1.2 Products liability insurance including us, and any entity in which we have an interest and any entity affiliated with us and each of our members, managers, shareholders, directors, officers, partners, employees, servants and agents as additional insureds protecting against any and all claims for personal, bodily and/or property injury occurring based on a claim from a product you sold, made or distributed, with minimum limits of \$1,000,000 combined single limit per occurrence and \$2,000,000 general aggregate per location; provided, however, that at our election, such minimum limits may be periodically increased;
- 15.1.1.3 Personal and Advertising Injury Insurance with a minimum of \$1,000,000 of coverage;
- 15.1.1.4 Property Insurance written on an “All Risks” or “Special Form” policy with limits of insurance of not less than \$300,000, for the Franchised Business and its furniture, fixtures, equipment, inventory and other tangible property;
- 15.1.1.5 Medical Payment insurance coverage no less than \$10,000;
- 15.1.1.6 Workers’ Compensation Coverage and such other insurance as may be required by statute or rule of the state or locality in which the Franchised Business is located;
- 15.1.1.7 If you have employees, Employment Practices Liability insurance in the amount of at least \$500,000 for each claim and \$500,000 in the aggregate as well as third party coverage and wage and hour coverage;
- 15.1.1.8 Cyber Liability, Electronic Media and Records insurance covering data theft and cybersecurity (a/k/a cyber risk) coverage with limits of liability not less than \$250,000;
- 15.1.1.9 Liquor Liability insurance (a/k/a dram shop coverage) for coverage of the sale of alcohol at the Premises not less than \$1,000,000 per occurrence;
- 15.1.1.10 Comprehensive Crime and Employee Dishonesty insurance of not less than \$10,000 per occurrence;
- 15.1.1.11 Optional Business Interruption and Extra Expense coverage to include rental payment continuation for a minimum of 6 months, loss of profits and other extra expenses experienced during the recovery from property loss;

15.1.1.12 Any other insurance coverage that is required by the Manual or federal, state, or municipal law.

15.1.2 *Insurance Advice.* You shall seek advice from your professional and business advisors and licensed insurance agent and procure such other types of coverage and amounts of coverage in accordance with the advice received.

15.2 Future Increases

We have the right to establish and modify the minimum coverages required, and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. In addition to naming us as additional insured, you must include any endorsements we may require (including an alternate employer endorsement under Employer's Liability policy) and include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees.

15.3 Carrier Standards

The insurance policies you procure must be written by an insurance company or companies we have approved, having at all times a rating of at least "A-" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which the Franchised Business is located, and must include, at a minimum (except that we may reasonably specify additional coverages and higher policy limits for all franchisees periodically in the Manual or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards and other relevant changes in circumstances).

15.4 Evidence of Coverage

Your obligation to obtain and maintain the insurance policies shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of this obligation relieve you of liability under the indemnity provisions set forth in Section 21.3. Upon issuance of a policy and renewal of said policy, you shall provide to us, certificates of insurance showing compliance with the foregoing requirements within fifteen (15) days of your receipt of such certificates. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to us and shall reflect proof of payment of premiums.

15.5 Failure to Maintain Coverage

We do not derive revenue as a result of your purchase of insurance. If you fail to purchase and maintain any required insurance coverage or furnish satisfactory evidence of coverage to us, in addition to our other remedies (including without limitation declaring you in default of this Agreement), we may, but are not obligated to, purchase the insurance coverage for you. If we do purchase insurance on your behalf, you must pay us on our demand the amount of any premiums and reasonable expenses we incur in obtaining the insurance. The failure to maintain insurance coverage at any time is a material default under this Agreement.

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16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

Under no circumstances may you terminate this Agreement.

16.2 Termination by Franchisor

16.2.1 We have the right to terminate this Agreement, without any opportunity to cure by you, if you:

- 16.2.1.1 fails to timely establish, equip, and commence operations of the Franchised Business pursuant to Section 5;
- 16.2.1.2 fails to have your Operating Principal satisfactorily complete any training program pursuant to Section 8;
- 16.2.1.3 fails to maintain all required professional licenses, permits, and certifications for a period exceeding five (5) business days;
- 16.2.1.4 made any material misrepresentation or omission in your application for the Franchise or otherwise to us in the course of entering into this Agreement;
- 16.2.1.5 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect our reputation, you, or the Franchised Business;
- 16.2.1.6 after a 5-day notice to cure, fails to refrain from activities, behavior, or conduct likely to adversely affect our reputation, you, or the Franchised Business;
- 16.2.1.7 discloses, duplicates, or otherwise uses in an unauthorized manner any portion of the Manual, Trade Secrets, or any other Confidential Information;
- 16.2.1.8 fails to have any holder of a legal or beneficial interest in you (and any member of your immediate families or households), and any officer, director, executive, manager or member of your professional staff and all of your employees, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Schedule 2, upon execution of this Agreement or prior to each such person's affiliation with you or fails to provide us with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by us;

- 16.2.1.9 abandons, fails, or refuses to actively operate the Franchised Business for three (3) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by us), or, if first approved by us, fails to promptly relocate the Franchised Business or any other event rendering the Premises unusable;
- 16.2.1.10 surrenders or transfers control of the operation of the Franchised Business without our approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in you, or fails or refuses to assign the Franchise or the interest in the Franchise of a deceased or incapacitated owner thereof as herein required;
- 16.2.1.11 fails to maintain the Franchised Business under the primary supervision of an approved manager during the one hundred eighty (180) days following the death or Incapacity of you or any holder of a legal or beneficial interest in you pursuant to Section 18.6;
- 16.2.1.12 submits to us at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to us by more than two percent (2%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;
- 16.2.1.13 becomes insolvent, meaning unable to pay bills as they become due in the ordinary course of business; if a receiver of your property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of your creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersede as bond is filed); if execution is levied against your business or property; if a suit to foreclose any lien or mortgage against your Franchised Business, and/or the Premises, or equipment is instituted against you and not dismissed within thirty (30) days or is not in the process of being dismissed;
- 16.2.1.14 misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;
- 16.2.1.15 fails to submit reports or other information or supporting records when due, to pay any Royalty Fee, Advertising Fund Contribution, amounts due for purchases from us and any Affiliate, or other payment when due to us or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to you;

- 16.2.1.16 violates any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to your customers, employees, or the public;
 - 16.2.1.17 engages in any activity exclusively reserved to us;
 - 16.2.1.18 fails to comply with any applicable law or regulation within five (5) days after being given notice of noncompliance;
 - 16.2.1.19 breaches this Agreement 3 times in a 12-month period and/or fails 3 times in a 12-month period to comply with mandatory specifications, customer service standards, or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; and
 - 16.2.1.20 defaults under any other agreement between us (or any Affiliate) and you, such that we or our Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.
- 16.2.2 Except as otherwise provided in Section 16.2.1, we have the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that you may avoid termination by curing such default or failure (or by providing proof acceptable to us that you have made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:
- 16.2.2.1 within five (5) days of receiving notice of your failure to pay any amounts due to us;
 - 16.2.2.2 within ten (10) days of receiving notice of your failure to maintain insurance as specified in Section 15 of this Agreement; or
 - 16.2.2.3 within thirty (30) days of receiving notice of any other default by you or upon your failure to comply with any mandatory specification, standard, or operating procedure prescribed in the Manual or otherwise prescribed in writing.
- 16.2.3 For any default of this Agreement which triggers our ability to terminate, we may as an alternative to termination, at our sole and absolute discretion:
- 16.2.3.1 modify or completely eliminate any rights you may have with respect to the Territory effectively immediately or on an effective date in our sole discretion.

16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, we may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to you without waiving any of our rights under this Agreement.

16.4 Right of Franchisor to Discontinue Services to Franchisee

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of default or termination, we have the right to suspend your performance of any of your obligations under this Agreement until such time as you correct the breach.

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of default or termination, if necessary in our discretion, we shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as you correct the breach. We may charge a management fee as stated in the Manual from time to time, currently equal to \$250 per person per day (plus other costs and expenses) for the period in which we operate the Franchised Business payable at the same time as Royalty Fees and other fees owed to us, and we shall be entitled to reimbursement of any expenses we incur that are not paid out of the operating cash flow of the Franchised Business.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 Actions to be Taken

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to you shall terminate and you shall:

- 17.1.1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of us;
- 17.1.2 cease to use the Trade Secrets or other Confidential Information, the System and the Marks, including, without limitation, all slogans, symbols, logos, advertising materials, stationery, forms, and any other items which display or are associated with the Marks;
- 17.1.3 take such action as may be necessary to cancel or assign to us, at our option, any assumed name or equivalent registration filed with state, city, or county authorities which contains the name “Rock N Roll Sushi” or any other Mark, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;
- 17.1.4 pay all sums owing to us and any Affiliate. In the event of termination for any default of you, such sums shall include, but not be limited to, all damages, costs, and expenses,

including reasonable attorneys' fees, with respect to litigation, arbitration, appellate, or bankruptcy proceedings, unpaid Royalty Fees, loss of future Royalty Fee payments incurred by us as a result of any early termination of this Agreement, and any other amounts due to us or any Affiliate;

- 17.1.5 pay to us all costs and expenses, including reasonable attorneys' fees, incurred by us subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;
- 17.1.6 immediately return to us the Manual, Trade Secrets, and all other Confidential Information, including records, files, instructions, brochures, agreements, disclosure statements, and any and all other materials provided by us to you relating to the operation of the Franchised Business (all of which are acknowledged to be our property);
- 17.1.7 assign all telephone listings and numbers for the Franchised Business to us and shall notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of us;
- 17.1.8 if applicable, assign to us any interest which you have in any lease or sublease for the Premises of the Franchised Business by executing the Conditional Assignment of Lease attached as Schedule 4 upon our request. In the event we elect to exercise our option to acquire such lease or sublease, we shall pay for any furniture, equipment, supplies and signs acquired by us as a result of such assignment, at your cost or fair market value (whichever is less), less any sums of money owed by you to us and less any sums of money necessary to upgrade and renovate the Premises to meet our then-current standards for a Rock N Roll Sushi restaurant and less any sums necessary to acquire clear title to the lease or sublease interest. In the event that we are unable to agree on the fair market value of said items, an independent appraiser shall be appointed by us to determine the fair market value of said items. The determination of said appraiser shall be final and binding upon the parties. You shall pay the costs and expenses associated with the appointment of an independent appraiser. In the event that we do not elect to exercise our option to acquire such lease or sublease, you shall make such modifications or alterations to the Premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said Premises from that of other Rock N Roll Sushi restaurants, and shall make such specific additional changes thereto as we may reasonably request for that purpose. In the event you fail or refuse to comply with these requirements, we shall have the right to enter upon the Premises without being guilty of trespass or any other tort for the purpose of making or causing to be made such changes as may be required, at your expense, which expense you agree to pay upon demand;
- 17.1.9 pay all sums owing to us and our subsidiaries, Affiliates and suppliers. In the event of termination for your default, such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by us as a result of the default, which

obligation shall give rise to and remain, until paid in full, a lien in favor of us against any and all of the personal property, machinery, fixtures, equipment and inventory, if any, owned by you and on the Premises of the Franchised Business at the time of default;

17.1.10 if this Agreement is terminated by us for cause, we shall be entitled, as stipulated liquidated damages and not as a penalty and solely to compensate us for lost Royalty Fees for the period after termination of this Agreement, to a sum equal to the average Royalty Fees earned (even if not paid) per month over the twelve (12) month period preceding the date of termination (or, if the Franchised was not open throughout such twelve (12) month period, then the average Royalty Fees earned per month for the period in which the Franchised Business was open), multiplied by eighteen (18) or the number of months remaining in the then-current term of this Agreement, whichever is less ("Liquidated Damages"). In the event a default of this Agreement by you caused the Royalty Fees earned to substantially decline during the period to be used to calculate average Royalty Fees earned, then we may use any other reasonable time period or method to calculate Liquidated Damages;

17.1.11 execute any legal document that may be necessary to effectuate the termination of this Agreement and shall furnish to us, within thirty (30) days after the effective date of termination, written evidence satisfactory to us of your compliance with the foregoing obligations;

17.1.12 comply with all applicable covenants that, by their nature, survive expiration or termination of this Agreement, including those discussing confidentiality, non-competition, and non-solicitation, in this Agreement;

17.1.13 transfer any interests in existing client contracts to us or our designee; and

17.1.14 comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete

17.2.1 *Franchisee Acknowledgement.* You acknowledge that the restrictive covenants contained in this Section and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the Trade Secrets and our other Confidential Information;

17.2.1.2 to induce us to grant a Franchise to you; and

17.2.1.3 to protect us against our costs in training you and your officers, directors, executives, and professional staff.

17.2.2 *In-Term and Post-Termination Non-Compete and Non-Solicit Agreement.* Except as otherwise approved in writing by us, neither you, nor any holder of a legal or beneficial interest in you, nor any of your officers, directors, executives, managers or members of your

professional staff or any of your immediate family, shall, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, during the term of this Agreement and for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly:

- 17.2.2.1 own, maintain, engage in, be employed by or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, offer Competitive Business services to or have any interest in or involvement with a Competitive Business located or operating (a) at or within a ten (10) mile radius of the Franchised Business, or (b) within a ten (10) mile radius of any other Rock N Roll Sushi business in existence at the time of termination or expiration, or (c) any other business owned or operated by us in existence at the time of termination or expansion (during the term of the Agreement, there is no geographical limitations on the restrictions set forth herein);
- 17.2.2.2 solicit business from customers of your former Franchised Business;
- 17.2.2.3 contact any of your suppliers or vendors for any purpose related to a Competitive Business;
- 17.2.2.4 solicit any of your employees, or any other Rock N Roll Sushi franchisee for any competitive purpose, or knowingly solicit or induce such an employee or franchisee to violate any confidentiality, non-competition or franchise agreement; or
- 17.2.2.5 refrain from any activity set forth in Section 7.3.

17.3 Unfair Competition

If you operate any other business, you shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute our rights in the Marks. You shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with us. This Section is not intended as an approval of your right to operate other businesses and in no way is it intended to contradict Sections 7.3, 17, 17.1 or 17.2. You shall make such modifications or alterations to the Franchised Business (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between us or the System and any business subsequently operated by you or others at the Franchised Business. You shall make such specific additional changes to the Franchised Business as we may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If you fail or refuse to comply with the requirements of this Section, we have the right to enter upon the Franchised Business for the purpose of making or causing to be made such changes as may be required, at the expense of you, which expense you shall pay upon demand.

17.4 Franchisor's Option to Purchase Certain Business Assets

We have the right (but not the obligation), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including improvements, vehicles, service tools and equipment, supplies and other inventory or equipment at your cost or fair market value (whichever is less), less any sums of money owed by you to us and less any sums of money necessary to upgrade and renovate the Premises to meet our then-current standards for a Rock N Roll Sushi restaurant and less any sums necessary to acquire clear title to the lease or sublease interest. In the event that we are unable to agree on the fair market value of said items, an independent appraiser shall be appointed by us to determine the fair market value of said items. The determination of said appraiser shall be final and binding upon the parties. You shall pay the costs and expenses associated with the appointment of an independent appraiser.

17.5 Survival of Certain Provisions

All obligations of us and you, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

18. TRANSFERABILITY OF INTEREST

18.1 Transfer by Franchisor

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by us and such rights will inure to the benefit of any person or entity to whom transferred. Nothing contained in this Agreement shall require us to remain in the sushi restaurant business or to offer the same services, whether or not bearing our Marks, in the event that we exercise our rights under this Agreement to assign our rights in this Agreement.

18.2 Transfer by Franchisee to a Third Party

The rights and duties of you as set forth in this Agreement, and the franchise herein granted, are personal to you (or your owners), and we have entered into this Agreement in reliance upon your personal or collective skill and financial ability. Accordingly, neither you nor any holder of a legal or beneficial interest in you may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the assets of the Franchised Business or any part or all of the ownership interest in you without the prior written approval of us. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If you are in compliance with this Agreement, we consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.2.1 You have complied with the requirements set forth in Section 19;

18.2.2 all obligations owed to us, our subsidiaries, Affiliates, suppliers, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

- 18.2.3 You (and any transferring owners, if you are a business entity) has executed a general release, in a form the same as or similar to the General Release attached as Schedule 1, of any and all claims against us, including our officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of your interest herein or to the transfer of your ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, you shall give the maximum release allowed by law;
- 18.2.4 the prospective transferee has satisfied us that it meets our management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as we may require to demonstrate ability to conduct the Franchised Business;
- 18.2.5 the transferee and, if we require, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Advertising Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;
- 18.2.6 the transferee has executed a general release, in a form the same as or similar to the General Release attached as Schedule 1, of any and all claims against us and our officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), with respect to any representations regarding the franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by you;
- 18.2.7 You have provided us with a complete copy of all contracts and agreements and related documentation between you and the prospective transferee relating to the intended sale or transfer of the franchise;
- 18.2.8 You, or the transferee, have paid to us a Transfer Fee in the amount equal to 50% of the then-current Initial Franchise Fee;
- 18.2.9 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of your term by executing a personal guaranty in such form as prepared by us;
- 18.2.10 You have agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by us;
- 18.2.11 the transferee has obtained all necessary consents and approvals by third parties and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

18.2.12 You have, and if you are an entity, all of the holders of a legal and beneficial interest in you have executed and delivered to us a nondisclosure and non-competition agreement in a form satisfactory to us and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17; and

18.2.13 the transferee agrees that its Operating Principal shall complete, to our satisfaction, a training program in substance similar to the initial training described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Business.

18.3 Transfer to a Controlled Entity

18.3.1 *Controlled Entity.* If you wish to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by you (“Controlled Entity”), which Controlled Entity is being formed for the financial planning, tax or other convenience of you, we consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

18.3.1.1 the Controlled Entity is newly organized, and your charter or articles of formation provides that your activities are confined exclusively to the operation of the Franchised Business;

18.3.1.2 You or all holders of a legal or beneficial interest in you own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

18.3.1.3 all obligations of you to us or any Affiliate are fully paid and satisfied; provided, however, that neither you nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2.8;

18.3.1.4 the Controlled Entity has entered into a written agreement with us expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, you have obtained such written consent and provided the same to us prior to consent by us;

18.3.1.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with us jointly and severally guaranteeing the full payment of the Controlled Entity’s obligations to us and the performance by the Controlled Entity of all the obligations of this Agreement;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to us that it is held subject to, and that

further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to us. Any amendment to any such documents shall also be furnished to us immediately upon adoption.

18.3.2 *Term of Transferred Franchise.* The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

18.3.3 *No Waiver.* Our consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims we may have against the transferor or the transferee, nor shall it be deemed a waiver of our right to demand compliance with the terms of this Agreement.

18.4 Franchisor's Disclosure to Transferee

We have the right, without liability of any kind or nature whatsoever to you, to make available for inspection by any intended transferee of you all or any part of our records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. You hereby specifically consent to such disclosure by us and shall release and hold us harmless from and against any claim, loss or injury resulting from an inspection of our records relating to the Franchised Business by an intended transferee identified by you.

18.5 For-Sale Advertising

You shall not, without our prior written consent, place in, on or upon the area of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

Upon the death or Incapacity of you (if you are an individual) or any holder of a legal or beneficial interest in you (if you are a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in you to a third party approved by us. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement. During such one hundred eighty (180) day period, the Franchised Business must remain at all times under the primary management of an operator who otherwise meets our management qualifications. Following such a death or Incapacity of such person, if necessary in our discretion, we shall have the right, but not the obligation, to assume operation of the Franchised Business until the

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deceased or incapacitated owner's interest is transferred to a third party approved by us. We shall be given access to the Franchised Business, even if located within your principal residence, and shall not be held liable for trespass or any related tort. We may charge a management fee as stated in Section 16.5 for the period in which we operate the Franchised Business, and we shall be entitled to reimbursement of any expenses we incur that are not paid out of the operating cash flow of the Franchised Business.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If you, or any of your owners, proposes to sell or otherwise transfer (including a transfer by death or incapacity pursuant to Section 18.6) the Franchised Business (or any of your assets outside of the normal course of business), any ownership interest in you or any ownership interest in the you granted hereunder, you shall obtain and deliver a bona fide, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to us, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of you or any of your owners.

19.2 Franchisor's Right to Purchase

We shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to you, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to you. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Our credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to you of our intent to exercise this right of first refusal, we shall have up to sixty (60) days to close the purchase. We shall be entitled to receive from you all customary representations and warranties given by you as the seller of the assets or such ownership interest or, at our election, such representations and warranties contained in the proposal.

19.3 Non-Exercise of Right of First Refusal

If we do not exercise our right of first refusal within thirty (30) days from the date of delivery of all such documents, the offer or proposal may be accepted by you or any of your owners, subject to our prior written approval as required by Section 18.2. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to us, our right of first refusal shall renew and be implemented in accordance with this Section.

19.4 Sales or Transfers to Family Excepted

If you propose to sell or otherwise transfer the Franchised Business (or any of your assets outside of the normal course of business), any ownership interest in you or any ownership interest in the Franchise granted hereunder to a member of your (or your owners') family, then the terms and conditions of this Section shall be inapplicable. Nothing in this Section 19.4 shall be construed to

relieve you from full compliance with the terms and conditions of Section 18.2 prior to a sale or transfer to family pursuant to this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

You represent, and we enter into this Agreement in reliance upon such representation, that the individual(s) identified in Schedule 6 is/are the sole holder(s) of a legal or beneficial interest (in the stated percentages) of you.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make you an agent, legal representative, joint-venturer, partner, employee, servant, or independent contractor of us for any purpose whatsoever. You may not represent or imply to third parties that you are an agent of us, and you are in no way authorized to make any contract, agreement, warranty, or representation on behalf of us, or to create any obligation, express or implied, on our behalf. During the term of this Agreement, and any extension or renewal hereof, you shall hold yourself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise from us. You shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on all forms, stationery or other written materials, the content of which we have the right to specify. You shall also conspicuously identify yourself as the independent owner of your business in all business communications, such as email signatures, and on any documents, materials or information released by you. You shall ensure all employees, vendors and contractors receive actual notice of the correct legal name of their employer or the party with whom they have contracted, which is you and not us. Under no circumstances shall we be liable for any act, omission, contract, debt, nor any other obligation of you. We shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business by you. Any third-party contractors and vendors retained by you to convert or construct the premises are independent contractors of you alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires you to obtain our written consent or permits you to take any action or refrain from taking any action, we are free to act in our own self-interest without any obligation to act reasonably, to consider the impact on you or to act subject to any other standard of care limiting our right, except as may be provided by statute or regulation.

21.3 Indemnification

You shall hold harmless and indemnify us, any Affiliate, all holders of a legal or beneficial interest in us and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively “Franchisor Indemnities”) from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys’ fees and all other costs of litigation)

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incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon your (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between you and us (or an Affiliate); (d) defamation, libel or slander of us or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business; (f) acts, errors or omissions committed or occurring in connection with the sale or transfer of this Agreement, the assets of the Franchised Business or any ownership interest in you or the use or occupancy of the Franchised Business or Premises; (g) infringement or misuse of a third party's trademark, patent, copyright or other intellectual property; or (h) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

21.4 Right to Retain Counsel

You shall give us immediate notice of any such action, suit, demand, claim, investigation, or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnity. We have the right to retain counsel of our own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, our reputation or the goodwill of others, we have the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in our sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If our exercise of our rights under this Section causes any of your insurers to refuse to pay a third-party claim, all cause of action and legal remedies you might have against such insurer shall automatically be assigned to us without the need for any further action on either party's part. Under no circumstances shall we be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against you. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by us from you. You agree to not be a party to class action suit against RockNRoll Sushi Holdings LLC or any of our Affiliates under any circumstances.

22. GENERAL CONDITIONS AND PROVISIONS

22.1 No Waiver

No failure of ours to exercise any power reserved to it hereunder, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Waiver by us of any particular default by you shall not be binding unless in writing and executed by us and shall not affect nor impair our right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by us of any payment(s) due shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

22.2 Injunctive Relief

As any breach by you of any of the restrictions contained in Sections 6, 7, and 17 would result in irreparable injury to us, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, we shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, without the necessity of posting security or bond and you shall be responsible for our reasonable attorneys' fees incurred in pursuing the same. Our right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.7. Our rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.

22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section 22.3. All notices, payments and reports required by this Agreement shall be sent to us at the following address, or at such other address as we may provide:

RockNRoll Sushi Holdings LLC
12598 U.S. Highway 98 West, Suite 103
Destin, Florida 32550

All notices to you shall be sent to the address set forth on Page 1 of this Agreement.

22.4 Cost of Enforcement or Defense

You agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, arbitration fees, discovery costs, and all other related expenses) that we incur after the termination or expiration of the franchise granted under this Agreement in: (a) obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 9 and 17 above); and/or (b) successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship. If we or you are required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

22.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in you of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations

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attached as Schedule 3, through which such holders agree to assume and discharge all of your obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or our consent, you shall make a timely written request to us for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. We make no warranties or guarantees upon which you may rely, and assumes no liability or obligation to you or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

22.7 Entire Agreement

This Agreement, its schedules and the documents referred to herein shall be construed together and constitute the entire, full, and complete agreement between us and you concerning the subject matter hereof and shall supersede all prior agreements. No other representation, oral or otherwise, has induced you to execute this Agreement, and there are no representations (other than those within our Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in this Agreement or any related agreement is intended to disclaim the representations made in the Disclosure Document.

22.8 Severability and Modification

Except as noted below, each paragraph, part, term, and provision of this Agreement shall be considered severable. If any paragraph, part, term, or provision herein is ruled to be unenforceable, unreasonable, or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable, or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If we determine that a finding of invalidity adversely affects the basic consideration of this Agreement, we have the right to, at our option, terminate this Agreement. Notwithstanding the above, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable, or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 Construction

All captions and headings herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

22.10 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement. During any applicable event, you shall be required to pay Royalty Fees and all fees due to us timely unless notified in writing by us.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

You shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to us or to an Affiliate. You shall not withhold or offset any amounts, damages or other monies allegedly due to you against any amounts due to us. No endorsement or statement on any payment for less than the full amount due to us will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and we have the right to accept and cash any such payment without prejudice to our right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. We have the right to apply any payments made by you against any of your past due indebtedness as we deem appropriate. We shall set off sums we owe to you against any unpaid debts owed by you to us.

22.13 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

22.14 Third Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than us or you, and our respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

22.15 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

23. DISPUTE RESOLUTION

23.1 Choice of Law

This Agreement is effective upon its acceptance in Florida by our authorized officer. Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 and the sections following it) or other federal law, Florida law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties (“Claims”). However, no laws regulating the sale of franchises or governing the relationship between franchisor and franchisee shall apply unless the jurisdictional requirements of such laws are met independently of this paragraph. References to any law or regulation also refer to any successor laws or regulations and any implementing regulations for any statute, as in effect at the relevant time. References to a governmental agency also refer to any successor regulatory body that succeeds to the function of such agency.

23.2 Jurisdiction and Venue

You and us each consent and irrevocably submit to the exclusive jurisdiction and venue of the state and federal courts of competent jurisdiction for Okaloosa County, Florida, for any Claims, except those required to be submitted to arbitration, and waive any objection to the jurisdiction and venue of such courts. This exclusive choice of jurisdiction and venue provision does not restrict the ability of the parties to confirm or enforce judgments or awards in any appropriate jurisdiction.

23.3 Jury Waiver

IN ANY TRIAL BETWEEN ANY OF THE PARTIES AS TO ANY CLAIMS, YOU AND WE AGREE TO WAIVE OUR RIGHTS TO A JURY TRIAL AND INSTEAD HAVE SUCH ACTION TRIED BY A JUDGE.

23.4 Class Action Waiver

YOU AGREE TO BRING ANY CLAIMS, IF AT ALL, INDIVIDUALLY AND YOU SHALL NOT JOIN SUCH CLAIM WITH CLAIMS OF ANY OTHER PERSON OR ENTITY NOR SHALL YOU BRING, JOIN OR PARTICIPATE IN A CLASS OR COLLECTIVE ACTION AGAINST US WITH OTHER FRANCHISEES OR OTHER PERSONS OR ENTITIES.

23.5 Limitation of Damages

YOU WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IF THERE IS A DISPUTE, FRANCHISEE WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT INCLUDING REASONABLE ACCOUNTING AND LEGAL FEES AS PROVIDED IN SECTION 22.4. YOU WAIVE AND DISCLAIMS ANY RIGHT TO CONSEQUENTIAL DAMAGES IN ANY ACTION OR CLAIM AGAINST US CONCERNING THIS AGREEMENT OR ANY RELATED AGREEMENT. IN ANY CLAIM OR ACTION BROUGHT BY YOU AGAINST US CONCERNING THIS AGREEMENT, YOUR CONTRACT DAMAGES

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SHALL NOT EXCEED AND SHALL BE LIMITED TO REFUND OF YOUR INITIAL FRANCHISE FEE AND ROYALTY FEES.

23.6 Limitation of Actions

YOU AGREE TO BRING ANY CLAIMS AGAINST US, IF AT ALL, WITHIN ONE (1) YEAR OF THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIMS OR ONE (1) YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST, AND THAT ANY ACTION NOT BROUGHT WITHIN THIS PERIOD SHALL BE BARRED AS A CLAIM, COUNTERCLAIM, DEFENSE, OR SET-OFF EXCEPT FOR CLAIMS FOR: (A) INDEMNIFICATION; OR (B) UNAUTHORIZED USE OF THE CONFIDENTIAL INFORMATION OR MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT OUR RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

23.7 Prior Notice of Claims

As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages and serve as a condition precedent to filing an arbitration against us.

23.8 Internal Dispute Resolution

As a mandatory condition precedent prior to you taking any legal or other action against us, whether for damages, injunctive, equitable or other relief (including, but not limited to, rescission), based upon any alleged act or omission of ours, you shall first give us ninety (90) days prior written notice and opportunity to cure such alleged act or omission, or to resolve such matter.

23.9 Mediation and Arbitration

23.9.1 *Mediation.* With the exception of any controversy or claim relating to the ownership or improper use of our Marks or Confidential Information, and except for equitable claims and claims of non-payment under this Agreement or any agreement by us, the parties agree to submit any claim, controversy or dispute between or involving us or any of our affiliates (and our and their respective shareholders, officers, directors, agents, representatives and/or employees) and you (and your agents, representatives and/or employees, as applicable) arising out of or related to: (a) this Agreement or any other agreement between us and you or our and your respective affiliates; (b) our relationship with you; (c) the validity of this Agreement or any other agreement between you and us or our and your respective affiliates; or (d) any System standard, to non-binding mediation at a place that we designate within twenty-five (25) miles of where our principal office is located at the time of the demand for mediation is made. The mediation shall be conducted by either a mutually agreed-upon mediator or, failing such agreement within a reasonable period of time (not to exceed 15 days) after either party has notified the other of its desire to seek mediation, by the American Arbitration

Association in accordance with its Commercial Mediation Procedures. Absent agreement to the contrary, the mediator shall be experienced in the mediation of disputes between franchisors and franchisees. You and we agree that any statements made by either you or us in any such mediation proceeding will not be admissible in any subsequent arbitration or legal proceeding or otherwise disclosed by either you or us to any third party who, except to the extent a third party is a participant in the mediation proceeding. Each party will bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate. However, the parties must immediately and contemporaneously submit the dispute for non-binding mediation. If the parties are unable to resolve the claim, controversy or dispute within ninety (90) days after the mediator has been chosen, then, unless such time period is extended by the written agreement of the parties, either party may bring a legal proceeding under this Section. The mediation provisions of this Agreement are intended to benefit and bind certain third-party non-signatories, and all of your and our owners and affiliates. Any mediation proceeding conducted pursuant to this sub-section and any settlement or agreement arising therefrom shall be kept confidential between the parties, except for any settlement disclosure we are legally required to make within a franchise disclosure document. The parties intend for any mediation proceeding to be both private and confidential. Any third parties who are required to participate in a mediation proceeding must be bound by the same confidentiality obligations as the parties.

23.9.2 *Arbitration.* **EXCEPT FOR ACTIONS BROUGHT BY US AGAINST YOU FOR NON-PAYMENT OF FEES OR ROYALTIES UNDER THIS AGREEMENT OR ACTIONS BY US FOR INJUNCTIVE RELIEF, ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, IF NOT RESOLVED BY THE NEGOTIATION AND MEDIATION PROCEDURES DESCRIBED ABOVE, MUST BE DETERMINED BY ARBITRATION IN THE CITY WHERE OUR PRINCIPAL OFFICES ARE LOCATED AT THE TIME THE DEMAND FOR ARBITRATION IS FILED BY THE AMERICAN ARBITRATION ASSOCIATION (“AAA”). THIS ARBITRATION CLAUSE WILL NOT DEPRIVE US OF ANY RIGHT WE MAY OTHERWISE HAVE TO SEEK INJUNCTIVE RELIEF FROM A COURT OF COMPETENT JURISDICTION. THE SOUTH FLORIDA-BASED ARBITRATOR MUST HAVE SUBSTANTIAL EXPERIENCE IN FRANCHISE LAW AND WITH COMMERCIAL DISPUTES. THE PARTIES AGREE THEY WILL ASK THAT THE ARBITRATOR LIMIT DISCOVERY TO THE GREATEST EXTENT POSSIBLE CONSISTENT WITH BASIC FAIRNESS IN ORDER TO MINIMIZE THE TIME AND EXPENSE OF ARBITRATION. IF PROPER NOTICE OF ANY HEARING HAS BEEN GIVEN, THE ARBITRATOR WILL HAVE FULL POWER TO PROCEED TO TAKE EVIDENCE OR TO PERFORM ANY OTHER ACTS NECESSARY TO ARBITRATE THE MATTER IN THE ABSENCE OF ANY PARTY WHO**

FAILS TO APPEAR. BOTH PARTIES WAIVE ANY RIGHTS THEY MAY HAVE TO DEMAND TRIAL BY JURY OR TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. THE ARBITRATOR WILL HAVE NO POWER TO: (A) STAY THE EFFECTIVENESS OF ANY PENDING TERMINATION OF FRANCHISE; (B) ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY; OR (C) MAKE ANY AWARD THAT MODIFIES OR SUSPENDS ANY LAWFUL PROVISION OF THIS AGREEMENT. THE PARTY AGAINST WHOM THE ARBITRATORS RENDER A DECISION MUST PAY ALL EXPENSES OF ARBITRATION. ANY COURT OF COMPETENT JURISDICTION MAY ENTER JUDGMENT UPON ANY AWARD. THE PARTIES AGREE AND INTEND THAT AN ARBITRATION WILL BE KEPT BOTH PRIVATE AND CONFIDENTIAL BETWEEN THEM. AT THE OUTSET OF ANY ARBITRATION, THE PARTIES WILL SEEK THE ENTRY OF A PROTECTIVE ORDER FROM THE ARBITRATOR, PROTECTING ALL PLEADINGS, MOTIONS, EXHIBITS, DEPOSITION TRANSCRIPTS, DISCOVERY REQUESTS AND RESPONSES, DOCUMENTS, AWARDS, ORDERS, DECISIONS AND REPORTS FROM DISCLOSURE BY THE PARTIES, THE ARBITRATOR, AND ANY NON-PARTY WITNESSES OR OTHER PARTICIPANTS. ADDITIONALLY, ANY FINAL AWARD SHALL REITERATE SUCH ORDER OF PROTECTION, EXCEPT FOR THE TERMS OF AN AWARD WHICH WE ARE LEGALLY REQUIRED TO DISCLOSE IN A FRANCHISE DISCLOSURE DOCUMENT, OR DISCLOSURES IN CONNECTION WITH JUDICIAL PROCEEDINGS ANCILLARY TO THE ARBITRATION, SUCH AS A JUDICIAL CHALLENGE TO, OR ENFORCEMENT OF, AN AWARD, AND UNLESS OTHERWISE REQUIRED BY LAW.

23.10 Waiver of Bond

You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.

23.11 Arbitration Fees

If we are the substantially prevailing party in arbitration, you agree to reimburse our costs and attorney fees, as well as the arbitration costs and fees, incurred in pursuing or defending the claims against you or us including all mediation and investigation costs and expenses. In any arbitration filed by you where we have no substantive counterclaim against you, you are required to advance and pay all fees to the AAA and the arbitrator.

23.12 Third Party Beneficiaries

Our officers, directors, members, shareholders, agents, and employees are express third party beneficiaries of the terms of the dispute resolution provisions contained herein.

23.13 Release of Prior Claims

By executing this Agreement, you, individually and on behalf of your heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, forever releases and discharges us and our officers, directors, employees, agents and servants, including our subsidiary and affiliated corporations, their respective officers, directors, employees, agents and servants, from any and all claims relating to or arising under this Agreement or any other agreement between the parties executed prior to the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state or territory thereof.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Franchise Disclosure Document

You represent and acknowledge that you have received this Agreement and that you have received our Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

24.2 True and Accurate Information

You represent that all information set forth in any and all applications, financial statements, and submissions to us are true, complete, and accurate in all respects, and you acknowledge that we are relying upon the truthfulness, completeness, and accuracy of such information.

24.3 No Violation of Other Agreements

You represent that your execution of this Agreement will not violate any other agreement or commitment to which you or any holder of a legal or beneficial interest in you is a party.

IN WITNESS WHEREOF the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

ROCKNROLL SUSHI HOLDINGS LLC

[FRANCHISEE]

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

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**SCHEDULE 1 TO THE FRANCHISE AGREEMENT
GENERAL RELEASE**

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____
by _____, (“RELEASOR”) an
individual/corporation/ limited liability company/partnership with a principal address of
_____, in consideration of:

_____ the execution by RockNRoll Sushi Holdings LLC, a Florida limited liability company
 (“RELEASEE”), of a successor Franchise Agreement or other renewal documents renewing the
franchise (the “Franchise”) granted to RELEASOR by RELEASEE pursuant to that certain Franchise
Agreement (the “Franchise Agreement”) between RELEASOR and RELEASEE; or

_____ RELEASEE’S consent to RELEASOR’S assignment of its rights and duties under the
Franchise Agreement; or

_____ RELEASEE’S consent to RELEASOR’S assumption of rights and duties under the
Franchise Agreement;

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and
accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE’s officers,
directors, shareholders, managers, members, partners, owners, employees and agents (in their
corporate and individual capacities), and RELEASEE’s successors and assigns, from any and all causes
of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in
equity, that RELEASOR and RELEASOR’s heirs, executors, administrators, successors and assigns
had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the
beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the
Franchise Agreement, including, without limitation, claims arising under federal, state and local laws,
rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in
writing and is signed by RELEASOR and RELEASEE.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date
first above written.

RELEASOR: _____
(type/print name)

By: _____

Name: _____

Title: _____
(or, if an individual)

Signed: _____

Name printed: _____

**SCHEDULE 2 TO THE FRANCHISE AGREEMENT
NONDISCLOSURE AND NON-COMPETITION AGREEMENT**

This “Agreement” made as of the ____ day of _____, 20____, is by and between_____
_____, (“Franchisee,” “we,” “us,” or “our”) and
_____(“Individual,” “you,” or “your”).

W I T N E S S E T H:

WHEREAS, we are a party to that certain Franchise Agreement dated _____, 20____ (“Franchise Agreement”) by and between us and the Franchisor, RockNRoll Sushi Holdings LLC (“Company”); and

WHEREAS, we desire you to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, we are required by the Franchise Agreement to have you execute this Agreement prior to providing you access to said Trade Secrets and other Confidential Information; and

WHEREAS, you understand the necessity of not disclosing any such information to any other party or using such information to compete against Company, us or any other franchisee of Company in any business (i) offers the same or similar services as a Rock N Roll Sushi business under any service system, or any other restaurant that offers sushi or other raw fish served on rice to the public or a business that offers the same products, menu, or services as or similar to those provided by Rock N Roll Sushi businesses or a business that offers the same services as or similar to those provided by Rock N Roll Sushi businesses (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of us, or Company, any affiliate of Company or Company’s other franchisees (hereinafter, “Competitive Business”); provided, however, that the term “Competitive Business” shall not apply to any business operated by us under a Franchise Agreement with Company.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Trade Secrets and Confidential Information

- 1.1 you understand we possess and will possess Trade Secrets and other Confidential Information that are important to our business.
- 1.2 For the purposes of this Agreement, a “Trade Secret” is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in the Rock N Roll Sushi business that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally

known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

- 1.3 For the purposes of this Agreement “Confidential Information” means technical and non-technical information used in or related to Rock N Roll Sushi that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Operations Manual and training guides and materials. In addition, any other information identified as confidential when delivered by us shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of you; (ii) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.
- 1.4 Any information expressly designated by Company or us as “Trade Secrets” or “Confidential Information” shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve you of your obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. You understand our providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between you and us with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

- 2.1 You shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of us, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, you must take all steps reasonably necessary and/or requested by us to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. You must comply with all applicable policies, procedures and practices that we have established and may establish from time to time with regard to the Confidential Information and Trade Secrets.
- 2.2 Your obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of your relationship with us, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and we are entitled to communicate your obligations under this Agreement to any future customer or employer to the extent deemed necessary by us for protection of our rights hereunder and regardless of whether you or any of your affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Rock N Roll Sushi business.

3. Non-Competition

- 3.1 During the term of your relationship with us and for a period of two (2) years after the expiration or termination of your relationship with us, regardless of the cause of expiration or termination, you shall not, directly or indirectly, divert or attempt to divert any business or customer of us or the Company or any licensed Rock N Roll Sushi location to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "Rock N Roll Sushi" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with Rock N Roll Sushi or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of a Rock N Roll Sushi business.
- 3.2 During the term of your relationship with us, you shall not, directly or indirectly, develop, own, manage, operate, be employed by or have any interest in a Competitive Business or offer Competitive Business services without the express written consent of us and the Company.
- 3.3 For a period of two (2) years after the term of your relationship with us, regardless of the cause of termination, you shall not, directly or indirectly, develop, own, manage, operate, be employee by or have any interest in a Competitive Business or offer Competitive Business services anywhere within a TEN (10) mile radius of any Rock N Roll Sushi location without the express written consent of us and the Company.
- 3.4 At no time shall you, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of us, Company or any other Rock N Roll Sushi business to violate a non-disclosure or non-competition agreement to which such employee or business associate is a party.

4. Reasonableness of Restrictions

You acknowledge that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of us, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and you waive any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then you shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. Relief for Breaches of Confidentiality, Non-Solicitation, and Non-Competition

You further acknowledge that an actual or threatened violation of the covenants contained in this Agreement will cause us and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, we and/or Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by you of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that we and Company may have at law or in equity.

6. Dispute Resolution

- 6.1 **Choice of Law.** Except as to claims governed by federal law, Florida law governs all claims that in any way relate to or arise out of this Agreement or any of the dealings of the parties (“Claims”).
- 6.2 **Jurisdiction and Venue.** You and we agree that venue and jurisdiction for any Claims, except those required to be submitted to arbitration, shall be proper solely in the state and federal court nearest to our corporate headquarters.
- 6.3 **Jury Waiver.** In any trial between any of the parties as to any Claims, you and we agree to waive our rights to a jury trial and instead have such action tried by a judge.
- 6.4 **Class Action Waiver.** You agree to bring any Claims, if at all, individually and you shall not join such claim with claims of any other person or entity or bring, join or participate in a class action against us.
- 6.5 **Punitive Damages Waiver.** As to any Claims, you and we agree to waive our rights, if any, to seek or recover punitive damages.
- 6.6 **Limitation of Actions.** You agree to bring any Claims against us, if at all, within one (1) year of the occurrence of the facts giving rise to such Claims, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.
- 6.7 **Prior Notice of Claims.** As a condition precedent to commencing an action for a Claim, you must notify us within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
- 6.8 **Internal Dispute Resolution.** You must first bring any Claim to our CEO, after providing notice as set forth in Section 6(g) above. You must exhaust this internal dispute resolution procedure before you may bring your Claim before a third party.
- 6.9 **Mediation and Arbitration.** Before you may bring any Claim against us court, you agree to try for a period of 60 days to mediate such claim before a mutually agreed to

mediator in the city or county where our headquarters are located. If we cannot mutually agree on a mediator, you and we agree to use the mediation services of the American Arbitration Association (“AAA”), and split any AAA and mediator fees equally. If mediation is unsuccessful and you decide to pursue a legal claim against us, you agree to bring such claim solely in binding arbitration conducted in the city or county of our headquarters in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings will be held by a single arbitrator. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

- 6.10 **Waiver of Bond.** You agree that if we are forced to bring suit to enforce any provision of this Agreement, you agree to waive any requirement that we post bond to obtain a temporary, preliminary, or permanent injunction to enforce these duties.
- 6.11 **Attorney Fees.** If we are the substantially prevailing party as to any Claims, you agree to reimburse our costs and attorney fees incurred in pursuing or defending the Claims.

7. Miscellaneous

- 7.1 This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between you and us. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.
- 7.2 This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of you and shall inure to the benefit of us, our subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.
- 7.3 The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.
- 7.4 In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.
- 7.5 This Agreement may be modified or amended only by a written instrument duly executed by you, us and Company.

- 7.6 The existence of any claim or cause of action you might have against us or Company will not constitute a defense to the enforcement by us or Company of this Agreement.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD-PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, we have hereunto caused this Agreement to be executed by our duly authorized officer, and you have executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

FRANCHISEE:

By: _____

Its: _____

INDIVIDUAL:

Signature: _____

Name Printed: _____

SCHEDULE 3 TO THE FRANCHISE AGREEMENT
UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

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

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated _____ herewith (“Agreement”) by RockNRoll Sushi Holdings LLC (“Franchisor”), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ (“Franchisee”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee’s breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 6, 7, and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor’s death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor’s estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor’s death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of Florida (without giving effect to principles of conflicts of law).

Dispute Resolution. You agree to be bound by the Dispute Resolution provisions found in Section 23 of any Franchise Agreement between the parties as if set forth here and as being equally applicable to this Guaranty and the dealings of the parties hereunder.

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

HOME ADDRESS

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

SCHEDULE 4
COLLATERAL ASSIGNMENT OF LEASE
LEASE ADDENDUM

Option to Assume Lease _____

1. If _____ (“Tenant”) defaults under the Lease dated _____, (“Lease”) by _____ and _____ between _____ (“Landlord”) and Tenant for the premises located at _____ (the “Premises”), or if RockNRoll Holdings LLC (“Franchisor”) terminates the Tenant’s franchise agreement covering the Premises, Landlord and Tenant acknowledge and agree that Franchisor will have the option to assume the Lease pursuant to Paragraph 3 below.
2. Landlord agrees to give Franchisor written notice specifying all default(s) of Tenant under the Lease. Franchisor agrees to give written notice to Landlord if Franchisor terminates Tenant’s franchise agreement and, in such notice, will request that Landlord provide Franchisor with a copy of the Lease and specify any of the Tenant’s defaults thereunder. All notices will be by nationally recognized overnight courier (with tracking capability).
3. Franchisor (or one of its real estate affiliates) may, within 30 days from (i) receipt of notice from Landlord that Tenant has defaulted under the Lease and failed to cure such default(s) as required or permitted by the terms of the Lease, or (ii) sending of notice to Landlord that has terminated Tenant’s franchise agreement covering the Premises, notify Landlord of Franchisor’s decision to assume the Lease. If Franchisor exercises its right to assume the Lease by sending Landlord the required notice as provided in the prior sentence, (i) Landlord will deliver possession of the Premises to Franchisor; and (ii) Franchisor will, immediately upon such delivery, cure all of Tenant’s monetary defaults under the Lease and execute an agreement pursuant to which Franchisor agrees to assume all of Tenant’s rights and obligations under the Lease, subject to the next paragraph.
4. If Franchisor exercises its right to assume the Lease pursuant to Paragraph 3 above, Landlord agrees that Franchisor (i) may, without Landlord’s consent, sublet the Premises to or assign the Lease to, an approved franchisee of Franchisor, provided in either instance that Franchisor remains liable for the payment of rent and the performance of Tenant’s duties under the Lease, (ii) may assign, without recourse, its rights under the Lease upon receiving Landlord’s prior written consent, such consent not to be unreasonably withheld, conditioned or delayed, and subject to the terms of the Lease, (iii) will not be bound by the terms of any amendment to the Lease executed by Tenant without obtaining Franchisor’s prior written approval, (iv) will not be subject to any provision of the Lease that requires Tenant to continuously operate a business in the Premises during any period that the Premises is closed for remodeling or while Franchisor is seeking to obtain and train a new franchisee, provided however, that such period of closure will not exceed 60 days in each instance; and (v) may, if it subleases the Premises to a franchisee as provided above, retain all rent or other consideration payable under such sublease.

5. If Franchisor exercises its right to assume the Lease pursuant to Paragraph 3 above, within 10 days after written demand, Tenant agrees to assign all of its right, title and interest in the Lease to Franchisor and, if Tenant does not do so, Tenant appoints Franchisor as its agent to execute all documents that may be necessary for Franchisor to take assignment of the Lease. Notwithstanding anything to the contrary contained herein Tenant shall remain liable to Landlord for all of its obligations under the Lease and to Franchisor for all amounts that Franchisor pays to Landlord to cure Tenant's defaults under the Lease, including interest, reasonable collection costs and de-identification costs (the parties acknowledging that Franchisor may enter the Premises without being guilty of trespass or tort to de-identify the Premises). Franchisor may assign this Option and its rights hereunder to any affiliate, subsidiary, parent, successor or assign of Franchisor provided the conditions herein as to assignment are met. The assignee must be an approved licensed franchisee of Franchisor. This Option may be signed in any number of counterparts by facsimile or otherwise, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. A facsimile signature may be used for any purpose in lieu of an original signature.

LANDLORD:

By: _____

Name: _____

Title: _____

Date: _____

TENANT:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISOR:

By: _____

Name: _____

Title: _____

Date: _____

**SCHEDULE 5 TO THE FRANCHISE AGREEMENT
ACH PAYMENT AGREEMENT**

FRANCHISEE NAME: _____

AUTHORIZATION AGREEMENT FOR ACH Payments

(I/we) do hereby authorize RockNRoll Sushi Holdings LLC, hereinafter named the “Franchisor”, to initiate (debit or credit) entries to (my/our) (Checking Account / Savings Account) as indicated and named below as the depository financial institution, hereafter named FINANCIAL INSTITUTION pursuant to the terms of the Franchise Agreement by and between us and the Franchisor.

(I/we) acknowledge that the origination of ACH transactions to my (my/our) account must comply with the provisions of U.S. law. Furthermore, if any such debit(s) should be returned NSF, (I/we) authorize the Franchisor to collect such debit(s) by electronic debit and subsequently collect a returned debit NSF fee of \$250.00 per item by electronic debit from my account identified below. In the event all funds and interests are not received by Franchisor within 15 days from presentment and intended withdrawal from our account by Franchisor, then we will be deemed in default of the Franchise Agreement. We further agree to pay all reasonable costs of collection including but not limited to reasonable attorney’s fees and court costs incurred by Franchisor. I am a duly authorized check signer on the financial institution account identified below, and authorize all of the above as evidenced by my signature below.

CHECK (ACH) INFORMATION ROUTING NUMBER: _____

ACCOUNT NUMBER: _____

DEPOSITORY NAME: _____

BRANCH: _____

CITY: _____ STATE: _____ ZIP: _____

COMPANY NAME: _____

FIRST NAME/LAST NAME: _____

BILLING ADDRESS: _____

CITY _____ STATE _____ ZIP _____

PHONE NUMBER: _____

CUSTOMER NUMBER: _____

SIGNATURE ON FILE: _____

PHONE OR EMAIL APPROVAL AUTHORIZATION NUMBER: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

Rock N Roll Sushi

Franchise Disclosure Document | Multistate 2025 | Exhibit B: Franchise Agreement

Schedule 5: ACH Payment Agreement

**SCHEDULE 6 TO THE FRANCHISE AGREEMENT
HOLDERS OF LEGAL OR BENEFICIAL INTEREST
IN FRANCHISEE; OFFICERS; DIRECTORS**

Holders of Legal or Beneficial Interest:

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: ____%

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: ____%

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: ____%

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: ____%

Officers and Directors:

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: ____%

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: ____%

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: ____%

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: ____%

SCHEDULE 7 TO THE FRANCHISE AGREEMENT
STATE ADDENDA TO THE FRANCHISE AGREEMENT

CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

Section 16.2 is deleted and in its place are substituted the following:

16.2.1 Termination by Us Without Right to Cure. We may terminate this Agreement without notice and the opportunity to cure for any of the following reasons:

(a) The franchisee or the business to which the franchise relates has been judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or the franchisee admits his or her inability to pay his or her debts as they come due;

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

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

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

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

(f) The franchisee, after curing any failure in accordance with Section 16.2.2 engages in the same noncompliance whether or not such noncompliance is corrected after notice;

(g) The franchisee breaches the franchise agreement three or more times in a 12-month period, whether or not corrected after notice;

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

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

(j) The franchisee fails to pay any franchise fees or other amounts due to the franchisor or its affiliate within five days after receiving written notice that such fees are overdue; or

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

16.2.2 Termination by Us with Opportunity to Cure. We may terminate this Agreement, after sending you notice and a 60 day opportunity to cure, for any other breach of this Agreement.

The Franchise Agreement contain a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. See Rule 3.10.114.1.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

FRANCHISEE:

ROCKNROLL SUSHI HOLDINGS LLC

By:_____

By:_____

Date:_____

Date:_____

**HAWAII ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

Section 3.1 of the Franchise Agreement shall be amended to state that the Initial Franchise Fees owed by franchisees shall be deferred until Franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced operations its Franchised Business.

FRANCHISEE:

ROCKNROLL SUSHI HOLDINGS LLC

By:_____

By:_____

Date:_____

Date:_____

**ILLINOIS ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Franchisee rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. Section 3.1 of the Franchise Agreement shall be amended to state that the Initial Franchise Fees owed by franchisees shall be deferred until Franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced operations its Franchised Business. The Illinois Attorney General Office has imposed this deferral requirement due to Franchisor's financial condition.
6. 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 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.

FRANCHISEE:

ROCKNROLL SUSHI HOLDINGS LLC

By: _____

By: _____

Date: _____

Date: _____

**MARYLAND ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. A general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

5. 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.

6. Section 3.1 of the Franchise Agreement is amended to include the following: "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."

FRANCHISEE:

ROCKNROLL SUSHI HOLDINGS LLC

By:_____

By:_____

Date:_____

Date:_____

MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation, mediation and arbitration to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a waiver or release, including disclaimers, questionnaires, acknowledgements, representation or other statements, that would relieve any person from liability imposed by the Minnesota Franchise Act, Sections 80C.01 to 80C.22.
- The franchisee cannot be required to consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitation of Claims section must comply with Minnesota Stat. §80C.17, Subd. 5.
- Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.
- Section 3.9 of the Franchise Agreement is amended to include that the insufficient funds fee shall be capped at \$30.

This Addendum does not act as a release or waiver by the Franchisee of an otherwise applicable provision of the Minnesota Franchise Act that is omitted, misstated, or whose legal effect is misconstrued herein.

FRANCHISEE:

ROCKNROLL SUSHI HOLDINGS LLC

By:_____

By:_____

Date:_____

Date:_____

NORTH DAKOTA ADDENDUM TO THE FRANCHISE AGREEMENT

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. You are not required to sign a general release upon renewal of the franchise agreement.
2. The franchise agreement is amended to also provide as follows:

“Covenants not to compete are generally considered unenforceable in the State of North Dakota.”

3. The provisions concerning choice of law, jurisdiction and venue, jury waiver, and waiver of punitive damages are hereby deleted and in their place is substituted the following language:

“You agree to bring any claim against us, including our present and former employees, agents, and affiliates, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.”

4. North Dakota law governs any cause of action arising out of the franchise agreement.

5. Any requirement in the Franchise Agreement that requires you to pay all costs and expenses incurred by us in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

6. Section 3.1 of the Franchise Agreement shall be amended to states that the Initial Franchise Fees owed by franchisees shall be deferred until Franchisor has satisfied its pre-opening obligations to franchisees and franchisee has commenced operations of its Franchised Business.

7. Section 17 of the Franchise Agreement is modified and deletes the obligation of franchisees to consent to termination or liquidated damages.

8. Section 23 of the Franchise Agreement is modified and amended to provide that all arbitration or mediation required under the Franchise Agreement shall be at a location agreeable to all parties and may not be remote from the franchisee’s Franchised Business.

9. Section 23 of the Franchise Agreement shall be modified to state that the statute of limitations under North Dakota law shall apply.

10. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the relation 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.

FRANCHISEE:

ROCKNROLL SUSHI HOLDINGS LLC

By:_____

By:_____

Date:_____

Date:_____

**RHODE ISLAND ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the franchise agreement contains any provisions that conflict with the Rhode Island Franchise Investment Act, the provisions of this Addendum shall prevail to the extent of such conflict.

2. Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

3. Any provision in the franchise agreement requiring the application of the laws of a state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

4. The Rhode Island Franchise Investment Act stipulates that you cannot release or waive any rights granted under this Act. Any provision of this franchise agreement, which constitutes a waiver of rights granted under the Act, is superseded.

5. You agree to bring any claim against us, including our present and former employees and agents, which in any way relates to or arises out of this Agreement, or any of the dealings of the parties hereto, solely in arbitration before the American Arbitration Association.

FRANCHISEE:

ROCKNROLL SUSHI HOLDINGS LLC

By:_____

By:_____

Date:_____

Date:_____

**SOUTH DAKOTA ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. The Franchise Agreement is clarified to also indicate that 50% of the initial franchise fee and 50% of royalties are deemed paid for the use of our Marks and 50% are deemed paid for our training, support, and franchise system.

FRANCHISEE:

ROCKNROLL SUSHI HOLDINGS LLC

By: _____

By: _____

Date: _____

Date: _____

**VIRGINIA ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. Section 3.1 of the Franchise Agreement is amended to include the following: “The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payment owed by franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.”

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the relation 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.

FRANCHISEE:

ROCKNROLL SUSHI HOLDINGS LLC

By:_____

By:_____

Date:_____

Date:_____

WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT

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

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

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

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

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

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

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

Section 3.1 of the Franchise Agreement shall be amended to state that the Initial Franchise Fees owed by franchisees shall be deferred until Franchisor has satisfied its pre-opening obligations to franchisees and franchisee has commenced operations of its Franchised Business.

Section 3.3.1 of the Franchise Agreement shall be amended to state the following: “*Payment of Taxes.* You agree to promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of your Franchised Business.”

Section 21 of the Franchise Agreement shall be amended to state the following: “Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party’s gross negligence, willful misconduct, strict liability, or fraud.”

The Release Agreement in Schedule 1 does not apply to claims arising under the Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.222(2).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the relation 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.

The undersigned does hereby acknowledge receipt of this addendum.

FRANCHISEE:

ROCKNROLL SUSHI HOLDINGS LLC

By:_____

By:_____

Date:_____

Date:_____

**WISCONSIN ADDENDUM
TO THE FRANCHISE AGREEMENT**

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control.

1. If the Franchise Agreement contains any provision that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.
2. The Franchise Agreement is amended to also include the following language:

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

FRANCHISEE:

ROCKNROLL SUSHI HOLDINGS LLC

By:_____

By:_____

Date:_____

Date:_____

**SCHEDULE 8 TO THE FRANCHISE AGREEMENT
ACCEPTED LOCATION AND TERRITORY**

ACCEPTED LOCATION AND TERRITORY

The Accepted Location under this Agreement will be:

If the Accepted Location has not yet been selected and approved, the geographic area within which you will select the site for your Franchised Business is [subject to change in our discretion]:

The Territory under this Agreement (if applicable) will be:

____ mile-radius around Accepted Location

☐ Check if map is attached.

ROCKNROLL SUSHI HOLDINGS LLC

FRANCHISEE:

By: _____

Entity Name: _____

Title: _____

Name: _____

Date: _____

Title: _____

Date: _____

EXHIBIT C TO THE FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT D TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

ROCKNROLL SUSHI HOLDINGS LLC

FINANCIAL REPORT
AS OF DECEMBER 31, 2024



ROCKNROLL SUSHI HOLDINGS LLC

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Independent Auditor's Report

To the Members
RockNRoll Sushi Holdings LLC
Destin, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of RockNRoll Sushi Holdings LLC which comprise the balance sheets as of December 31, 2024, and 2023 and the related statements of operations, changes in member's equity (deficit) and cash flows for the years ended December 31, 2024, 2023, and 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of RockNRoll Sushi Holdings LLC as of December 31, 2024, and 2023 and the results of its operations and its cash flows for the years ended December 31, 2024, 2023 and 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Reese CPA LLC

Ft. Collins, Colorado
April 16, 2025

ROCKNROLL SUSHI HOLDINGS LLC
BALANCE SHEETS

	AS OF DECEMBER 31,	
	2024	2023
ASSETS:		
CURRENT ASSETS		
Cash	\$ 770,321	\$ 512,516
Franchisee receivable, net	835,477	873,062
Deferred contract cost, current	8,150	8,150
Prepaid expense and other assets	34,406	34,538
TOTAL CURRENT ASSETS	1,648,354	1,428,266
NON-CURRENT ASSETS		
Investments	22,139	-
Deferred contract costs	44,069	52,219
TOTAL ASSETS	\$ 1,714,562	\$ 1,480,485
LIABILITIES AND MEMBER'S EQUITY (DEFICIT):		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 57,131	\$ 106,275
Advertising fund liability	20,336	75,828
Non-refundable deferred franchise fees, current	133,934	114,734
TOTAL CURRENT LIABILITIES	211,401	296,837
LONG-TERM LIABILITIES		
Non-refundable deferred franchise fees	1,433,402	1,322,691
TOTAL LIABILITIES	1,644,803	1,619,528
MEMBERS' EQUITY (DEFICIT)		
Members' capital	250,000	250,000
Accumulated (deficit)	(180,241)	(389,043)
TOTAL MEMBERS' EQUITY (DEFICIT)	69,759	(139,043)
TOTAL LIABILITIES AND MEMBERS' EQUITY (DEFICIT)	\$ 1,714,562	\$ 1,480,485

The accompanying notes are an integral part of these financial statements.

ROCKNROLL SUSHI HOLDINGS LLC
STATEMENTS OF OPERATIONS

	FOR THE YEARS ENDED DECEMBER 31,		
	2024	2023	2022
REVENUES			
Royalty fees	\$ 3,978,707	\$ 3,646,423	\$ 3,173,913
Advertising fund contributions	1,082,322	1,120,732	660,060
Other revenues	593,777	510,533	210,377
Franchise fees	159,089	228,320	87,575
TOTAL REVENUES	5,813,895	5,506,008	4,131,925
OPERATING EXPENSES			
Payroll and related costs	1,599,795	1,695,417	1,158,185
Advertising fund expenses	1,019,366	1,120,732	620,907
Franchise related costs	945,673	808,941	591,116
Bad debt expense	423,773	-	-
General and administrative	375,456	448,814	361,083
Professional fees	138,373	144,685	182,083
Advertising expenses	3,407	2,534	14,486
TOTAL OPERATING EXPENSES	4,505,843	4,221,123	2,927,860
OPERATING INCOME	1,308,052	1,284,885	1,204,065
NET INCOME	\$ 1,308,052	\$ 1,284,885	\$ 1,204,065

The accompanying notes are an integral part of these financial statements

ROCKNROLL SUSHI HOLDINGS LLC
STATEMENTS OF CHANGES IN MEMBER'S EQUITY (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2024, 2023 AND 2022

	<u>Members'</u> <u>Capital</u>	<u>Accumulated</u> <u>Earnings</u> <u>(Deficit)</u>	<u>Total</u> <u>Members'</u> <u>Equity</u> <u>(Deficit)</u>
BALANCE, DECEMBER 31, 2021	\$ 250,000	\$ (388,743)	\$ (138,743)
Member contributions (distributions)	-	(1,032,500)	(1,032,500)
Net income	<u>-</u>	<u>1,204,065</u>	<u>1,204,065</u>
BALANCE, DECEMBER 31, 2022	250,000	(217,178)	32,822
Member contributions (distributions)	-	(1,456,750)	(1,456,750)
Net income	<u>-</u>	<u>1,284,885</u>	<u>1,284,885</u>
BALANCE, DECEMBER 31, 2023	250,000	(389,043)	(139,043)
Member contributions (distributions)	-	(1,099,250)	(1,099,250)
Net income	<u>-</u>	<u>1,308,052</u>	<u>1,308,052</u>
BALANCE, DECEMBER 31, 2024	<u><u>\$ 250,000</u></u>	<u><u>\$ (180,241)</u></u>	<u><u>\$ 69,759</u></u>

The accompanying notes are an integral part of these financial statements.

ROCKNROLL SUSHI HOLDINGS LLC
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 1,308,052	\$ 1,284,885	\$ 1,204,065
Adjustments to reconcile net income to net cash provided by operating activities:			
Recognition of non-refundable deferred franchise fees	(158,089)	(138,320)	(87,575)
Recognition of deferred contract costs	8,150	8,363	8,150
Bad debt expense	423,773	-	-
Change in assets and liabilities			
Franchisee receivables	(386,188)	(324,316)	(54,696)
Deferred contract costs	-	-	-
Prepaid expenses	132	13,650	(21,366)
Accounts payable	(49,144)	98,273	(2,421)
Advertising fund liability	(55,492)	(157,180)	233,008
Non-refundable deferred franchise fees	288,000	261,000	428,000
Net cash provided by operating activities	1,379,194	1,046,355	1,707,165
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment	(22,139)	-	-
Net cash (used) by investing activities	(22,139)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Member contributions/distributions	(1,099,250)	(1,456,750)	(1,032,500)
Net cash (used) by financing activities	(1,099,250)	(1,456,750)	(1,032,500)
NET INCREASE (DECREASE) IN CASH	257,805	(410,395)	674,665
CASH, beginning of year	512,516	922,911	248,246
CASH, end of year	<u>\$ 770,321</u>	<u>\$ 512,516</u>	<u>\$ 922,911</u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for interest	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

ROCKNROLL SUSHI HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

RockNRoll Sushi Holdings LLC (“Company”) is a Florida limited liability company with its home office in Destin, Florida. The Company was formed on September 30, 2020.

The Company offers franchises for the right to open and operate a rock-and-roll music themed sushi restaurant that offers the public high-quality food and beverages of a distinctive character and quality in a location utilizing our distinct design, décor, color scheme and furnishings. The restaurant operates under the name “Rock N Roll Sushi” and other trademarks, service marks, logos, and commercial symbols as designated (the “Marks”).

Predecessors and Affiliates

The Company has one predecessor. On October 9, 2020, the Company purchased all of the assets of RNR Sushi Franchise, LLC, an Alabama limited liability company (“RNR Alabama”). RNR Alabama offered Rock N Roll Sushi restaurant franchises from September 2015 until October 2020, when it had 41 franchises in operation and 70 franchises sold and under development. As part of the asset purchase, RNR Alabama assigned all of its existing franchise agreements to us. The assets acquired by the Company were “pushed up” to the Company’s principal owner, as described in the following paragraph. RNR Alabama never offered franchises in any other line of business and did not engage in any business other than the offer and sale of Rock N Roll Sushi restaurant franchises.

The Company’s principal owner is Bold Restaurant Brands LLC (“Bold Brands”), a Destin, Florida based multi-brand restaurant company focused on becoming a premier operator and franchisor across restaurant categories. Bold Brands owns Island Wing Franchise Company LLC, a Destin, Florida based franchisor of Island Wing Company restaurants, and is a principal owner of TaKorea Franchise Company, LLC, a Destin, Florida based franchisor of TAKKO Seoul Good restaurants.

A summary of significant accounting policies follows:

Basis of Presentation

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

Use of Estimates

Preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ROCKNROLL SUSHI HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Franchisee Receivables

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of \$0 and \$0 was necessary as of December 31, 2024, and 2023, respectively. Franchisee bad debt expense was \$423,773, \$0, and \$0 for the years ended December 31, 2024, 2023, and 2022, respectively. Franchisee amounts written off were \$423,773, \$0, and \$0 for the years ended December 31, 2024, 2023, and 2022, respectively.

Property and Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally two to seven years). The Company had no property and equipment at December 31, 2024, and 2023.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets at December 31, 2024, and 2023.

Franchisee Revenue and Non-refundable Deferred Franchise Fee Revenue

The Company recognizes revenues under the guidance of ASC 606, "Contracts with Customers". The Company's revenue is principally generated through franchise agreements with the Company's franchisees.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently 10 years. Commissions and other direct costs

ROCKNROLL SUSHI HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Franchisee Revenue and Non-refundable Deferred Franchise Fee Revenue (continued)

related to unsatisfied performance obligations are recorded as a contract asset and are recognized as expense when the related performance obligation has been satisfied.

Revenues from continuing royalties are 6% of weekly gross sales and are billed weekly and are recognized as revenue when earned.

Advertising Fund

An advertising fee of up to 1.5% of gross sales is collected from all franchised locations to be used to maximize the general public recognition, acceptance, and use of the system. At the discretion of the Company the advertising fee may be raised to 3% of gross sales. Examples include the development of brand assets, general marketing, advertising, and publicity administered by the Company. Amounts collected and not spent were \$20,336, and \$75,828 as of December 31, 2024, and 2023, respectively. These are included in current liabilities in the accompanying balance sheets.

Advertising Expenses

The Company expenses advertising costs for the selling of franchises as incurred. Advertising costs were \$3,407, \$2,534, and \$14,486 for the years ended December 31, 2024, 2023, and 2022, respectively.

Income Taxes

The member of the Company has elected to be treated as a Partnership for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of its member and no provision for federal or state income taxes has been recorded in the accompanying financial statements.

The Company follows accounting requirements associated with uncertainty in income taxes under the provisions of Financial Accounting Standards Board ("FASB") ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement. Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements for the year ended December 31, 2024, 2023, and 2022.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, franchise receivables. The Company deposits its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company's ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

ROCKNROLL SUSHI HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued and Adopted Accounting Guidance

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). Management has not yet determined the effect the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recognized an asset for the incremental costs and recorded a liability for unearned revenue and deposits associated with franchisee acquisition and acceptance performance obligation of the Company’s franchise agreement. The account balances and activity are as follows:

	December 31, 2024	2023
Deferred Contract Costs		
Balance beginning of year	\$ 60,369	\$ 68,732
Franchisee billing	-	-
Collections in cash	(8,150)	(8,363)
Balance at end of year	<u>\$ 52,219</u>	<u>\$ 60,369</u>
Non-refundable Deferred Franchise Fees:		
Balance beginning of year	\$ 1,437,425	\$ 1,314,745
Deferral of non-refundable franchise fees	288,000	261,000
Recognition of non-refundable franchise fees	(158,089)	(138,320)
Balance at end of year	<u>\$ 1,567,336</u>	<u>\$ 1,437,425</u>

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported as of December 31, 2024, is as follows:

	Deferred Contract Costs	Non-refundable Franchise Fees
Year ending December 31:		
2025	\$ 8,150	\$ 133,934
2026	8,150	133,934
2027	8,150	133,934
2028	8,150	133,934
2029	8,150	133,934
Thereafter	11,469	897,666
	<u>\$ 52,219</u>	<u>\$ 1,567,336</u>

ROCKNROLL SUSHI HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACTS WITH CUSTOMERS (CONTINUED)

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2024, 2023, and 2022, is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Performance obligations satisfied at a point in time	\$ 5,655,806	\$ 5,367,688	\$ 4,044,350
Performance obligations satisfied by the passage of time	<u>158,089</u>	<u>38,320</u>	<u>87,575</u>
Total revenues	<u>\$ 5,813,895</u>	<u>\$ 5,506,008</u>	<u>\$ 4,131,925</u>

NOTE 3 – MEMBERS' EQUITY

Original membership contributions were made for 100% of the limited liability company interests as defined in the operating agreement. Actions taken by the members require majority vote. The Company's profits, losses and cash distributions are allocated to each member as set forth in the operating agreement.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Contingencies

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 5 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 16, 2025, the date on which the financial statements were available to be issued.

ROCKNROLL SUSHI HOLDINGS LLC

FINANCIAL REPORT
AS OF DECEMBER 31, 2023



ROCKNROLL SUSHI HOLDINGS LLC

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Independent Auditor's Report

To the Members
RockNRoll Sushi Holdings LLC
Destin, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of RockNRoll Sushi Holdings LLC which comprise the balance sheets as of December 31, 2023, and 2022 and the related statements of operations, changes in member's equity (deficit) and cash flows for the years ended December 31, 2023, 2022, and 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of RockNRoll Sushi Holdings LLC as of December 31, 2023, and 2022 and the results of its operations and its cash flows for the years ended December 31, 2023, 2022 and 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

A handwritten signature in blue ink that reads "Reese CPA LLC". The signature is written in a cursive, flowing style.

Ft. Collins, Colorado
April 17 2024

ROCKNROLL SUSHI HOLDINGS LLC
BALANCE SHEETS

	AS OF DECEMBER 31,	
	2023	2022
ASSETS:		
CURRENT ASSETS		
Cash	\$ 512,516	\$ 922,911
Franchisee receivable, net	873,062	548,746
Deferred contract cost, current	8,150	8,150
Prepaid expense and other assets	34,538	48,188
TOTAL CURRENT ASSETS	<u>1,428,266</u>	<u>1,527,995</u>
NON-CURRENT ASSETS		
Deferred contract costs	52,219	60,582
TOTAL ASSETS	<u><u>\$ 1,480,485</u></u>	<u><u>\$ 1,588,577</u></u>
LIABILITIES AND MEMBER'S (DEFICIT):		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 106,275	\$ 8,002
Advertising fund liability	75,828	233,008
Non-refundable deferred franchise fees, current	114,734	94,134
TOTAL CURRENT LIABILITIES	<u>296,837</u>	<u>335,144</u>
LONG-TERM LIABILITIES		
Non-refundable deferred franchise fees	1,322,691	1,220,611
TOTAL LIABILITIES	<u>1,619,528</u>	<u>1,555,755</u>
MEMBERS' (DEFICIT)		
Members' capital	250,000	250,000
Accumulated (deficit)	(389,043)	(217,178)
TOTAL MEMBERS' (DEFICIT)	<u>(139,043)</u>	<u>32,822</u>
TOTAL LIABILITIES AND MEMBERS' (DEFICIT)	<u><u>\$ 1,480,485</u></u>	<u><u>\$ 1,588,577</u></u>

The accompanying notes are an integral part of these financial statements.

ROCKNROLL SUSHI HOLDINGS LLC
STATEMENTS OF OPERATIONS

	FOR THE YEARS ENDED DECEMBER 31,		
	2023	2022	2021
REVENUES			
Royalty fees	\$ 3,646,423	\$ 3,173,913	\$ 2,587,472
Advertising fund contributions	1,120,732	660,060	522,587
Other revenues	510,533	210,377	80,340
Franchise fees	228,320	87,575	57,680
TOTAL REVENUES	5,506,008	4,131,925	3,248,079
OPERATING EXPENSES			
Payroll and related costs	1,695,417	1,158,185	793,791
Advertising fund expenses	1,120,732	620,907	561,007
Franchise related costs	808,941	591,116	382,188
General and administrative	448,814	361,083	285,490
Professional fees	144,685	182,083	68,131
Advertising expenses	2,534	14,486	4,826
TOTAL OPERATING EXPENSES	4,221,123	2,927,860	2,095,433
OPERATING INCOME	1,284,885	1,204,065	1,152,646
NET INCOME	\$ 1,284,885	\$ 1,204,065	\$ 1,152,646

The accompanying notes are an integral part of these financial statements

ROCKNROLL SUSHI HOLDINGS LLC
STATEMENTS OF CHANGES IN MEMBER'S EQUITY (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2023, 2022 AND 2021

	<u>Members'</u> <u>Capital</u>	<u>Accumulated</u> <u>Earnings</u> <u>(Deficit)</u>	<u>Total</u> <u>Members'</u> <u>Equity</u> <u>(Deficit)</u>
BALANCE, DECEMBER 31, 2020	\$ 250,000	\$ 286,112	\$ 536,112
Member contributions (distributions)	-	(1,827,501)	(1,827,501)
Net income	<u>-</u>	<u>1,152,646</u>	<u>1,152,646</u>
BALANCE, DECEMBER 31, 2021	250,000	(388,743)	(138,743)
Member contributions (distributions)	-	(1,032,500)	(1,032,500)
Net income	<u>-</u>	<u>1,204,065</u>	<u>1,204,065</u>
BALANCE, DECEMBER 31, 2022	250,000	(217,178)	32,822
Member contributions (distributions)	-	(1,456,750)	(1,456,750)
Net income	<u>-</u>	<u>1,284,885</u>	<u>1,284,885</u>
BALANCE, DECEMBER 31, 2023	<u>\$ 250,000</u>	<u>\$ (389,043)</u>	<u>\$ (139,043)</u>

The accompanying notes are an integral part of these financial statements.

ROCKNROLL SUSHI HOLDINGS LLC
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 1,284,885	\$ 1,204,065	\$ 1,152,646
Adjustments to reconcile net income to net cash provided by operating activities:			
Recognition of non-refundable deferred franchise fees	(138,320)	(87,575)	(57,680)
Recognition of deferred contract costs	8,363	8,150	4,618
Change in assets and liabilities			
Franchisee receivables	(324,316)	(54,696)	(494,050)
Deferred contract costs	-	-	(81,500)
Prepaid expenses	13,650	(21,366)	(26,822)
Accounts payable	98,273	(2,421)	5,377
Advertising fund liability	(157,180)	233,008	(91,701)
Non-refundable deferred franchise fees	261,000	428,000	1,032,000
Net cash provided (used) by operating activities	1,046,355	1,707,165	1,442,888
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (used) by investing activities	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Member contributions/distributions	(1,456,750)	(1,032,500)	(1,827,501)
Net cash provided (used) by financing activities	(1,456,750)	(1,032,500)	(1,827,501)
NET INCREASE (DECREASE) IN CASH	(410,395)	674,665	(384,613)
CASH, beginning of year	922,911	248,246	632,859
CASH, end of year	\$ 512,516	\$ 922,911	\$ 248,246
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for interest	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

ROCKNROLL SUSHI HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

RockNRoll Sushi Holdings LLC (“Company”) is a Florida limited liability company with its home office in Destin, Florida. The Company was formed on September 30, 2020.

The Company offers franchises for the to open and operate a rock-and-roll music themed sushi restaurant that offers the public high-quality food and beverages of a distinctive character and quality in a location utilizing our distinct design, décor, color scheme and furnishings. The restaurant operates under the name “Rock N Roll Sushi” and other trademarks, service marks, logos, and commercial symbols as designated (the “Marks”).

Predecessors, and Affiliates

The Company has one predecessor. On October 9, 2020, the Company purchased all of the assets of RNR Sushi Franchise, LLC, an Alabama limited liability company (“RNR Alabama”). RNR Alabama offered Rock N Roll Sushi restaurant franchises from September 2015 until October 2020, when it had 41 franchises in operation and 70 franchises sold and under development. As part of the asset purchase, RNR Alabama assigned all of its existing franchise agreements to us. The assets acquired by the Company were “pushed up” to the Company’s principal owner, as described in the following paragraph. RNR Alabama never offered franchises in any other line of business and did not engage in any business other than the offer and sale of Rock N Roll Sushi restaurant franchises.

The Company’s principal owner is Bold Restaurant Brands LLC (“Bold Brands”), a Destin, Florida based multi-brand restaurant company focused on becoming a premier operator and franchisor across restaurant categories. Bold Brands owns Island Wing Franchise Company LLC, a Destin, Florida based franchisor of Island Wing Company restaurants, and is a principal owner of TaKorea Franchise Company, LLC, a Destin, Florida based franchisor of TAKKO Seoul Good restaurants.

Outlets in Operation

Changes in the number of operating outlets for the years ended December 31, 2021, and 2020 consist of the following:

	2023	2022	2021
Outlets in operation, beginning	60	50	43
Outlets opened	5	11	8
Outlets terminated or closed	-	(1)	(1)
Outlets in operation, ending	<u>65</u>	<u>60</u>	<u>50</u>
Franchised outlets	62	57	50
Related party owned outlets	3	3	-

ROCKNROLL SUSHI HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A summary of significant accounting policies follows:

Basis of Presentation

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

Use of Estimates

Preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Franchisee Receivables

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of \$0 and \$0 was necessary as of December 31, 2022, and 2021, respectively. Franchisee bad debt expense was \$0, \$0, and \$0 for the years ended December 31, 2022, 2021, and the period from September 30, 2020 (Inception) through December 31, 2020, respectively. Franchisee amounts written off were \$0, \$0, and \$0 for the years ended December 31, 2022, 2021, and the period from September 30, 2020 (Inception) through December 31, 2020, respectively.

Property and Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally two to seven years). The Company had no property and equipment at December 31, 2023, and 2022.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets at December 31, 2023, and 2022.

ROCKNROLL SUSHI HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Franchisee Revenue and Non-refundable Deferred Franchise Fee Revenue

The Company recognizes revenues under the guidance of ASC 606, “Contracts with Customers”. The Company’s revenue is principally generated through franchise agreements executed with the Company’s franchisees.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently 10 years. Commissions and other direct costs related to unsatisfied performance obligations are recorded as a contract asset and are recognized as expense when the related performance obligation has been satisfied.

Revenues from continuing royalties are 6% of weekly gross sales and are billed weekly and are recognized as revenue when earned.

Advertising Fund

An advertising fee of up to 1.5% of gross sales is collected from all franchised locations to be used to maximize the general public recognition, acceptance, and use of the system. At the discretion of the Company the advertising fee may be raised to 3% of gross sales. Examples include the development of brand assets, general marketing, advertising, and publicity administered by the Company. Amounts collected and not expended were \$233,008, and \$0 as of December 31, 2022, and 2021, respectively. These are included in current liabilities in the accompanying balance sheets.

Advertising Expenses

The Company expenses advertising costs for the selling of franchises as incurred. Advertising costs expensed were \$2,534, \$14,486, and \$4,826 for the years ended December 31, 2023, 2022, and 2021, respectively.

Income Taxes

The member of the Company has elected to be treated as a Partnership for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of its member and no provision for federal or state income taxes has been recorded in the accompanying financial statements.

The Company follows accounting requirements associated with uncertainty in income taxes under the provisions of Financial Accounting Standards Board (“FASB”) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

ROCKNROLL SUSHI HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements for the year ended December 31, 2023, 2022, and 2021.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, franchise receivables. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company's ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Recently Issued and Adopted Accounting Guidance

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). Management has not yet determined the effect the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recognized an asset for the incremental costs and recorded a liability for unearned revenue and deposits associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31,	
	2023	2022
Deferred Contract Costs		
Balance beginning of year	\$ 68,732	\$ 76,882
Franchisee billing	-	-
Collections in cash	(8,363)	(8,150)
Balance at end of year	<u>\$ 60,369</u>	<u>\$ 68,732</u>
Non-refundable Deferred Franchise Fees:		
Balance beginning of year	\$ 1,314,745	\$ 974,320
Deferral of non-refundable franchise fees	261,000	428,000
Recognition of non-refundable franchise fees	(138,320)	(87,575)
Balance at end of year	<u>\$ 1,437,425</u>	<u>\$ 1,314,745</u>

ROCKNROLL SUSHI HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACTS WITH CUSTOMERS (CONTINUED)

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2023, 2022, and 2021, is as follows:

	2023	2022	2021
Performance obligations satisfied at a point in time	\$ 5,367,688	\$ 4,044,350	\$ 3,190,399
Performance obligations satisfied through the passage of time	138,320	87,575	57,680
Total revenues	<u>\$ 5,506,008</u>	<u>\$ 4,131,925</u>	<u>\$ 3,248,079</u>

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported as of December 31, 2023, is as follows:

	Deferred Contract Costs	Non-refundable Franchise Fees
Year ending December 31:		
2024	\$ 8,150	\$ 114,734
2025	8,150	114,734
2026	8,150	114,734
2027	8,150	114,734
2028	8,150	114,734
Thereafter	19,619	863,755
	<u>\$ 60,369</u>	<u>\$ 1,437,425</u>

NOTE 3 – MEMBERS' EQUITY

Original membership contributions were made for 100% of the limited liability company interests as defined in the operating agreement. Actions taken by the members require majority vote. The Company's profits, losses and cash distributions are allocated to each member as set forth in the operating agreement.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Contingencies

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 5 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 17, 2024, the date on which the financial statements were available to be issued.

ROCKNROLL SUSHI HOLDINGS LLC

FINANCIAL REPORT
AS OF DECEMBER 31, 2022



ROCKNROLL SUSHI HOLDINGS LLC

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Independent Auditor's Report

To the Members
RockNRoll Sushi Holdings LLC
Destin, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of RockNRoll Sushi Holdings LLC which comprise the balance sheets as of December 31, 2022, and 2021 and the related statements of operations, changes in member's equity (deficit) and cash flows for the years ended December 31, 2022, 2021, and the period from September 30, 2020 (Inception) through December 31, 2020, and the related notes to the financial statements.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of RockNRoll Sushi Holdings LLC as of December 31, 2022, and 2021 and the results of its operations and its cash flows for the years ended December 31, 2022, 2021 and the period from September 30, 2020 (Inception) through December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

A handwritten signature in blue ink that reads "Reese CPA LLC". The signature is written in a cursive, flowing style.

Ft. Collins, Colorado
April 28, 2023

ROCKNROLL SUSHI HOLDINGS LLC
BALANCE SHEETS

	AS OF DECEMBER 31,	
	2022	2021
ASSETS:		
CURRENT ASSETS		
Cash	\$ 922,911	\$ 248,246
Franchisee receivable, net	548,746	494,050
Deferred contract cost, current	8,150	8,150
Prepaid expense and other assets	48,188	26,822
TOTAL CURRENT ASSETS	<u>1,527,995</u>	<u>777,268</u>
NON-CURRENT ASSETS		
Deferred contract costs	60,582	68,732
TOTAL ASSETS	<u><u>\$ 1,588,577</u></u>	<u><u>\$ 846,000</u></u>
LIABILITIES AND MEMBER'S EQUITY (DEFICIT):		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 8,002	\$ 10,423
Advertising fund liability	233,008	-
Non-refundable deferred franchise fees, current	94,134	68,800
TOTAL CURRENT LIABILITIES	<u>335,144</u>	<u>79,223</u>
LONG-TERM LIABILITIES		
Non-refundable deferred franchise fees	1,220,611	905,520
TOTAL LIABILITIES	<u>1,555,755</u>	<u>984,743</u>
MEMBERS' EQUITY (DEFICIT)		
Members' capital	250,000	250,000
Accumulated earnings (deficit)	(217,178)	(388,743)
TOTAL MEMBERS' EQUITY (DEFICIT)	<u>32,822</u>	<u>(138,743)</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY (DEFICIT)	<u><u>\$ 1,588,577</u></u>	<u><u>\$ 846,000</u></u>

The accompanying notes are an integral part of these financial statements.

ROCKNROLL SUSHI HOLDINGS LLC
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND THE
PERIOD FROM SEPTEMBER 30, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES			
Royalty fees	\$ 3,173,913	\$ 2,587,472	\$ 436,235
Advertising fund contributions	660,060	522,587	2,526
Other revenues	210,377	80,340	0
Franchise fees	87,575	57,680	-
TOTAL REVENUES	<u>4,131,925</u>	<u>3,248,079</u>	<u>438,761</u>
OPERATING EXPENSES			
Payroll and related costs	1,158,185	793,791	80,976
Advertising fund expenses	620,907	561,007	3,260
Franchise related costs	591,116	382,188	33,120
General and administrative	361,083	285,490	16,135
Professional fees	182,083	68,131	17,743
Advertising expenses	14,486	4,826	1,415
TOTAL OPERATING EXPENSES	<u>2,927,860</u>	<u>2,095,433</u>	<u>152,649</u>
OPERATING INCOME (LOSS)	1,204,065	1,152,646	286,112
NET INCOME	<u><u>\$ 1,204,065</u></u>	<u><u>\$ 1,152,646</u></u>	<u><u>\$ 286,112</u></u>

The accompanying notes are an integral part of these financial statements

ROCKNROLL SUSHI HOLDINGS LLC
STATEMENTS OF CHANGES IN MEMBER'S EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND THE
PERIOD FROM SEPTEMBER 30, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	<u>Members'</u> <u>Capital</u>	<u>Accumulated</u> <u>Earnings</u> <u>(Deficit)</u>	<u>Total</u> <u>Members'</u> <u>Equity</u> <u>(Deficit)</u>
BALANCE, SEPTEMBER 30, 2020 (INCEPTION)	\$ -	\$ -	\$ -
Member contributions (distributions)	250,000	-	250,000
Net income	<u>-</u>	<u>286,112</u>	<u>286,112</u>
BALANCE, DECEMBER 31, 2020	250,000	286,112	536,112
Member contributions (distributions)	-	(1,827,501)	(1,827,501)
Net income	<u>-</u>	<u>1,152,646</u>	<u>1,152,646</u>
BALANCE, DECEMBER 31, 2021	250,000	(388,743)	(138,743)
Member contributions (distributions)	-	(1,032,500)	(1,032,500)
Net income	<u>-</u>	<u>1,204,065</u>	<u>1,204,065</u>
BALANCE, DECEMBER 31, 2022	<u>\$ 250,000</u>	<u>\$ (217,178)</u>	<u>\$ 32,822</u>

The accompanying notes are an integral part of these financial statements.

ROCKNROLL SUSHI HOLDINGS LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND THE
PERIOD FROM SEPTEMBER 30, 2020 (INCEPTION) THROUGH DECEMBER 31, 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 1,204,065	\$ 1,152,646	\$ 286,112
Adjustments to reconcile net income to net cash provided by operating activities:			
Recognition of non-refundable deferred franchise fees	(87,575)	(57,680)	-
Recognition of deferred contract costs	8,150	4,618	-
Change in assets and liabilities			
Franchisee receivables	(54,696)	(494,050)	-
Deferred contract costs	-	(81,500)	
Prepaid expenses	(21,366)	(26,822)	
Accounts payable	(2,421)	5,377	5,046
Advertising fund liability	233,008	(91,701)	91,701
Non-refundable deferred franchise fees	428,000	1,032,000	-
Net cash provided (used) by operating activities	<u>1,707,165</u>	<u>1,442,888</u>	<u>382,859</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash (used) by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Member contributions/distributions	<u>(1,032,500)</u>	<u>(1,827,501)</u>	<u>250,000</u>
Net cash provided (used) by financing activities	<u>(1,032,500)</u>	<u>(1,827,501)</u>	<u>250,000</u>
NET INCREASE (DECREASE) IN CASH	674,665	(384,613)	632,859
CASH, beginning of year	<u>248,246</u>	<u>632,859</u>	
CASH, end of year	<u><u>\$ 922,911</u></u>	<u><u>\$ 248,246</u></u>	<u><u>\$ 632,859</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for interest	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

ROCKNROLL SUSHI HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

RockNRoll Sushi Holdings LLC (“Company”) is a Florida limited liability company with its home office in Destin, Florida. The Company was formed on September 30, 2020.

The Company offers franchises for the to open and operate a rock-and-roll music themed sushi restaurant that offers the public high-quality food and beverages of a distinctive character and quality in a location utilizing our distinct design, décor, color scheme and furnishings. The restaurant operates under the name “Rock N Roll Sushi” and other trademarks, service marks, logos, and commercial symbols as designated (the “Marks”).

Predecessors, and Affiliates

The Company has one predecessor. On October 9, 2020, the Company purchased all of the assets of RNR Sushi Franchise, LLC, an Alabama limited liability company (“RNR Alabama”). RNR Alabama offered Rock N Roll Sushi restaurant franchises from September 2015 until October 2020, when it had 41 franchises in operation and 70 franchises sold and under development. As part of the asset purchase, RNR Alabama assigned all of its existing franchise agreements to us. The assets acquired by the Company were “pushed up” to the Company’s principal owner, as described in the following paragraph. RNR Alabama never offered franchises in any other line of business and did not engage in any business other than the offer and sale of Rock N Roll Sushi restaurant franchises.

The Company’s principal owner is Bold Restaurant Brands LLC (“Bold Brands”), a Destin, Florida based multi-brand restaurant company focused on becoming a premier operator and franchisor across restaurant categories. Bold Brands owns Island Wing Franchise Company LLC, a Destin, Florida based franchisor of Island Wing Company restaurants, and is a principal owner of TaKorea Franchise Company, LLC, a Destin, Florida based franchisor of TAKKO Seoul Good restaurants.

Outlets in Operation

Changes in the number of operating outlets for the years ended December 31, 2021, and 2020 consist of the following:

	2022	2021	2020
Outlets in operation, beginning	50	43	33
Outlets opened	11	8	11
Outlets terminated or closed	(1)	(1)	(1)
Outlets in operation, ending	<u>60</u>	<u>50</u>	<u>43</u>
Franchised outlets	57	49	43
Related party owned outlets	3	1	-

ROCKNROLL SUSHI HOLDINGS LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In March 2020, the World Health Organization officially designated COVID-19 as a pandemic, and as a result, businesses across the United States and the rest of the world have experienced disruption ranging from limited to significant, depending on the nature of the business impacted. The effect of COVID-19 on the Rock N Roll Sushi franchise system was not as significant as expected. Although most of the locations experienced a drop in revenues during the March-May 2020 period, starting in the middle of May 2020, revenues rebounded to historical levels. While the disruption to the business of RNR Alabama up to October 2020, and the Company's business, thereafter, has been temporary, there remains uncertainty as to future results based on the continued impact of COVID-19 on the general population.

A summary of significant accounting policies follows:

Basis of Presentation

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

Use of Estimates

Preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Franchisee Receivables

The Company's franchisee receivables primarily result from initial franchise fees, royalty fees, brand development contributions and training fees charged to franchisees. Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized after invoicing. The Company reports these receivables at net realizable value.

Management determines the allowance for doubtful accounts based on historical losses, current expectations, and economic conditions. On a continuing basis, management analyzes delinquent accounts receivable and, once these accounts receivable are determined to be uncollectible, they are written off through a charge against an existing allowance account. The allowance account is reviewed regularly and adjusted against earnings as appropriate. The Company determined that an allowance on outstanding franchisee receivables of \$0 and \$0 was necessary as of December 31, 2022, and 2021, respectively. Franchisee bad debt expense was \$0, \$0, and \$0 for the years ended December 31, 2022, 2021, and the period from September 30, 2020 (Inception) through December 31, 2020, respectively. Franchisee amounts written off were \$0, \$0, and \$0 for the years ended December 31, 2022, 2021, and the period from September 30, 2020 (Inception) through December 31, 2020, respectively.

ROCKNROLL SUSHI HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally two to seven years). The Company had no property and equipment at December 31, 2022, and 2021.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets at December 31, 2022, and 2021.

Franchisee Revenue and Non-refundable Deferred Franchise Fee Revenue

The Company recognizes revenues under the guidance of ASC 606, “Contracts with Customers”. The Company’s revenue is principally generated through franchise agreements executed with the Company’s franchisees.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently 10 years. Commissions and other direct costs related to unsatisfied performance obligations are recorded as a contract asset and are recognized as expense when the related performance obligation has been satisfied.

Revenues from continuing royalties are 6% of weekly gross sales and are billed weekly and are recognized as revenue when earned.

Advertising Fund

An advertising fee of up to 1.5% of gross sales is collected from all franchised locations to be used to maximize the general public recognition, acceptance, and use of the system. At the discretion of the Company the advertising fee may be raised to 3% of gross sales. Examples include the development of brand assets, general marketing, advertising, and publicity administered by the Company. Amounts collected and not expended were \$233,008, and \$0 as of December 31, 2022, and 2021, respectively. These are included in current liabilities in the accompanying balance sheets.

ROCKNROLL SUSHI HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Expenses

The Company expenses advertising costs for the selling of franchises as incurred. Advertising costs expensed were \$14,486, \$4,826, and \$1,415 for the years ended December 31, 2022, 2021, and the period from September 30, 2020 (Inception) through December 31, 2020, respectively.

Income Taxes

The member of the Company has elected to be treated as a Partnership for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of its member and no provision for federal or state income taxes has been recorded in the accompanying financial statements.

The Company follows accounting requirements associated with uncertainty in income taxes under the provisions of Financial Accounting Standards Board (“FASB”) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon settlement.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements for the year ended December 31, 2022, 2021, and the period from September 30, 2020 (Inception) through December 31, 2020.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, franchise receivables. The Company places its temporary cash investments with financial institutions. At times throughout the year the Company may, in the ordinary course of business, maintain cash balances in excess of federally insured limits. Management does not believe the Company is exposed to any unusual risks on such deposits. The Company grants credit to franchisees. The Company’s ability to collect the amounts due from franchisees is affected by fluctuations in the economy and the operations of the franchisees.

Recently Issued and Adopted Accounting Guidance

The Company has adopted all recently issued Accounting Standards Updates (“ASU”). Management has not yet determined the effect the adoption of the other recently issued ASUs, including those not yet effective, could have on the financial position or results of operations of the Company.

ROCKNROLL SUSHI HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACTS WITH CUSTOMERS

The Company has recognized an asset for the incremental costs and recorded a liability for unearned revenue and deposits associated with franchisee acquisition and acceptance performance obligation of the Company's franchise agreement. The account balances and activity are as follows:

	December 31,	
	2022	2021
Deferred Contract Costs		
Balance beginning of year	\$ 76,882	\$ -
Franchisee billing	-	81,500
Collections in cash	(8,150)	(4,618)
Balance at end of year	<u>\$ 68,732</u>	<u>\$ 76,882</u>
Non-refundable Deferred Franchise Fees:		
Balance beginning of year	\$ 974,320	\$ -
Deferral of non-refundable franchise fees	428,000	1,032,000
Recognition of non-refundable franchise fees	(87,575)	(57,680)
Balance at end of year	<u>\$ 1,314,745</u>	<u>\$ 974,320</u>

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2022, 2021, and the period from September 30, 2020 (Inception) through December 31, 2020, is as follows:

	2022	2021	2020
Performance obligations satisfied at a point in time	\$ 4,044,350	\$ 3,190,399	\$ 438,761
Performance obligations satisfied through the passage of time	87,575	57,680	-
Total revenues	<u>\$ 4,131,925</u>	<u>\$ 3,248,079</u>	<u>\$ 438,761</u>

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported as of December 31, 2022, is as follows:

	Deferred Contract Costs	Non-refundable Franchise Fees
Year ending December 31:		
2023	\$ 8,150	\$ 94,134
2024	8,150	94,134
2025	8,150	94,134
2026	8,150	94,134
2027	8,150	94,134
Thereafter	27,982	844,075
	<u>\$ 68,732</u>	<u>\$ 1,314,745</u>

ROCKNROLL SUSHI HOLDINGS LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – MEMBERS’ EQUITY

Original membership contributions were made for 100% of the limited liability company interests as defined in the operating agreement. Actions taken by the members require majority vote. The Company’s profits, losses and cash distributions are allocated to each member as set forth in the operating agreement.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Contingencies

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 5 - SUBSEQUENT EVENTS

Date of Management’s Evaluation

Management has evaluated subsequent events through April 28, 2023, the date on which the financial statements were available to be issued.

EXHIBIT E TO THE DISCLOSURE DOCUMENT

LIST OF CURRENT AND FORMER FRANCHISEES

The following is a list of the names of all operational franchisees and the address and telephone number of each of their outlets as of December 31, 2024:

Franchise City/State	Franchisee Name	Address	Phone Number
<u>Alabama</u>			
Birmingham, AL	Dina Shunnarah	3431 Colonnade Pkwy Suite 400 Birmingham, AL 35243	205-639-1375
Birmingham, AL	Ryan Hallmark	5078 Pinnacle Sq. Suite 106 Birmingham, AL 35173	205-655-6040
Birmingham, AL	Ryan Hallmark Treasha Reeves Lauren Garrett	420 Richard Arrington Blvd Birmingham, AL 35233	205-412-4431
Cullman, AL	Tiffany Perkins Stephanie Perkins Chuck Perkins Russell Perkins	1900 MarktPlatz Center SW Cullman, Alabama 35055	256-841-5111
Daphne, AL	Mitch Stokely Heather Stokely	6850 US Hwy 90 Suite 07A Daphne, AL 36526	251-753-4367
Decatur, AL	Andy Villarreal Jeff Villareal	1115 Beltline Rd SE Suite 100 Decatur, AL 35601	256-686-2449
Dothan, AL	Candice Maddox Talia Mills	103 Apple Dr., Suite 2 Dothan, AL 36303	334-596-5659
Foley, AL	Russell Perkins	2601 S. McKenzie St. Suite 110 Foley, AL 36535	251-943-4648
Gadsden, AL	Charity Perez	504 Broad St. Gadsden, AL 35901	256-467-3225
Hoover, AL	Ryan Hallmark	4441 Creekside Ave. Hoover, AL 35244	205-733-6600
Huntsville, AL	Andy Villarreal Jeff Villarreal	2500 Clinton Ave. Suite B Huntsville, AL 35805	256-517-8666
Huntsville, AL	Jeff Villarreal Andy Villarreal	9056 Memorial Pkwy SW Huntsville, AL 35802	256-227-1914
Jasper, AL	Odie Hallmark	323 19 th St. West Jasper, AL 35501	205-295-5078

Mobile, AL	Rachel Le	273 McGregor Ave S. Mobile AL 36608	251-287-0445
Mobile, AL	Lance Hallmark Gerri Hallmark	6345-A Airport Blvd. Mobile, AL 36608	251-287-0555
Mobile, AL	Leslie McCleskey Chase McCleskey	2534-B Old Shell Rd. Mobile, AL 36607	251-607-6272
Mobile, AL	Brandon Hebner Elizabeth Hebner	5167 Rangeline Rd North #102 Mobile, AL 36619	251-219-7259
Saraland, AL	Leslie Lee McCleskey Chase McCleskey	940 Industrial Pkwy. Saraland, AL 36571	251-308-2158
Tuscaloosa, AL	Ryan Hallmark Odie Hallmark	2229 University Blvd. Tuscaloosa, AL 35401	205-469-9060
<u>Arizona</u>			
Glendale, AZ	Craig Lemieux Dianne Lemieux Scott Palmateer Terri Jessen Chris Kramolis Andrew Jessen	9950 West Glendale Ave, Glendale, AZ 85307	623-248-7130
Goodyear, AZ	Craig Lemieux Dianne Lemieux Scott Palmateer Terri Jessen Chris Kramolis Andrew Jessen	15611 W. McDowell Rd., Suite 110 Goodyear, AZ 85395	501-352-0175
<u>Arkansas</u>			
Benton, AR	Jason Alley Chris Alley	119 N. Market St Benton, AR 72015	501-794-6049
Conway, AR	Chris Kramolis Jason Alley	975 S. Amity Dr. Conway, AR 72032	501-352-0175
Fayetteville, AR	Chris Delre Robert Stevens Robert Burnett	1777 W. Martin Luther King Blvd., Suite 2, Fayetteville, AR 72701	618-972-3922
Little Rock, AR	Jason Alley Chris Kramolis	12800 Chenal Pkwy #10 Little Rock, AR 72211	501-313-4241
Little Rock, AR	Jason Alley Chris Kramolis	1224 Main St Little Rock, AR 72201	501-900-7625
North Little Rock, AR	Chris Kramolis Jason Alley Chris Alley	2607A McCain Blvd., North Little Rock, AR 72116	501-480-2103
<u>Colorado</u>			
Colorado Spring, CO	Kyle Gerstner	7875 Silicon Heights Colorado Springs, CO 80921	316-209-5296
<u>Florida</u>			
Beulah, FL	Amy Boesen	8714 Beulah Rd Beulah, FL 32526	850-565-5300

Gainesville, FL	Jim Dykes Graham Bishop	3205 Clark Butler Blvd Gainesville, FL 32608	334-798-1941
Gulf Breeze, FL	Amy Boesen	1468 Tiger Park Ln. Gulf Breeze, FL 32563	850-565-5300
Lithia, FL	Craig Lemieux Andrew Jessen John Weissfisch Terri Jessen Katrina Weissfisch Dianne Lemieux	5629 Circa Fishhawk Blvd., Lithia, FL 33547	305-926-2484
Milton, FL	Amy Boesen	4551 Watkins St. Milton, FL 32571	850-889-4252
Newberry, FL	Graham Bishop Jim Dykes	13005 SW 1 Rd #137 Newberry, FL 32669	334-798-1941
Niceville, FL	Eric Jenrich Adam Alfonso	1300 John Sims Parkway E. Niceville, FL 32578	985-788-1450
Pensacola, FL	Amy Bowsen	1531 East Nine Mile Road, Suite A-6 Pensacola, FL 32514	850-760-2455
Stuart, FL	Vincent Gannascoli Nicholas Gannascoli	2620 SE Federal Highway Stuart, FL 34994	772-631-0825
Tallahassee, FL	Sam Osborne Chris Kramolis	1415 Timberlane Rd Unit 305 Tallahassee, FL 32312	850-999-1748
Tallahassee, FL	Sam Osborne Chris Kramolis	222 Magnolia Dr. Unit 101 Tallahassee, FL 32301	501-352-0175
West Pensacola, FL	Amy Boesen	24 S. Blue Angel Parkway, Ste 10 West Pensacola, FL 32506	850-712-3622
<u>Georgia</u>			
Bonaire, GA	Eric Robison	794 Hwy 96 Suite G102 Bonaire, GA 31005	478-313-5250
Canton, GA	Eric Robison	1548 Riverstone Pkwy Canton, GA 30114	678-880-6450
Duluth, GA	Jason Burr Joann Ribaud	3140 Main Street Duluth, GA 30096	678-694-8612
Locust Grove, GA	Eric Robison	4858 Bill Gardner Pkwy Locust Grove, GA 30248	404-772-8101
Macon, GA	Eric Robison	5801 Zebulon Road Macon, GA 31210	470-878-1881
Rome, GA	Charity Perez	208 Broad St. Rome, GA 30161	706-512-4807
Stockbridge, GA	Eric Robison	1580 Hudson Bridge Rd., Suite D Stockbridge, GA 30281	470-878-1881

Warner Robins, GA	Eric Robison	3010 Watson Blvd Warner Robins, GA 31093	770-407-6570
<u>Kentucky</u>			
Owensboro, KY	Candice Maddox	3750 Frederica Street, Owensboro, KY 42301	334-710-0922
<u>Louisiana</u>			
Kenner, LA	Eric Jenrich Adam Alfonso	817 W. Esplanade Suite B Kenner, LA 70065	256-227-1914
Slidell, LA	Andy Villarreal Jeff Villarreal	680 Town Center Pkwy., Suite D800 Slidell, LA 70458	985-649-4051
<u>Mississippi</u>			
D'Iberville, MS	Andy Villarreal Jeff Villarreal	3920 Promenade Pkwy., Suite F D'Iberville, MS 39540	228-967-7919
Gulfport, MS	Andy Villarreal Jeff Villarreal	1427 25 th Ave. Gulfport, MS 39501	228-357-5553
Hattiesburg, MS	Jeremy Mizell	3002 Hardy St. Suite 100 Hattiesburg, MS 39401	769-390-7957
Ridgeland, MS	Jeremy Mizell	733 Lake Harbour Dr. Unit K Ridgeland, MS 39157	769-300-1911
Tupelo, MS	Ryan Hallmark	3999B North Gloster St Tupelo, MS 38804	662-346-4266
<u>Missouri</u>			
Cape Girardeau, MO	Donnie Shaw	3069 William Street, Suite 101, Cape Girardeau, MO 63701	573-335-3134
<u>Tennessee</u>			
Clarksville, TN	Lance Hallmark Chase McCleskey	108 Morris Rd Unit 108 Clarksville, TN 37040	251-510-1711
Germantown TN	Frederic Fordin Lon Mcdurmon	9155 Poplar Ave., #19 Germantown, TN 38138	901-746-9360
Hendersonville, TN	Lance Hallmark Leslie McCleskey Gerri Hallmark Chase McCleskey	217 Indian Lake Blvd Suite 1001 Hendersonville, TN 37075	251-510-1711
Jackson, TN	Ryan Hallmark	2046 Pleasant Plains Extension, Suite A Jackson, TN 38305	731-240-1400
Memphis, TN	Frederic Fordin Lon Mcdurmon Ryan Mcdurmon Spencer Burgon	2886 Wolf Creek Pkwy. Memphis, TN 38133	901-730-0793

Mufreesboro, TN	Lance Hallmark Leslie McCleskey Gerri Hallmark Chase McCleskey	3053 Medical Center Pkwy Suite D Mufreesboro, TN 37129	629-201-5959
Nashville, TN	Lance Hallmark Leslie McCleskey Chase McCleskey	1610 21 st Ave. S. Nashville, TN 37212	346-268-7050
Nashville, TN	Patrick Copeland	2266 Lebanon Pike Nashville, TN 37214	251-709-1928
Smyrna, TN	Gerri Hallmark Lance Hallmark Leslie McCleskey	582 Sam Ridley Pkwy W Smyrna, TN 37167	251-510-1711
Springhill, TN	Leslie McCleskey Lance Hallmark Chase McCleskey	4884 Town Center Springhill, TN 37174	251-510-1711
<u>Texas</u>			
Cypress, TX	Aaron Stroud Glen Stroud	12361 Barker Cypress Rd Suite 900 Cypress, TX 77429	937-360-3690
Spring, TX	Glen Stroud Aaron Stroud	20071 I-45 Spring, TX 77388	346-268-7050

The following are the names, addresses and telephone numbers of all franchisees as of December 31, 2024 who are not yet operational but have signed a Franchise Agreement:

<u>Alabama</u>			
Madison, AL	Jeremy Brown Jonathan Brown Wesley Brown, Jr.	To be determined	256-777-4105
Oxford, AL	Neal Gibbs	To be determined	256-490-5004
<u>Arizona</u>			
Tucson, AZ	Huyen Bui Samip Patel	10165 E. Old Vail Rd., Tucson, AZ 85747	816-808-9736
Tucson, AZ	Huyen Bui Samip Patel	To be determined	816-808-9736
<u>Arkansas</u>			
Fort Smith, AR	Aaron Duty Cody Mcpherson Kristen Mcpherson Sidney Fritz-Duty	To be determined	501-650-0993
Hot Springs, AR	Blaine Runyan	To de determined	870-283-1615
Jonesboro, AR	Aaron Duty Cody Mcpherson Kristen Mcpherson Sidney Fritz-Duty	To be determined	501-650-0993

Jonesboro/Fort Smith, AR	Aaron Duty Cody Mcpherson Kristen Mcpherson Sidney Fritz-Duty	To be determined	501-650-0993
<u>Colorado</u>			
Colorado Springs, CO	Kyle Gerstner	To be determined	719-344-8496
Colorado Springs, CO	Kyle Gerstner	To be determined	719-344-8496
Colorado Springs, CO	Kyle Gerstner	To be determined	719-344-8496
<u>Florida</u>			
Apollo Beach/Waterset, FL	Katarina Schickedanz Andrew Jessen Craig Lemieux Dianne Lemieux John Weissfisch Terri Jessen	To be determined	810-691-9623
Orlando, FL	Darrel Lewis	To be determined	407-538-5175
Panama City, FL	Candice Maddox Talia Mills	To be determined	334-701-0922
Panama City, FL	Mark Mcsparin	To be determined	217-549-3000
Port Saint Lucie, FL	Vincent Gannascoli Nicholas Gannascoli	10364 SW Discovery Way, Port St. Lucie, FL 34987	772-631-0825
<u>Georgia</u>			
Atlanta, GA	Joann Ribaudo Jason Burr	To be determined	912-655-7714
Atlanta, GA	Joann Ribaudo Jason Burr	To be determined	912-655-7714
Atlanta, GA	Joann Ribaudo Jason Burr	To be determined	912-655-7714
Decatur, GA	Eric Robison	1575 Church Street, Decatur, GA 30033	678-880-6450
<u>Michigan</u>			
Dearborn, MI	Hicham Bazzi Silvia Maruncic	To be determined	313-445-1228
<u>Mississippi</u>			
Oxford, MS	Brad Jetton Heather Jetton	To be determined	601-341-0177
<u>Nevada</u>			
Las Vegas, NV	Zarko Stojanovski	To be determined	702-524-6524
<u>Tennessee</u>			
Cookeville, TN	Carlos Oquendo	To be determined	601-341-0177

The following is a list of the names, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the

franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document:

Alpharetta, GA	Jason Burr Joann Ribaudó	5530 Windward Pkwy, #300 Alpharetta, GA 30004	912-655-7714
Stafford, TX	Chase McCleskey Leslie McCleskey Gerri Hallmark Lance Hallmark	3607 South Main St, Set 112 Stafford, TX 77477	251-510-1711

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

EXHIBIT F TO THE DISCLOSURE DOCUMENT FRANCHISEE DISCLOSURE QUESTIONNAIRE

Washington franchisees should not sign this Franchisee Disclosure Questionnaire.

As you know, RockNRoll Sushi Holdings LLC and you are preparing to enter into a Franchise Agreement for the operation of a franchised business. In this Franchisee Disclosure Questionnaire, RockNRoll Sushi Holdings LLC will be referred to as “we” or “us.” The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate, or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed RockNRoll Sushi Holdings LLC’s Franchise Agreement and each exhibit, addendum, and attachment attached to it?
Yes _____ No _____
2. Have you received and personally reviewed our Disclosure Document we provided to you?
Yes _____ No _____
3. Do you understand that the success or failure of your business 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 _____
4. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits, or operating costs of a Rock N Roll Sushi Restaurant business that we or our franchisees operate?
Yes _____ No _____
5. Has any employee or other person speaking on our behalf made any statement or promise concerning a Rock N Roll Sushi Restaurant business that is contrary to, or different from, the information contained in the Disclosure Document?
Yes _____ No _____
6. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a franchised business?
Yes _____ No _____
7. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service, or assistance that we will furnish to you that is contrary to, or different from, the information contained in this Disclosure Document?
Yes _____ No _____

8. If you have answered “Yes” to any of questions 4 through 7, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of these questions, please leave the following lines blank.

9. Do you understand that in all dealings with you, our officers, directors, employees, and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us?
Yes _____ No _____

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of a 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.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

Name of Franchisee/Applicant

Date

Signature

Name and Title of Person Signing

**EXHIBIT G TO THE DISCLOSURE DOCUMENT
STATE ADDENDA TO THE DISCLOSURE DOCUMENT**

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

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

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

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

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

Item 6 of the Disclosure Document shall be amended to include the following: “The maximum interest rate in California is 10% annually.”

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

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

Item 17.g. of the Disclosure Document is modified to state that, in addition to the grounds for immediate termination specified in Item 17.h., the franchisor can terminate upon written notice and a 60 day opportunity to cure for a breach of the Franchise Agreement.

Item 17.h. of the Disclosure Document is modified to state that the franchisor can terminate immediately for insolvency, abandonment, mutual agreement to terminate, material misrepresentation, legal violation persisting 10 days after notice, repeated breaches, judgment, criminal conviction, monies owed to the franchisor more than 5 days past due, and imminent danger to public health or safety.

Item 19 of the Disclosure Document: The earnings claims figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Sales or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expense 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 franchise agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement requires binding arbitration. The arbitration will occur at Collier County, Florida, with the costs being borne according to the Rules for Commercial Arbitration of the American Arbitration Association. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

YOU MUST SIGN A GENERAL RELEASE OF CLAIM IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

Our website is located at www.rnrsushi.com.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

HAWAII ADDENDUM TO THE DISCLOSURE DOCUMENT

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

THESE FRANCHISES 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, OR SUBFRANCHISOR, 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, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS 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 THE FRANCHISEE.

Item 5 of the Disclosure Document shall be amended to state that the Initial Franchise Fees owed by franchisees shall be deferred until Franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced operations its Franchised Business.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813

ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT

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

1. Item 5 shall be amended to state that the Initial Franchise Fees owed by franchisees shall be deferred until Franchisor has satisfied its pre-opening obligations to franchisee and franchisee has commenced operations its Franchised Business. The Illinois Attorney General Office has imposed this deferral requirement due to Franchisor's financial condition.

2. Item 17.w. is modified to provide that Illinois law applies.

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

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

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

6. 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 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.

MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT

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

1. Risk Factors:

Conditions for Franchisor Approval of Transfer: You may be required to guarantee performance by the transferee as a condition for Franchisor Approval of Transfer, this may make it to transfer your outlet to third party.

Ownership Change. The Franchisor recently had a change of ownership. The support provided by the Franchisor may be different from previous owners. Therefore, the expenses related to operating the franchise and the potential revenue you might achieve may be different from past performance.

2. Item 5 is amended to include the following: “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.”

3. Item 17.b. is modified to also provide, “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Item 17.u. is modified to also provide, “A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”

5. Item 17.v. is modified to also provide, “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

6. Item 17 is modified to also provide, “The provisions of the Franchise Agreement that provide for termination upon bankruptcy of franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

MINNESOTA ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

- Minn. Stat. §80C.21 and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring litigation, mediation and arbitration to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14 Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a waiver or release, including disclaimers, questionnaires, acknowledgements, representation or other statements, that would relieve any person from liability imposed by the Minnesota Franchise Act, Sections 80C.01 to 80C.22.
- The franchisee cannot be required to consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitation of Claims section must comply with Minnesota Stat. §80C.17, Subd. 5.
- Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.
- The Disclosure Document is amended to include that the insufficient funds fee shall be capped at \$30.

- Sections 17.1.10 and 23.13 of the Franchise Agreement are each amended by the addition of the following language: “These provisions are not enforceable under Minnesota law.”

This Addendum does not act as a release or waiver by the Franchisee of an otherwise applicable provision of the Minnesota Franchise Act that is omitted, misstated, or whose legal effect is misconstrued herein.

NEW YORK ADDENDUM TO THE DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

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

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently

effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum,”** and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaire and Acknowledgements – 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.

7. Receipts – Any sale made must be in compliance with §683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. §680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA ADDENDUM TO THE DISCLOSURE DOCUMENT

As to franchises governed by the North Dakota franchise laws, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

Restrictive Covenants: To the extent that covenants not to compete apply to periods after the term of the franchise agreement, they are generally unenforceable under North Dakota law.

Applicable Laws: North Dakota law will govern the franchise agreement.

Waiver of Trial by Jury: Any waiver of a trial by jury will not apply to North Dakota Franchises.

Waiver of Exemplary & Punitive Damages: Any waiver of punitive damages will not apply to North Dakota Franchisees.

General Release: Any requirement that the franchisee sign a general release upon renewal of the franchise agreement does not apply to franchise agreements covered under North Dakota law.

Enforcement of Agreement: Any requirement in the Franchise Agreement that requires the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement is void. Instead, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

Item 5 of the Disclosure Document shall be amended to state that the Initial Franchise Fees owed by franchisees shall be deferred until Franchisor has satisfied its pre-opening obligations to franchisees and franchisee has commenced operations of its Franchised Business.

Item 17(i) of the Disclosure Document is modified and deletes the obligation of franchisees to consent to termination or liquidated damages.

Item 17(u) of the Disclosure Document is modified and amended to provide that all arbitration or mediation required under the Franchise Agreement shall be at a location agreeable to all parties and may not be remote from the franchisee's Franchised Business.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the 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.

**RHODE ISLAND ADDENDUM
TO THE DISCLOSURE DOCUMENT**

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

Item 17.m. of the Disclosure Document is revised to provide:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act prohibits a franchisee to be restricted in choice of jurisdiction or venue. To the extent any such restriction is purported to be required by us, it is void with respect to all franchisees governed under the laws of Rhode Island.

Item 17.w. of the Disclosure Document is revised to provide:

Rhode Island law applies.

VIRGINIA ADDENDUM TO THE DISCLOSURE DOCUMENT

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

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document is amended as follows:

3. Additional Disclosure: The following statements are added to Item 17.h.

Pursuant 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.

4. Risk Factor: **Estimated Initial Investment.** The franchisee will be required to make an estimated initial investment ranging from \$232,000 to \$875,000. This amount exceeds the Franchisor’s stockholder’s equity as of December 31, 2023, which is (\$139,043).

5. Item 5 of the Disclosure Document is amended to include the following: “The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the Initial Franchise Fee and other initial payment owed by franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Franchise Agreement.”

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the relation 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.

WASHINGTON ADDENDUM TO THE DISCLOSURE DOCUMENT

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

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

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

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

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

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

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

Item 5 of the Disclosure Document shall be amended to state that the Initial Franchise Fees owed by franchisees shall be deferred until Franchisor has satisfied its pre-opening obligations to franchisees and franchisee has commenced operations of its Franchised Business.

Item 6 of the Disclosure Document shall be amended to remove the Section titled Taxes.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the relation 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.

**WISCONSIN ADDENDUM
TO THE DISCLOSURE DOCUMENT**

As to franchises governed by the Wisconsin Fair Dealership Law, if any of the terms of the Disclosure Document are inconsistent with the terms below, the terms below control.

1. Item 17 is modified to also provide,

If the franchise agreement contains any provisions that conflict with the Wisconsin Fair Dealership Law, the provisions of this Addendum shall prevail to the extent of such conflict.

With respect to franchises governed by Wisconsin law, the Wisconsin Fair Dealership Law applies to most, if not all, franchise agreements and prohibits the termination, cancellation, non-renewal or the substantial change of the competitive circumstances of a dealership agreement without good cause. That Law further provides that 90 days' prior written notice of a proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is cured, the notice is void.

EXHIBIT H TO THE DISCLOSURE DOCUMENT

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	January 29, 2025
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	October 3, 2024
Virginia	Pending
Washington	Pending
Wisconsin	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 I TO THE DISCLOSURE DOCUMENT RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If RockNRoll Sushi Holdings LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If RockNRoll Sushi Holdings LLC 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 the State Administrator listed in Exhibit A.

The following are the names, principal business address, and telephone number of the franchise sellers offering the franchise:

Name	Principal Business Address	Telephone Number
Chris Kramolis, Craig LeMieux and _____	12598 U.S. Highway 98 West, Suite 103, Destin, Florida 32550	800-998-2361

Date of Issuance: April 21, 2025

Our Agents for Service of Process are listed in Exhibit A.

I have received a Franchise Disclosure Document dated April 21, 2025 including the following exhibits on the date listed below:

- A. List of State Administrators/State Agents for Service of Process
- B. Franchise Agreement
- Schedule 1-General Release

Schedule 2-Nondisclosure and Non-Competition

Schedule 3-Unlimited Guaranty and Assumption of Obligations

Schedule 4-Collateral Assignment of Lease

Schedule 5-ACH Payment Agreement

Schedule 6-Holders of Legal or Beneficial Interest in Franchisee; Officers;
Directors

Schedule 7-State Addenda to the Franchise Agreement

Schedule 8- Accepted Location and Territory

- C. Operations Manual Table of Contents
- D. Financial Statements
- E. List of Current and Former Franchisees
- F. Franchisee Disclosure Questionnaire
- G. State Addenda to the Disclosure Document
- H. State Effective Dates
- I. Receipt

Please sign and print your name below, date, and return one copy of this receipt to RockNRoll Sushi Holdings LLC and keep the other for your records.

Date of Receipt

Print Name

Signature
(individually or as an officer, member, or
partner of)

a [STATE of Incorporation]
[Corporation/LLC/Partnership]

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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Please sign and print your name below, date, and return one copy of this receipt to RockNRoll Sushi Holdings LLC and keep the other for your records.

Date of Receipt

Print Name

Signature
(individually or as an officer, member, or
partner of)

a [STATE of Incorporation]
[Corporation/LLC/Partnership]