

## FRANCHISE DISCLOSURE DOCUMENT

**Hissho International, LLC**  
a Delaware limited liability company  
Address Until September 2025:  
11949 Steele Creek Road  
Charlotte, North Carolina 28273  
Address After September 2025:  
3623 Lazy Hawk Road, Suite 101  
Rock Hill, SC 29730  
(704) 926-2200  
franchiseinfo@hisshosushi.com  
www.hisshosushi.com



**ŌUMI SUSHI**



**IBASHO SUSHI**



**SUSHI WITH GUSTO**

We offer the franchisee the right to operate a full service sushi bar ("Full Service Sushi Bar"), satellite sushi bar ("Satellite Sushi Bar") or Asian food bar ("Asian Food Bar") using our distinctive system under the name "Hissho Sushi" or "Ōumi Sushi" or "Sushi With Gusto" or "Ibasho Sushi" or "Shizen", depending on the location.

The total investment necessary to begin operation of a Hissho Sushi, Ōumi Sushi, Sushi With Gusto, Ibasho Sushi, or Shizen ~~food-retail-unit~~franchised business is between \$26,849 and \$136,829, plus an additional \$0 to \$150,000 if you purchase an existing food retail unit. This includes \$18,750 to \$978,850 (plus an additional \$0 to \$150,000 if you purchase an existing food retail unit from our affiliate) ~~for each food-retail unit~~, that must be paid to the ~~F~~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, the Franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our VP of Legal Affairs or our Chief Operating Officer at 11949 Steele Creek Road, Charlotte, North Carolina 28273, and (704) 926-2200.

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

## **Insurance**

Before you open and operate your Franchised Business, we will obtain (on your behalf) your initial first-year Business Insurance Policy for your Food Retail Unit, and the cost of the policy will be added to your first statement. When the first-year policy is about to expire, you are responsible for purchasing and maintaining, on an annual basis and at your sole expense, the required insurance coverage that we specify below. We estimate that the cost of the Business Insurance Policy for your first year will range from \$500 to \$5,000.

## **Manuals**

The cost for one copy of our Confidential Franchise Manual and one copy of our SSOP/HACCP Food Safety Plan Book is \$300 total (\$150 each).

## **Point-of-Sale and other Marketing Materials**

Prior to opening your franchised business, you will be required to purchase from us Point-of-Sale and other marketing materials, including signs, banners, cards and other materials or marketing services to promote your Food Retail Unit and the brand (as appropriate). The approximate amount of initial Point-of-Sale marketing materials that you must purchase prior to opening ranges between \$300 to \$2,000 per Food Retail Unit. The estimated amounts will be paid to us as the materials are created, and the cost of services provided to you will be deducted from your Franchise Commissions.

## **Initial Background Check, Credit Check, and Drug Test Fee**

After your application has been approved, you will be required to pay to us a non-refundable background check, credit check, and drug test fee of \$150 per person for each owner or shareholder/member (the “Initial Background Check, Credit Check, and Drug Test Fee”). There is no application fee.

## **Local and State Business License Fees and Permits**

Before you can open and operate your Franchised Business, local and state governments may impose and require various business, resale, and food licenses, permits, and fees, including health inspection fees or other charges. Because they must be secured and obtained before your Food Retail Unit can open, it is our standard practice to obtain them for you, and you will reimburse us for the costs and fees (and any annual and/or renewal of these licenses and/or permits), which will be deducted from your Franchise Commissions, along with a Convenience Fee of \$100 per license/permit. We estimate the cost to acquire the licenses and permits (excluding those for business entity formation) to range from \$100 to ~~\$5~~\$6,000. The costs of licenses and permits will vary by location of the Franchised Business. All fees are non-refundable.

## **General Information**

All franchise fees are fully earned and non-refundable when paid. We do not require our affiliate, Lwin, to pay us franchise fees.

### **ITEM 6: OTHER FEES\***

(Column 1) Type of Fee	(Column 2) Amount	(Column 3) Due Date	(Column 4) Remarks
Compensation to	Varies by location and Retail Host. Typically, 26% of Gross	Monthly Statement on Gross Sales for the previous month.	See Note 1

(Column 1) Type of Fee	(Column 2) Amount	(Column 3) Due Date	(Column 4) Remarks
Franchisor	Sales to Retail Host and 0% to 25% of Gross Sales to us but amounts may vary widely.	May be deducted directly from your Franchise Commissions.	
Brand Fund Contribution	Up to 2% of Net Sales	May be deducted directly from your Franchise Commissions.	See Note 2
Sales Inquiry Fee	\$100 per monthly statement for which sales or other financial information is requested by you	Each time a sales report is requested by you. May be deducted directly from your Franchise Commissions.	See Note 3
Ongoing food purchases, supplies, and condiments	Varies depending upon sales volume of the Food Retail Unit.	Monthly Statement. May be deducted directly from your Franchise Commissions.	See Note 4
Monthly Food Display Case Lease Fee	\$500 per monthly statement	Monthly statement. May be deducted directly from your Franchise Commissions.	See Note 5
Ordering Non-Compliance Fee	The difference between the amount that Food Retail Unit should have ordered to meet production needs, based on its sales volume, and the amount of your actual supply order from our affiliate.	Payable on demand. May be deducted directly from your Franchise Commissions.	This is to prevent franchisees from purchasing ingredients from unapproved sources.
Annual Point-of-Sale Marketing Material Fees	Up to \$4,000 per year per Food Retail Unit	On demand. May be deducted directly from your Franchise Commissions.	See Note 6
Transfer Fee	\$2,500 per transferred Food Retail Unit	Payable prior to approval of transfer. May be deducted from your Franchise Commissions.	See Note 7
Renewal Fee	100% of the amount of our then-current franchise fee at the time of renewal; or <u>12.5%, 25% or 50%</u> of the amount of our then- current franchise fee <del>if (i) you have owned and operated the franchise for three consecutive years, and (ii) there has been no change of control of ownership of the franchised business or of you,</del> <u>depending on your average weekly sales.</u>	Payable upon signing of Renewal of Franchise Agreement. May be deducted directly from your Franchise Commissions.	See Note 8
Lab Test to Examine Food	\$2,000 per food item test.	On demand. May be deducted directly from your Franchise Commissions.	See Note 9
Request for Approval of New Product, Supplier or	\$500 plus our out-of-pocket expenses for investigation expenses per product item or	On demand. May be deducted directly from your Franchise Commissions.	See Note 10

(Column 1) Type of Fee	(Column 2) Amount	(Column 3) Due Date	(Column 4) Remarks
Vendor	vendor.		
Annual Recurring Loan Fee for SSOP/HACCP Food Safety Plan Book	\$150 per year for each Food Retail Unit type (excluding delivery locations)	On demand. May be deducted directly from your Franchise Commissions.	See Note 11
Annual and/or Renewal Local and State Business License and Permit Fees	\$100 to \$6,000 per year	On demand. May be deducted directly from your Franchise Commissions.	See Note 12
Convenience Fee to obtain and/or renew State and Local Licenses and Permits Resale Certificates	\$100 per license	On demand. May be deducted directly from your Franchise Commissions.	See Note 12
Customer Satisfaction Fee	\$500 per incident, plus our costs of travel, lodging, and meals to remedy.	On demand. May be deducted directly from your Franchise Commissions.	See Note 13
Third-Party Inspection Fee	\$100 per inspection conducted by a designated third-party	On demand. May be deducted directly from your Franchise Commissions.	See Note 14
Non-Compliance Fee	\$500 per incident	On demand. May be deducted directly from your Franchise Commissions.	See Note 15
Special On-Site Support Fee	\$500 per day, plus our cost of travel	On demand after on-site visit or training. May be deducted directly from your Franchise Commissions.	See Note 16
Lost or Replaced Franchise Manual	\$1,000	On demand. May be deducted directly from your Franchise Commissions.	See Note 17
Additional Training Session Fee	\$200 per person per day	On demand after training provided. May be deducted directly from your Franchise Commissions.	See Note 18
Failure to attend Mandatory, Additional, and Ongoing Training Session Fee	\$250 per trainee per day	On demand. May be deducted from directly your Franchise Commissions.	See Note 19
Additional Mandatory Training for Default	\$500 per day plus our representative's travel, food and lodging cost	On demand. May be deducted directly from your Franchise Commissions.	See Note 20
Administration/ Web Fee	\$100 per monthly statement, but may be increased <u>to a maximum of \$250 per monthly statement</u>	Monthly statement. May be deducted directly from your Franchise Commissions.	See Note 21
Initial Background	\$150 per owner or	On demand after consent is	See Note 22

(Column 1) Type of Fee	(Column 2) Amount	(Column 3) Due Date	(Column 4) Remarks
Check, Credit Check, and Drug Test Fee	shareholder/member	given to run checks/tests on new owners.	
Recurring Background Check Fee	Actual cost of each member of your personnel's background check	If required by your Retail Host, on demand (currently once every 15 months).	See Note 22
Interest on Unpaid or Past Due Amounts Owed	8% annual interest or the highest rate permitted by law	On demand. May be deducted directly from your Franchise Commissions.	
Food Retail Unit Drop Fee	\$1,500 per Food Retail Unit discontinued by you with our approval	Upon approval by us to discontinue operations of a Food Retail Unit. May be deducted directly from your Franchise Commissions.	See Note 23
Early Termination Fee	\$5,000 per Food Retail Unit that is terminated early because of your default	On demand. May be deducted directly from your Franchise Commissions.	See Note 24
Sampling Services Fee	\$0 to \$180 per day	On demand when service is provided. May be deducted directly from your Franchise Commissions.	See Note 25
Transfer to New Entity (at your request)	\$250	Upon your request to transfer. May be deducted directly from your Franchise Commissions.	See Note 26
Garnishment/Levy Fee	\$100 for each receipt of notice of garnishment or levy	On demand. May be deducted directly from your Franchise Commissions.	See Note 27
Insurance (initial first-year policy & subsequent annual policies)	\$500 to \$5,000 per year	On demand. May be deducted directly from your Franchise Commissions.	See Note 28
Insurance Service Fee	\$100, plus the cost of insurance	On demand. May be deducted directly from your Franchise Commissions.	See Note 29
Express Handling Fee	\$200	On demand. May be deducted from your Franchise Commissions.	See Note 30
<del>Software License</del> <b>Technology Fee (for Hissho Label System)</b>	\$125 per monthly statement, but may be increased <u>to a maximum of \$300 per monthly statement</u>	Per monthly statement. May be deducted directly from your Franchise Commissions.	See Note 31
Data Overage Fee	\$10 per 1GB based on current market rate for data	On demand. May be deducted from your Franchise Commissions.	See Note 32
Hissho Label System Replacement Fee	\$1,000 per lost or damaged piece of equipment	On demand. May be deducted from your Franchise Commissions.	See Note 33
Hissho Label	\$1,500 Non-Return Fee (per	On demand. May be	See Note 34

(Column 1) Type of Fee	(Column 2) Amount	(Column 3) Due Date	(Column 4) Remarks
System Non-Return Fee	Hissho Label System) if, upon expiration or termination of your Franchise Agreement, you fail to return to us the equipment and/or software associated with the Hissho Label System	deducted from your Franchise Commissions.	
Negotiated Retail Price Increase Fee	The percentage we designate of the additional Net Sales generated as a result of a Negotiated Retail Price Increase	Amounts will be retained prior to the payment of Franchise Commissions.	See Note 35
Food Invoice and Handling Fee	6% of the amount of each applicable invoice	Upon payment of the applicable invoice.	See Note 36
Cooperative Advertising Programs	As Cooperative determines	As Cooperative directs	See Note 37

\* Except as otherwise noted in this Item 6, all fees are imposed and collected by and payable to us. All fees are uniform and nonrefundable.

1. You do not receive payments from customers for the sales of goods and services from your Food Retail Units. Those payments will be made directly to the Retail Host where the Food Retail Unit is located and paid directly by the customer through the Retail Host's POS System. As defined in the Franchise Agreement, "Gross Sales" includes all revenue from the sale of all services and products related to the Franchised Business, whether for cash or credit and regardless of collection in the case of credit; except that "Gross Sales" does not include any sales taxes or other taxes collected from customers for transmittal to the appropriate taxing authority.

The percentage of sales that the Retail Host may retain as its share of Gross Sales (its "Service Commission") is negotiated directly by us, or Lwin, with the Retail Host, and may vary among Food Retail Units. The Service Commission varies by Retail Host and location. A typical Service Commission is 26% of Gross Sales but may range from 0% to 40% of Gross Sales. Service Commissions may fluctuate during the term of your Franchise Agreement as a result of (i) the renegotiation of our agreement with a Retail Host at the time we renew that agreement with the Retail Host, or (ii) an escalating Service Commission structure which is built into our existing agreement with a Retail Host. The amount remaining from Gross Sales after deduction of the Service Commission is referred to as "Net Sales." In other words, the Net Sales paid by the Retail Host ranges from 60% to 100% of Gross Sales. Any additional charges or changes in cost made by the Retail Host will be passed along to you and will be deducted from your Franchise Commissions. If the Service Commissions payable to a Retail Host increase, we may, on notice to you, reduce your Franchise Commission to reflect that increase in money retained by the Retail Host.

When we receive the Net Sales from the Retail Host, we will remit to you, on a 4-week cycle (13 per year), via direct deposit electronic transfer of funds ("EFT") into your bank account (see **Franchisee Direct Deposit Banking Authorization form attached as Attachment C** to the Franchise Agreement), the franchise commission that we agree with you in the Franchise Agreement for each individual Food Retail Unit (your "Franchise Commissions"), but only after we perform a reconciliation by first deducting from your Franchise Commissions: (i) all amounts owed to us, including all fees listed in this Item 6; (ii) all amounts you owe to Lwin and/or affiliated suppliers for food and supplies and other purchases made by you, and (iii) any other amounts owed to us arising from loans, financings, advances, credits or deferrals made to



you by us or our affiliates. After all deductions, we will remit the remainder of your Franchise Commissions to you. If after all deductions from the Franchise Commission there remains a negative balance, the negative balance will be carried forward to the next month, and if necessary, additional subsequent months, and the negative balance shall be deducted from your next Franchise Commissions. You will not be entitled to any Gross Sales or Net Sales except, in the amount of the Franchise Commissions after all deductions.

The amounts we retain, after payment of all amounts owed to Lwin, and after amounts owed to us for fees and other charges varies, but typically ranges from 0% to 25% of Gross Sales. Lwin will deduct all amounts owed to it and we will deduct all amounts owed to us before we pay you your Franchise Commissions.

Typically, the Retail Host will make monthly payments to us, but the payment terms may vary from two week intervals up to three months between payments from the Retail Host. If we do not receive a monthly report from the Retail Host and the amount of Gross Sales is unknown, we may estimate the amount of the Gross Sales for that reporting period, and note on your account the amounts you owe us. Upon receipt of payment from the Retail Host, we will withhold those amounts you owe us for previous months' Franchise Commission. We are not required to pay your Franchise Commissions until the Retail Host pays Lwin and us. Any debits or reductions made by the Retail Host, which may include under payments from previous reporting periods, will also be deducted from your Franchise Commissions.

2. You will make a Brand Fund Contribution of up to 2% of your Net Sales each week in the same manner as you pay us other fees. We may increase the Brand Fund Contribution up to a max of 2% of your Net Sales upon 30 days written notice to you.

3. If you ask for an accounting for evidence of amounts we receive from the Retail Host, or other information more detailed than what is provided to you in your monthly report/statement, we will charge you a Sales Inquiry Fee of \$100 per monthly statement for which you request additional sales or other information. Therefore, if you ask for evidence of amounts we received from a Retail Host for a three-month period, your fee will be \$300 (\$100 per monthly statement). This fee is imposed by and payable to us, is not collected on behalf of, nor paid to any third-party, and is non-refundable.

4. On an ongoing basis, you may buy produce for your own account. On occasion, at our discretion, we may maintain an account at the Retail Host or other supplier of produce from which you may order. If you order on our account, you will be required to repay us, and these amounts owed may be deducted by us from your Franchise Commissions. Food purchased, supplies, condiments, third-party drop ship vendor purchases approved by us or Lwin, and the cost of freight are imposed by and payable to our affiliate Lwin (See Item 7) and are not refundable.

5. In some cases, the Retail Host may provide some of the equipment required in place. If the Retail Host does not provide a food display case, we will acquire a food display case and charge you a leasing cost of \$500 per monthly statement (see Item 7).

6. We estimate an additional \$2,000 per Food Retail Unit of annual Point-of-Sale marketing materials will be provided to you during each year of operation to promote your Food Retail Unit and the brand. The maximum annual payments that you will be required to make are \$4,000 per Food Retail Unit. These estimated amounts will be paid to us as these materials are created, and cost of services provided to you will be deducted from your Franchise Commissions.

7. Payable when a request for transfer is made, alone or together with other previous, simultaneous, or proposed transfers, that would have the effect of transferring a controlling interest in your corporation, or limited liability company, or your Franchise Agreement. The fee is reimbursement for our reasonable costs and expenses for the review of the application for a transfer. We do not allow transfer of control of your franchise entity, or your Food Retail Unit, until you have operated the Food Retail Unit for at least one year.

In no case, may you transfer less than all Food Retail Units that you own, and in all cases transfer is subject to our approval. Transfer fees are imposed by us on all franchisees, are payable to us, and are not collected on behalf of, nor paid to any third-party, and are non-refundable.

8. This fee is imposed by and payable to us, is not collected on behalf of, nor paid to any third-party, and is non-refundable. ~~We may reduce this fee for certain franchisees based on their sales volume.~~

9. To ensure food safety, we may laboratory test your food for safety, on occasion, in our discretion. Our cost to do so with an outside laboratory may be more or less than the amount we charge you, but we will charge you a flat fee of \$2,000 per food item. This fee is imposed by, and payable to us, and is not collected on behalf of, nor paid to any third-party except, we may incur costs from testing. All fees are non-refundable.

10. If you ask us to consider, or review, a new product as part of your Food Retail Unit, or request that we approve a vendor, supplier, or manufacturer that is not currently approved, we will charge \$500 per request, plus our out-of-pocket costs for investigation and review. Our out-of-pocket expenses will include the cost of travel for our representatives, including costs of international travel if the food vendor is located or ships from a location outside the United States. This fee is imposed by, and payable to us, is not collected on behalf of, nor paid to any third-party, and is non-refundable (see Item 8).

11. The annual recurring loan fee for the SSOP/HACCP Food Safety Plan Book, which is assembled by us and loaned to you, is \$150 per year per Food Retail Unit type (excluding delivery locations). It contains materials from vendors regarding the safety of food items as required by federal food regulation. A SSOP/HACCP Food Safety Plan Book is provided to you for every Food Retail Unit type you franchise. You will be required to return the SSOP/HACCP Food Safety Plan Book to us upon expiration or termination of your Franchise Agreement. All materials are given on loan and remain our property. All fees are payable to us and are non-refundable.

12. We estimate the annual cost to renew the various required business, resale, and food licenses and permits associated with maintaining and operating your Food Retail Unit (after the initial licenses and permits are acquired) will range from \$100 to \$1,000. If we obtain or maintain them on your behalf, you will reimburse us for the costs and fees which will be deducted from your Franchise Commissions, along with a Convenience Fee of \$100 per license/permit. The costs of licenses and permits will vary by location of the Franchised Business. All fees are non-refundable.

13. This charge is intended to compensate us for our efforts in addressing and resolving customer complaints about your franchise by the Retail Host or your customers. This fee is imposed by, and payable to us, and is intended to cover the cost of compensation for steps taken to satisfy customers or the Retail Host, plus our cost of travel if necessary, and other steps we may take, is not collected on behalf of, nor paid to, any third-party and is non-refundable. The travel expenses that you will have to pay include our costs of transportation, lodging, meals, and any other costs incidental to the travel. This fee is not refundable.

14. This fee is charged each time we use a designated third-party to conduct an inspection of your Food Retail Unit, irrespective of whether your Food Retail Unit passes or fails the inspection.

15. This fee is charged for each incident of non-compliance of your operational obligations under the requirements, procedures, or policies of the Franchise Agreement, Franchise Manual, or the SSOP/HACCP Food Safety Plan, upon notice to Franchisee, whether or not you are entitled to cure the deficiency under the Franchise Agreement.

This fee may also be charged to you for “repeated” failure to maintain required insurance coverages, in addition to the cost of the insurance if we must obtain it for you, and in addition to the Insurance Service Fee



(see below) which we may also charge you. This fee is imposed by, and payable to us, is not collected on behalf of, nor paid to any third-party and is non-refundable.

16. If either at your request, or at the request of the Retail Host, you or an employee fail to be present as required, we may, as may be necessary to support your Food Retail Unit, provide on-site assistance. This fee is imposed by and payable to us, is not collected on behalf of, nor paid to any third-party and is non-refundable.

17. This fee is imposed by and payable to us, is not collected on behalf of, nor paid to any third-party and is non-refundable if you lose your Franchise Manual.

18. We provide additional training of up to four sessions per year for one or two days each. The Operating Principal, and your other equity owners, are required to attend these sessions. This fee is imposed by and payable to us, is not collected on behalf of, nor paid to any third-party, and is non-refundable. See Item 11 for discussion of training programs provided.

19. We provide mandatory, additional, and ongoing training. If your Operating Principal, and/or any of your equity owners, fail to attend required training sessions after you begin operating your Food Retail Unit, you will be required to pay the Additional Training Session Fee. This fee is imposed by, and payable to us, is not collected on behalf of, nor paid to any third-party and is non-refundable.

20. If we have notified you of a default of operating procedures or requirements under the Franchise Agreement, the Franchise Manual, or SSOP/HACCP Food Safety Plan, and you have failed to cure the operating default within the time specified in the notice of default, we may require your Operating Principal and your other equity owners to take a one or two day mandatory remedial default training. This fee is charged for the daily training session and not on a per person basis. This fee is imposed by and payable to us, is not collected on behalf of, nor paid to any third-party and is non-refundable.

21. This fee is paid to us for our maintenance of the Hissho web site, other web services, email system, and for the cost of providing you an email address at @hsfran.com. This fee is imposed by and payable to us, is not collected on behalf of, nor paid to any third-party and is non-refundable. We may increase this fee up to a maximum of \$250 per monthly statement to account for our increased costs and administrative expenses.

22. The Initial Background Check, Credit Check, and Drug Test Fee is collected at the time you give consent to a background check, credit check, and drug test for any of your new owners, and must be paid for each owner or shareholder/member of the franchise. We are required by certain Retail Hosts to run a background check on franchisees and their personnel every 15 months after the first year of operations. If this is required by the Retail Host, you will be charged the actual cost of the background check on a recurring basis for each member of your personnel every 15 months (the “Recurring Background Check Fee”). The Initial Background Check, Credit Check, and Drug Test Fee and Recurring Background Check Fee are imposed by and payable to us, are not collected on behalf of, nor paid to any third-party, and are non-refundable.

23. This fee is imposed by and payable to us, is not collected on behalf of, nor paid to, any third-party and is non-refundable. This fee is payable when you seek to discontinue a particular Food Retail Unit without our approval. You do not have the right to discontinue operations of your Food Retail Unit, but if you request the right to discontinue operations, or “drop” the Food Retail Unit, and if we are able to locate a franchisee to operate the dropped Food Retail Unit and permit you to “drop” it, then you will be required to pay the Food Retail Unit Drop Fee.

24. This Early Termination Fee is payable if your Franchise Agreement is terminated before expiration

Express Handling Fee of \$200.

31. You will be required to pay us a ~~Software License~~ **Technology** Fee of \$125 per monthly statement ~~for use of our customized proprietary software associated with.~~ We may determine how, and for what purposes the Technology Fee will be used, which may include covering our costs or paying fees to third party providers for technology development, maintenance, and usage for the System and subscription, license and other similar fees so that franchisees have access to and can use certain technology tools (e.g., the Hissho Label System). This fee ~~is used for administration and maintenance of the software and limited wireless data plan associated with the label system terminal and built in printer. This fee~~ is imposed by, and payable to us, and is non-refundable. We may increase this fee up to a maximum of \$300 per monthly statement to account for our increased costs and administrative expenses.

32. This fee is paid to us if your wireless data usage associated with the Hissho Label System exceeds the monthly allotted limit of 100mb. This fee is imposed by, and payable to us, and is non-refundable.

33. This fee is charged to you for equipment that is lost or damaged beyond repair (per lost or damaged piece).

34. This fee is charged to you if you fail to return to us the equipment and/or software associated with the Hissho Label System upon expiration or termination of your Franchise Agreement.

35. We will retain the percentage that we designate of the additional Net Sales generated from a Negotiated Retail Price Increase. The term "Negotiated Retail Price Increase" means an increase in the retail sales price for food and beverage products from your applicable Food Retail Units resulting from negotiations between you and the Retail Host.

36. If you do not purchase food products from us or our affiliates, we may charge you a Food Invoice and Handling Fee up to 6% of the amount of the invoice. This fee will be added to the amount of the invoice. You will pay this fee at the same time you pay the applicable invoice.

37. We encourage our franchisees to voluntarily form and operate cooperative advertising programs for Food Retail Units (each a "Cooperative"). Although there are not currently any regional or national Cooperatives, we may, in our sole discretion, in the future form, develop, and coordinate Cooperatives. If a Cooperative is formed for your region, you must become a member. The membership of the Cooperative would be defined by us by market area. Membership of the Cooperatives will include Food Retail Units managed and/or owned by us and our affiliates. Each member of the Cooperatives, including Food Retail Units managed and/or operated by us or our affiliates, will have one vote. We reserve the right at any time, in our sole discretion, to form, change, dissolve, or merge Cooperatives and you will be obligated to contribute to the Cooperative in an amount established and approved by the Cooperative that will be in addition to your other required marketing expenditures.

## ITEM 7: ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

(Column 1) Type of expenditure	(Column 2) Estimated Low Amount	(Column 3) Estimated High Amount	(Column 4) Method of payment	(Column 5) When due	(Column 6) To whom payment is to be made
Initial Franchise Fee <sup>(1)</sup>	\$7,500	\$7,500	Lump Sum	At signing of Franchise	Us

taken at the same time. Therefore, the total Initial Training Fees range between \$2,000 and \$4,000 per person. In addition, you will need to arrange for transportation/travel, food, and lodging for the Operating Principal and your other equity owners to be trained at our headquarters in Charlotte, North Carolina (see below for these costs). The applicable Initial Training Program(s) is/are required for the Operating Principal and each equity owner, and the Initial Training Program must be completed at our headquarters in Charlotte, North Carolina. See Item 11 for discussion of training programs provided.

If any equity owners do not have sufficient sushi chef experience, they must take additional sushi chef training for 10 to 20 days at a location we designate. The Sushi Chef Training Fee is an additional \$2,000 per person, plus the cost of transportation/travel, food, and lodging (see below for these costs). Therefore, the Sushi Chef Training Fee is \$2,000 per person.

The cost of all training programs will depend on the number of people trained, and the travel costs will vary by the type of accommodations you choose. We estimate the cost of transportation/travel, food, and lodging for one person to attend one 10-day Initial Training Program to be \$1,500 and for one person to attend both Initial Training Programs at the same time for 15 days total and the 10-20 day sushi chef training to be \$7,000.

4. Each Full Service Sushi Bar and Asian Food Bar is required to have at least one certified ServSafe® Food Protection Manager on duty at all times. Currently, you or your Operating Principal must obtain the ServSafe® Manager certification from either the National Restaurant Association, or any third-party recommended on the ServSafe® website that is accredited by the American National Accreditation Board (ANAB), but we may provide it in the future. The estimated cost for one person to obtain Food Protection Manager certification online through the ServSafe® website ranges between \$99-\$179 (not including the retesting fee, where applicable). For the ServSafe® Manager online course & proctored exam it's approximately \$179. For just the ServSafe® Manager online proctored exam (without the 8-hour course) it's approximately \$99. If you fail the exam, you will need to purchase another online proctored exam and schedule another exam session which currently costs approximately \$99 according to their website. The fees are non-refundable and paid directly to National Restaurant Association/ServSafe® through their website. Currently, according to their website, the ServSafe® Manager Online Course is 8 hours and the Online Proctored Exam is 2 hours. Your ServSafe® Food Protection Manager certificate must be submitted to us for review before you or your Operating Principal, attend the Initial Training Program (see Item 11).

~~5. We recommend that you engage the services of professionals to assist you in evaluating our franchise opportunity and to help you establish your business. This will include your lawyer, accountant, third-party service providers, and other professional advisors.~~

5. This estimate includes the costs for a lawyer, accountant, third-party service providers, and other professional advisors to assist you in evaluating our franchise opportunity and help you establish your business.

6. You will be required to purchase Point-of-Sale equipment, and other marketing materials including signs, banners, cards and other materials to promote your Food Retail Unit and the brand (as appropriate). The amounts shown here are the estimated amounts of the initial point-of-sale marketing materials that you must purchase prior to opening a single Food Retail Unit.

7. Initial Equipment and Small Wares. The initial cost of equipment and small wares ranges between \$1,000 and \$15,000 for each Full Service Sushi Bar, up to an additional \$2,000 for each Satellite Sushi Bar you open at the same time you open a Full Service Sushi Bar, and between \$1,000 and \$25,000 for each Asian Food Bar. These estimates do not include the display case lease fee (if needed), or the label system (see below). Therefore, the initial cost of equipment and small wares is estimated to be between \$1,000 and \$17,000 for a Full Service Sushi Bar (assuming on the high end of the range you open a Satellite Sushi Bar

Food Retail Unit Type, excluding locations where you solely deliver sushi (and make none on premises).

11. After your application has been approved, you will be required to pay \$150 per person for each owner or shareholder/member of your Franchise entity for background checks, credit checks, and drug tests. There is no application fee. The estimate in the table assumes that your Operating Principal is the only owner of your Franchise. If you have additional owners, you will need to add-in their cost to this estimate.

12. You will need to purchase a laptop computer or tablet with internet capability and Microsoft Office word processing to receive and send emails using your Hissho email address, submit orders, receive monthly statements, and to order food and supplies. This estimate includes a laptop computer or tablet with current software (Microsoft Office Suite) and internet capabilities. See Item 11 for a full description of computer system hardware and software requirements. We have not included the cost of required hardware and software maintenance agreements, if any. This figure also does not include any technical support costs associated with operating the hardware or software.

13. You will need capital to support on-going and miscellaneous expenses to the extent these costs are not covered by sales revenue. We estimate that the amount shown will be sufficient to cover on-going expenses for a period of three months for a single new Full Service Sushi Bar or Asian Food Bar. The working capital needed for a new Satellite Sushi Bar may be less, but you are eligible for a Satellite Sushi Bar only if you have a Full Service Sushi Bar also. These are only estimates, however, and there is no assurance that additional working capital will not be necessary during the first three months or thereafter.

14. We relied upon the experience of our Food Retail Units and knowledge of others' practices in the industry. ~~You should review these figures carefully with a business advisor before making any decision to purchase the Franchise.~~

## ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

### Required Purchases

You must purchase for your franchised business certain products (including food items and ingredients), retail items, materials, supplies, equipment, and services that only we authorize under the specifications and standards that we periodically establish either in our Franchise Agreement, Confidential Franchise Manuals, or other notices we send to you. We can require you to purchase these and other goods and services that we designate only from us, our affiliates, or from suppliers we choose. If we set standards and any specifications or requirements for any products and services or suppliers, then you can only use/offer suppliers, products and/or services that meet those requirements.

Formulae for specially formulated pre-prepared mixes or condiments are not available to you or other franchisees. Standards and specifications for other food and paper products are not uniformly issued to franchisees but are available for specific products upon a franchisee's written request to us. We determine the standards and specifications for those food and packaging products, sometimes in consultation with suppliers, to assure our desired quality of ingredients, size, flavor and appearance and our desired quantities for each product. We formulate and modify standards and specifications through consumer research and internal product testing.

Collectively, the purchases and leases described in this Item 8 are approximately 100% of your overall purchases and leases in establishing the franchised Food Retail Unit and 100% of your overall purchases and leases in operating the franchised Food Retail Unit.

### Site/Location of Your Franchised Business

The Franchised Business may either be located at a site that we select or at a site that you propose for our

and spread sheet capability, to submit orders and to receive monthly statements, but only for purposes of operating your business generally. No specific type of data is necessary to be generated or stored in the computer system. To order supplies and food through the internet, we may require you to use a designated spreadsheet system, although we may also allow you to prepare these documents by hand and fax them. We estimate that the cost will be \$500 to \$800 to purchase the computer including access to Microsoft Office suite of software. We estimate a cost of \$200 every 3 years to update software, and \$600 every 5 years to replace the computer. You are not required to purchase any maintenance or support contracts for your computer hardware and software, but it is recommended to ensure continued good use and working order of the computer hardware and software, and the approximate cost is \$150 per year. (Franchise Agreement, Section 7.Q.).

If you operate a Food Retail Unit outside of a Retail Host location, we do not require that you use an electronic cash register or Point-of-Sale System, but we will require you to adopt a reliable method to document the Gross Sales of your Food Retail Unit. We will not have independent access to the information generated or stored in the computer system. (Franchise Agreement, Section 7.Q.).

### **Hissho Label System**

You will be required to lease from us, or our affiliates, a Hissho Label System for each Full Service Sushi Bar. The Hissho Label System currently uses a touch screen terminal with built-in high-speed label printer with internet connectivity combined with our customized proprietary software ("Hissho Label System"), designed specifically for back-of-house applications in the food service industry. You will be required to execute an **Equipment Lease and Software License Agreement** (see **Attachment D** to the Franchise Agreement) prior to gaining access to the Hissho Label System, and pay us, or our affiliates, a non-refundable Initial Lease Fee of \$1,500 (per Hissho Label System) in exchange for use of the Hissho Label System. (Franchise Agreement, Sections 4.A.(2) and 4.C.(4)).

In connection with the Hissho Label System, we charge the following fees:

- a monthly ~~Software License~~Technology Fee of \$125 per month for use of our customized proprietary software associated with the Hissho Label System, although we may increase this fee up to a maximum of \$300 per month to account for our increased costs and administrative expenses. The ~~Software License~~Technology Fee is also used for ~~administration and maintenance of the software and limited wireless data plan associated with the label system terminal and built-in printer~~those other purposes that we may determine, which may include covering our costs or paying fees to third party providers for technology development, maintenance, and usage for the System and subscription, license and other similar fees so that franchisees have access to and can use certain other technology tools (in addition to the Hissho Label System). (See Franchise Agreement, Sections 4.A.(2) and 4.C.(5));
- a Data Overage Fee of \$10 per GB used over the allotted limit, if your wireless data usage associated with your Hissho Label System, exceeds the monthly allotted limit of 100mb. (See Franchise Agreement, Section 4.C.(6));
- a \$1,000 Hissho Label System Replacement Fee for equipment that is lost or damaged beyond repair (per lost or damaged piece). (See Franchise Agreement, Section 4.C.(3)); and
- a \$1,500 Hissho Label System Non-Return Fee (per Hissho Label System) if you fail to return to us the equipment and/or software associated with the Hissho Label System upon expiration or termination of your Franchise Agreement. (See Franchise Agreement, Section 4.C.(4)).

### **Training**

except for catering specifically directed by the Retail Host.

You must meet and maintain the highest health standards and ratings applicable to the operation of the Food Retail Unit. To ensure that the highest degree of quality, cleanliness, appearance, and service is maintained, you must operate the Food Retail Unit in strict conformity with such methods, standards, and specifications as we may periodically require in the Franchise Manual or otherwise in writing. You must also maintain in sufficient supply and always use only such ingredients, products, materials, supplies, and packaging as conform to our standards and specifications, and you must not deviate from those standards and specifications by the use or offer of non-conforming items, without our prior written consent.

You may sell or offer for sale those specific food items, condiments, products, and services that you choose from our pre-approved list of those items. You may sell or offer for sale chef specials and location favorites using your own recipes, as long as they follow our pre-approved standard ratios and ingredients. You must refrain from any deviation from our standards and specifications without our prior written consent. You must discontinue selling and offering for sale any food items, condiments, products, or services which we may, in our discretion, disapprove in writing at any time.

You must offer all services that we may require including all System promotions, local marketing, contests and other Hissho System services and activities. Currently Lwin is our sole approved supplier of most food items and certain supplies to franchisees' Food Retail Units.

You must operate the franchised Food Retail Unit in strict conformity with all applicable federal, state, and local laws, ordinances, and regulations. Such laws, ordinances and regulations vary from jurisdiction to jurisdiction and are amendable or may be implemented or interpreted in a different manner from time to time. It is your sole responsibility to apprise yourself of the existence and requirements of all laws, ordinances, and regulations applicable to the then current implementation or integration of them.

~~For a description of your restrictions on some purchases, see Item 8 of this Disclosure Document.~~

## ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

### THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Sections 2.A. and 2.C.	The term expires earlier of 3 years from the date of Franchise Agreement, or upon expiration or termination of Franchisor's right to remain or operate the Food Retail Unit. All Food Retail Units expire the same date as the first Food Retail Unit.
b. Renewal or extension of the term	Section 2.B.	One additional consecutive term of 3 years, subject to contractual requirements.
c. Requirements for Franchisee to renew or extend	Section 2.B.	You must: <ul style="list-style-type: none"><li>• Pay a Renewal Fee for each Full Service Sushi Bar and Asian Food Bar (no Renewal Fee is payable for a Satellite Sushi Bar) being renewed in the amount of 100% of the amount of our then-current franchise fee at the time of renewal; or 50% of the amount of our</li></ul>



(Column 1) State	(Column 2) Franchise Agreements Signed But Outlet Not Opened	(Column 3) Projected New Franchised Outlet in the Next Fiscal Year	(Column 4) Projected New Company-Operated Outlets in the Next Fiscal Year
Colorado	0	0	1
Connecticut	0	0	1
Florida	0	0	9
Illinois	0	0	2
Maryland	1	1	2
Michigan	0	0	1
Missouri	1	1	2
North Carolina	0	1	23
Nebraska	0	0	1
New Jersey	0	0	5
Ohio	6	6	0
Oregon	0	0	3
Pennsylvania	0	0	5
South Carolina	0	0	3
Texas	0	0	1
Washington	2	2	1
West Virginia	0	0	3
<b>Total</b>	<b>10</b>	<b>11</b>	<b>68</b>

The names, addresses, and telephone numbers of our current franchisees are listed in Exhibit C. Also listed in Exhibit C are the names and last known home address and telephone number of every franchisee who has had an outlet terminated, canceled, transferred, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during our last fiscal year, or who has not communicated with us within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the ~~franchise-s~~System.

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

We do not sponsor any trademark specific franchisee associations, and there are no trademark specific franchisee associations that have requested to be included in this Disclosure Document.

## ITEM 21: FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit D are our audited financial statements for the fiscal years ending December 31, 2024, December 31, 2023, and December 31, 2022.

## ITEM 22: CONTRACTS

The following agreements and other required exhibits are attached to this Disclosure Document:

- Exhibit E. Franchise Agreement and related Attachments
- Exhibit F. Training and Confidentiality Agreement

Franchise Fee”) in one lump sum, at the time this Agreement is executed in the amount specified in Attachment “A” to this Agreement. During the term of this Agreement, an additional Initial Franchise Fee shall be paid with respect to each additional Food Retail Unit franchise granted by Franchisor in a pro-rated amount as follows, except that Franchisee shall not be required to pay an Initial Franchise Fee only for a Satellite Sushi Bar, as defined by Franchisor:

For any additional Food Retail Unit franchised during the term of the Agreement, (i) if there is between 25 to 36 months remaining on the term of this Agreement, then the additional Initial Franchise Fee for that additional Food Retail Unit shall be \$7,500; (ii) if there is between 13 to 24 months remaining on the term of this Agreement, then the additional Initial Franchise Fee for that additional Food Retail Unit shall be \$3,750; and (iii) if there is less than 13 months remaining on the term of this Agreement, then the additional Initial Franchise Fee for that additional Food Retail Unit shall be \$1,875. All sums paid shall be deemed fully earned and nonrefundable in consideration of administrative and other expenses incurred by Franchisor in granting this Franchise and for Franchisor’s lost or deferred opportunity to franchise to others.

(2) Label System. Franchisee shall lease from Franchisor the Hissho Label System to permit Franchisee to print labels and conduct other functions prescribed by Franchisor. The Hissho Label System is currently a touchscreen terminal with built-in high-speed label printer and internet connectivity combined with our customized proprietary software (“Hissho Label System”). ~~You~~Franchisee will be required to execute an **Equipment Lease and Software License Agreement** (see Attachment “D”) prior to gaining access to the Hissho Label System, and pay to ~~us~~Franchisor, or ~~our~~its affiliates, the then-current one-time non-refundable Initial Lease Fee of (per Hissho Label System) in exchange for use of the Hissho Label System. In connection with the Hissho Label System, ~~we~~Franchisor charges a monthly ~~Software License Technology~~ Fee (see Section 4.C.), for use of ~~our~~Franchisor’s customized proprietary software associated with the Hissho Label System. The ~~Software License Technology~~ Fee is also used for ~~administration and maintenance of the software and limited wireless data plan associated with the label system terminal and built-in printer.~~ You~~those other purposes that Franchisor may determine, which may include covering Franchisor’s costs or paying fees to third party providers for technology development, maintenance, and usage for the System and subscription, license and other similar fees so that Franchisee has access to and can use certain other technology tools (in addition to the Hissho Label System).~~ Franchisee may also be obligated to pay ~~us~~Franchisor a Data Overage Fee (see Section 4.C.) if ~~your~~Franchisee’s wireless data usage associated with ~~your~~Franchisee’s Hissho Label System, exceeds the monthly allotted limit of 100mb. See also Section 4.C. for additional fees charged under ~~our~~Franchisor’s Maintenance & Technology Program in regards to the Hissho Label System.

B. Franchisee acknowledges and agrees that under the System’s structure:

(1) Franchisee shall not receive payments for the sales of goods and services of its Food Retail Units, and that those payments will be made directly to the Retail Host where the Food Retail Unit is located, and that all payments for goods and services will be made to the Retail Host. Franchisee further acknowledges and agrees that all sales will be made through cash registers of the Retail Host and that Franchisee shall not make any sales through Franchisee’s cash registers or any other point-of-sale system. Franchisor shall have the right to unilaterally modify this payment structure at any time.

(2) As used in this Agreement, “Gross Sales” shall include all revenue from the sale of all services and products related to the Franchised Business, whether for cash or credit and regardless of collection in the case of credit; provided, however, that “Gross Sales” shall not include any documented deductions, promotions, or returns, or sales taxes or other taxes collected from customers by Franchisee for transmittal to the appropriate taxing authority.

(3) The percentage of sales that the Retail Host may retain as its share of Gross Sales

(8) If the Service Commissions payable to a Retail Host increase, Franchisor shall be entitled, upon written notice to Franchisee, to reduce Franchisee's Franchise Commission, to reflect that increase in money retained by the Retail Host.

C. In addition, Franchisee shall pay to Franchisor the following fees and costs:

(1) a contribution to the Brand Fund (the "Brand Fund Contribution") equal to up to two percent (2%) of Franchisee's Net Sales, to be due and payable each week in the same manner as Franchisee pays Franchisor other fees;

(2) An initial lease fee ("Initial Lease Fee") of \$1,500 per Hissho Label System;

(3) A Hissho label system replacement fee ("Hissho Label System Replacement Fee") of \$1,000 for equipment that is lost or damaged beyond repair (per lost or damaged piece);

(4) A Hissho label system non-return fee (per Hissho Label System) ("Hissho Label System Non-Return Fee") of \$1,500, if, Franchisee fails to return to Franchisor the equipment and/or software associated with the Hissho Label System upon expiration or termination of this Agreement.

(5) A ~~software license~~ technology fee ("~~Software License~~ Technology Fee") of \$125 per month for ~~use of the software associated with~~ those purposes that Franchisor may determine, which may include covering Franchisor's costs or paying fees to third party providers for technology development, maintenance, and usage for the System and subscription, license and other similar fees so that Franchisee has access to and can use certain other technology tools (e.g., the Hissho Label System), although Franchisor may increase this fee up to a maximum of \$300 per month to account for its increased costs and administrative expenses;

(6) A data overage fee ("Data Overage Fee") of \$10 per GB if Franchisee's wireless data usage exceeds the monthly allotted limit of 100mb;

(7) An initial background check, credit check, and drug test fee ("Initial Background Check, Credit Check, and Drug Test Fee") in the amount of \$150 per owner, member or shareholder, which amounts or requirements may be modified by posting in the Franchise Manual;

(8) If required by the Retail Host, a recurring background check fee every fifteen (15) months ("Recurring Background Check Fee") in the amount of our actual cost for the background check per member of Franchisee's personnel, which amount or frequency may be modified by posting in the Franchise Manual;

(9) Payment or reimbursement to Franchisor for the cost of any local licenses and permits obtained by Franchisor required to operate the Food Retail Unit;

(10) Payment for point-of-sale marketing materials provided by Franchisor that are required as part of the opening package for the Food Retail Unit and as updated or replaced;

(11) Manual loan fees (initial & annual) and replacement fees as follows: (i) an initial loan deposit fee for the Franchise Manual in the amount of \$150; (ii) an initial loan deposit fee for the SSOP/HACCP (Sanitation Standard Operating Procedures/Hazard Analysis Critical Control Points) Food Safety Plan Book in the amount of \$150 per Food Retail Unit type (excluding delivery locations); (iii) an annual recurring loan fee of \$150 per year per Food Retail Unit type for each SSOP/HACCP Food Safety Plan book, and (iv) replacement fees of \$1,000 for each lost or replaced Franchise Manual. The amounts of and requirements for these fees may be modified by posting in the Franchise Manual;