

FRANCHISE DISCLOSURE DOCUMENT

Sushi Avenue

SAH HOLDINGS, LLC
a Minnesota limited liability company
895 Blue Gentian Rd., #6
Eagan, MN 55121
(651) 294-7000
franchiseinfo@sushiavenue.com
www.sahholdingllc.com

As a franchisee, you will operate a “Sushi Avenue”™ food outlet, commonly referred to as a sushi bar, specializing in freshly prepared sushi.

If you are purchasing an existing sushi bar currently operated by our affiliate, the total investment necessary to begin operations of a sushi bar franchise is from \$6,600 to \$82,970. This includes \$0 to \$35,750 that must be paid to us as the franchisor or our affiliate. If you instead open a sushi bar in a new location, the total investment necessary to begin operation of a sushi bar franchise is from \$30,850 to \$102,970. This includes \$24,250 to \$55,750 that must be paid to us as the franchisor or our affiliate. If you and the local market in which you operate meet our qualifications, you may also be granted the right to stock and sell sushi products at one or more locations outside of your sushi bar; there are no additional fees charged by us to sell at such approved remote sites.

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 895 Blue Gentian Rd., #6, Eagan, MN 55121; franchiseinfo@sushiavenue.com. Telephone number is 651-294-7000.

The terms of your contract will govern your franchise relationship. Don't rely on this 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, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

To simplify the language in this disclosure document “we” or “us” or “SAH” or “SAH Holdings” means SAH Holdings, LLC, the franchisor. ~~Please note that this does not include our affiliate, Sushi Avenue, Incorporated. Sushi Avenue, Incorporated is also the sole owner of us. When we refer to that affiliate, we shall use its full name: Sushi Avenue, Incorporated or simply “Sushi Avenue.”~~ “You” means you or the entity such as a corporation or limited liability company that buys the franchise and the shareholders of that corporation or members of that limited liability company. You may purchase or transition into a franchise without forming a limited liability company or corporation. “Franchise Business” shall mean your Sushi Bar or Sushi Bars (as defined below) and any Remote Store Site (defined below) that you may operate. Throughout this disclosure document whenever we refer to “company-operated” sushi bars we mean all sushi bars or sushi kiosks currently operated by our affiliate, Sushi Avenue, ~~Incorporated~~ LLC.

We are a limited liability company organized under the laws of the State of Minnesota on March 10, 2023. We do business under the service marks and trade names “Sushi Avenue” and various other trademarks, service marks, and trade identifiers that we designate (“Proprietary Marks”). Our principal place of business is at 895 Blue Gentian Rd., #6, Eagan, MN 55121, and our telephone number is (651) 294-7000.

Agent for Service of Process

We authorize the respective agents for service of process as referenced in Exhibit G.

Our Parent Companies

We are a wholly owned subsidiary of Sushi Avenue, LLC (“Sushi Avenue”), a Minnesota limited liability company organized on March 4, 2024. There are no other members of our limited liability company other than Sushi Avenue. Despite this ownership, we ~~will~~ may sometimes refer to Sushi Avenue as an affiliate. Sushi Avenue, in turn, is a wholly owned subsidiary of Sojitz Corporation of America, a New York corporation incorporated on January 23, 1952, which, in turn, is a wholly owned subsidiary of Sojitz Corporation, a Japanese corporation incorporated on April 1, 2003. Sushi Avenue maintains its principal place of business at 895 Blue Gentian Rd., #6, Eagan, MN 55121. Sushi Avenue is an approved food supplier to our franchisees and may provide certain services to franchisees on our behalf. Sushi Avenue has never offered franchises in any line of business.

Our Predecessors and Affiliates

We do not have any direct predecessors. In June 2024, our parent, Sushi Avenue, acquired substantially all of the assets of Sushi Avenue, Incorporated, and those acquired assets included all of the ownership interests in us. Based on this transaction, we consider Sushi Avenue, Incorporated to be an indirect predecessor of ours. Sushi Avenue, Incorporated, which was incorporated in Minnesota on January 16, 2004, has the same principal address as us and has never offered franchises in any line of business.

From 2005 to ~~the present~~2024, Sushi Avenue, Incorporated ~~has~~ owned and operated, and Sushi Avenue continues to own and operate, sushi bars similar to the franchised sushi bars being offered by this disclosure document. We or Sushi Avenue, Incorporated, have entered into a series of Master Agreements (each, a “Master Agreement”) with grocery stores, supermarkets, specialty stores and other locations owned and operated by third-party operators (each, a “Store”) that provide for sushi bars or kiosks as part of each location’s in-store vendors. The Master Agreements Sushi Avenue, Incorporated entered into have been assigned to us. ~~Sushi Avenue, Incorporated has also entered into~~Our affiliate also has management or operating contracts with entities or individuals who operate as sushi chef operators (“Contract Chefs”) to prepare and sell sushi products in certain Stores under the Sushi Avenue Proprietary Marks, other brands, or an agreed upon house brand. Pursuant to the terms of their independent contractor agreements, Contract Chefs receive a negotiated percentage of total sales from the operation of the sushi bars. We or ~~Sushi Avenue, Incorporated~~our affiliate also have agreements with Stores whereby certain, agreed upon, sushi products are prepared in a central commissary and then stocked in those locations as agreed upon by the parties (the “Remote Store Sites”). Some of these Remote Store Sites are supported by sushi bars operated by the Contract Chefs or our franchisees.

Each of ~~Sushi Avenue, Incorporated’s~~the agreements with Contract Chefs has a renewable, one-year term to operate a sushi bar in a location agreed to under the Master Agreements. Beginning in September 2023, Sushi Avenue, Incorporated generally discontinued offering operating contracts to Contract Chefs to operate sushi bars and/or Remote Store Sites, and discontinued extensions of any outstanding operating contracts with Contract Chefs upon the expiration of any existing operating agreement or upon an agreed termination of those contracts. Instead, since September 2023 we have been offering, and intend to continue offering, to each qualified Contract Chef the opportunity to become a franchisee in place of the operating agreement they had with Sushi Avenue, Incorporated. We also allow other interested parties the opportunity to qualify to become a franchisee.

Some of the sushi bars operated by Contract Chefs or our franchisees do so under the “Sushi Avenue” name. In some locations operated by Contract Chefs or our franchisees, the “Sushi Avenue” name is not permitted to be used as part of the arrangement with Stores in which the sushi bar operates, except to display the “Sushi Avenue” name on the packaging of the prepared sushi and related products. The sushi in these locations is offered under a house-brand name as required by the Store.

~~Sushi Avenue, Incorporated maintains its principal place of business at 895 Blue Gentian Rd., #6, Eagan, MN 55121. Sushi Avenue, Incorporated will be an approved food supplier to our franchisees. Sushi Avenue, Incorporated has never offered franchises in any line of business.~~

~~We have another affiliate, One Two Three Sushi Holding, LLC, a Minnesota limited liability company, that owns and operates two fast casual restaurants under the “One Two Three Sushi” name offering sushi and other similar offerings. We also have three affiliates, M, S & R, I, LLC, M, S & R, II, LLC and M, S & R, III, LLC, all Minnesota limited liability companies, that operate full serve restaurants serving sushi and a variety of other Asian dishes under the name “Masu” or “Masu Sushi & Robata.”~~

Other than as provided above, neither we, nor our affiliates, are offering, and have never offered, franchises in any line of business. We have no other affiliates required to be disclosed in this disclosure document.

The Business We Offer

We offer for sale or grant franchisees the right to develop and operate sushi bars under the “Sushi Avenue” brand (“Sushi Bar” or “Sushi Bars”). In some instances, when operating in a Store that requires the use of the Store’s house brand, franchisees will operate under the Store’s house brand rather than under

the name “Sushi Avenue.” We have offered Sushi Bars since September 8, 2023. We have not offered franchises in any other line of business, do not operate businesses similar to the type of business you will operate, and do not conduct any other kind of business. However, we reserve the right to own, operate, and expand Sushi Bars, either owned directly by us or our affiliate, Sushi Avenue, ~~Incorporated~~. We do not maintain a sales office at any location other than our principal place of business and do not retain the services of any sales organization outside of us or our affiliates.

The franchise you purchase will be generally located in mainstream and upscale Stores which have entered into agreements or Master Agreements with us (or that have been assigned to us) to have Sushi Avenue sushi products offered for sale at sushi bar counters in the Store locations, where sushi is prepared on-site. This operation, as it relates to all Sushi Bars being offered to franchisees, is referred to as the “System.” Some of the features of our System include (a) the location of the Sushi Bar and the unique relationship with the Store they are located in, (b) the use of high-grade sushi and food components, (c) specially prepared and pre-packaged condiments and methods of preparation and operation, (d) a training program utilizing special course instructions and manuals; and (e) distinctive trade dress, unique graphic presentations, marketing and promotional programs and materials. We may periodically change and improve the System.

The right to operate and, some but not all of, the terms of operation of a Sushi Bar are negotiated by us or Sushi Avenue, ~~Incorporated~~ directly with the Store. For example, ~~we will negotiate in Master Agreements (or Sushi Avenue, Incorporated has negotiated, in Master Agreements assigned to us) we have been granted, in Master Agreements we have negotiated or that have been assigned to us,~~ the right to have/operate a Sushi Bar in a particular Store as well as certain other items such as cooler space for presentation of the product. Based on its own space restrictions and operations, the Store will design and build-out the Sushi Bar space. The hours of operation and other operational details will be specified by the Store. The products and pricing will be generally negotiated but will vary over time depending on the sales/promotion of the Sushi Bar and the preferences of each Store. All other matters will be operated/governed by you. Product order, presentation, promotions (with Store approval) and all other aspects of operation will be your responsibility. As an operator, you will be responsible for controlling your operation through the management of your product (e.g., ordering, inventory, and elimination of shrinkage or waste) and personnel.

When we franchise a Sushi Bar to you, you must comply with the requirements of the Store in all respects. Your right to operate a Sushi Bar is conditional upon your understanding and compliance with the Store’s requirements and our right to operate a Sushi Bar in the Store. **If for any reason we lose the right to operate a location, you will also lose the right to operate a Sushi Bar at that location. If we lose the right to operate in a particular location, we do not compensate you for that loss nor do we guaranty or promise that we will find you another location. This may, in turn, lead to the loss of your franchise rights.**

We may offer you a single location or multiple locations now or over time. We may also offer you a Remote Store Site. If we offer you additional Sushi Bars you will be required to sign an addendum to your franchise agreement authorizing the operation of the additional Sushi Bars or Remote Store Site. We decide whether to offer you a Sushi Bar depending upon the suitability of the facility, available square footage, the characteristics of the Store’s location and other factors.

Sushi Bars

Sushi Bars may require personnel to be present during all operating hours, or they may be part-time Sushi Bars that require personnel to be present in the Sushi Bar only 30 to 35 hours a week. The determination of whether a Sushi Bar is full time or part time is influenced by a number of factors: Store

(and/or deli) hours, volume and opportunity (i.e. timing). It is also greatly influenced by your ability to manage and operate your Sushi Bar and your (or your employees') abilities as sushi chefs to efficiently and effectively meet the requirements of your Sushi Bar. In most instances, hours will be set by the Store, but in some instances, you may have an opportunity to work directly with the Store on setting hours, based on their preferences, your abilities to manage your operations, and Store characteristics.

As a franchisee, you will offer high quality, freshly prepared sushi products which are for sale at competitive prices as carry-out items typically for off-premises consumption or on-premises consumption depending upon the seating availability of the Store location. Sushi Avenue, ~~Incorporated~~ also offers for sale various packaged retail products such as bottled water, branded sauces, dried seaweed, wasabi and gari.

The Franchise Agreement

You may purchase a franchise through either a corporation or a limited liability company, but you are not required to do so. You may individually purchase a franchise.

Under our franchise program, you will sign a Franchise Agreement (the "Franchise Agreement"), which grants you the right to establish and operate a Sushi Bar at a Store location as agreed upon in the Franchise Agreement.

Under our satellite program, your Franchise Agreement will also grant you the right (and, at times, the obligation) to operate a Remote Store Site, and you will sign an addendum to your Franchise Agreement designating the Remote Store Site.

Under our franchise program you may purchase an existing company-operated sushi bar under which you will acquire one or more Sushi Bars by agreement with us, together with the rights to operate a Remote Store Site.

We, ~~through our affiliate Sushi Avenue, Incorporated,~~ have cultivated and established unique relationships with vendors to procure and ship only the highest-grade sushi products. These vendors must comply with numerous restrictions and disclosures about how these products are secured and handled. This process is crucial to ensure compliance with various local, state, and general industry (best practices) guidelines. We have developed our own recipes, processes, and procedures associated with the preparation of its sushi products or have licensed with Sushi Avenue, ~~Incorporated~~ to use those recipes it ~~has developed~~owns.

We have ~~established~~a training program that you (together with your owners and management if you are an entity) may be obligated to attend and complete prior to operating your Sushi Bar. We ~~have will~~ provide you with ~~developed (and borrowed from our affiliate)~~ a series of manuals, reflecting the processes and procedures required to operate a Sushi Bar, ~~all of which will be provided to you~~. Each of these will, over time, continue to be evaluated and improved as need be and will be provided to you for your use in operating the Sushi Bar.

All training, however, is and will be dependent on your particular skill and prior training. The greater the experience, the less training that may be required. Some franchisees, in fact, may be exempt from the training program (depending upon the skill and experience), including qualified existing Contract Chefs.

Your Sushi Bar will be located within a Store location, typically located in an urban or suburban area, with proximity to residential areas or near or in commercial areas. We will have an agreement with the Store that provides a license or other right to operate a Sushi Bar within the Store. We will give you access to the Store location as part of your Franchise Agreement.

The sushi products will be purchased through the Store's cash register or point of sale systems. The amounts you receive are referred to as Franchise Commissions and the formula for determining your Franchise Commission will be stated in your Franchise Agreement. After the Store retains its portion of the gross sales originated from the sale of sushi products, which percentage will be pre-negotiated under the license or agreement with the Store to operate the Sushi Bar, the remaining sales will be submitted to us or our affiliate. We or our affiliate will then retain and deduct from your Franchise Commissions any amounts that you owe under the terms of your Franchise Agreement, plus any amounts you owe for fees (see Item 6), financing costs (see Item 10), plus any amounts you owe us or Sushi Avenue, ~~Incorporated~~ for purchases of food, supplies, and other matters, as well as any other monetary obligations that you have to us or Sushi Avenue, ~~Incorporated~~. All amounts that we or Sushi Avenue, ~~Incorporated~~ are owed will be retained or deducted from your Franchise Commissions. We will then remit to you the remainder of your Franchise Commissions.

If there is a negative balance of your Franchise Commissions after all deductions, then your negative balance will be carried forward to the next month and be deducted from your next month's Franchise Commissions. ~~Neither w~~We nor our affiliate are ~~not~~ required to remit any funds to you until the Store remits those funds to us or our affiliate and we have an opportunity to calculate and deduct the amounts that are due to us or Sushi Avenue, ~~Incorporated~~. If occupancy costs or other costs imposed by the Store are increased, this may also result in a reduction of your Franchise Commissions.

You will not pay rent for the Sushi Bar space or any other space being utilized by your operations including but not limited to, display cases for the products or freezer or other space for the ingredients. You also will not have any build-out costs for your space and all utilities are included in the amounts paid to the Store. Thus, other than your product, supplies, equipment, and personnel costs, and the fees that we charge, you generally will not have any other expenses or costs.

While your Sushi Bar will be fairly standard in its size and composition, it is subject to the Store and its preferences. For example, a standard Sushi Bar may be as large as 300 square feet, which will include display cases, refrigeration, work areas, and other equipment necessary for the preparation and presentation of the sushi. In addition to refrigerated display cases that are typically offered by the Store, the Store will also offer designated refrigeration and/or freezer space away from the sushi bar location where other items can be stored in bulk. The sushi offered in the Store locations typically is meant for offsite consumption or carry-away by the client or customer but, at times, the Store may offer a separate and distinct eating area for the sushi or other products it may offer as part of its delicatessen operations.

The sushi business, in general, is highly competitive and dependent upon the eating habits of the public, in general, and the clientele of the Store, in particular. It is also highly dependent upon a number of different economic conditions both nationally and internationally. The principal basis of the competition and the industry is the quality of products served, the price of the food products offered, as well as the name identification and other factors associated with the brand identification of the same. Your competition will include other sushi bars, retail chains of sushi bars and restaurants that offer and specialize in sushi (including some that are offered by us or an affiliate), some of which may be located close to your kiosk. Sales of sushi are seasonally affected and may be affected generally by weather conditions and in some areas seasonal traffic, for example, vacation areas.

If you are an entity, each individual who owns an interest in your corporation or limited liability company must sign the Franchise Agreement in his/her individual capacity as well as a guaranty agreeing to be bound by all the terms and conditions of the Franchise Agreement including any amendments. Those parties will also be obligated to unconditionally guarantee the payment of all liabilities incurred by you, as franchisee, at any time as well as the performance of all other obligations.

We are sometimes required to open additional Remote Store Sites in new locations in Stores as a condition of our operating any Sushi Bars with a particular Store chain. If you own a Sushi Bar and we obtain or are offered the right to operate another Remote Store Site within twenty (20) miles of one of your Sushi Bars, we may require you to take and operate the newly offered Remote Store Site, which will not require the payment of any additional fee and will be governed by your then current Franchise Agreement. We will not require you to operate any additional Remote Store Site if it is unprofitable after six months' time.

Note that your Sushi Bar, if acquired as a franchise, is subject to any Master Agreement in place. Any modification, termination or expiration of that Master Agreement may impact your right to operate that particular Sushi Bar, including the loss of the right to do so.

Industry-Specific Regulations

Without exception, the most important part of your business will be food safety. Most, if not all, of our training, inspection, and franchise manual involves food safety in one form or another. Each Sushi Bar will be subject to federal, state, and local health inspection authorities which govern the handling of food, temperatures and other health considerations. Federal law and regulation impose specific requirements on the handling of fresh fish products under the Hazard Analysis Critical Control Points (HACCP) program. Federal law also requires chain retail food establishments with more than twenty locations to disclose the number of calories of each standard menu item on the menu and menu boards, make additional written nutritional information available to customers on request and provide a statement on menu boards about the availability of additional information. In some states or municipalities or other political subdivisions there may be local regulations that limit foods offered for sale, or that require posting of calorie content or other nutritional information.

ITEM 2

BUSINESS EXPERIENCE

Manager, President/CEO: ~~Shingo Fujii~~Nay Hla.

~~Mr. Nay Hla~~Shingo Fujii has served as ~~the-our~~ Manager and President/Chief Executive Officer since ~~the inception of SAH Holdings, LLC in March 2023~~June 2024. He ~~is-has~~ also served as-the President and Chief Executive Officer of Sushi Avenue, ~~Incorporated and has held that position since~~ June 2024~~2004~~. He ~~also serves as the Manager of each of our affiliates known as M, S & R, I, LLC, M, S & R, II, LLC and M, S & R, III, LLC, and has held those positions since each were formed in October 2010, August 2011, and November 2014, respectively.~~ He previously served as Senior Vice President of Sojitz Corporation of America in New York, New York, from April 2024 to June 2024, as a General Manager of Sojitz Corporation in Tokyo, Japan from April 2022 to March 2024, and as a Manager of Sojitz Corporation in Tokyo, Japan from April 2012 to March 2022. He serves in his current capacities in the Minneapolis, Minnesota area.

Chief Operating Officer: Nay Lin.

Mr. Nay Lin has served as ~~our~~ Chief Operating Officer since SAH Holdings, LLC was first formed in March 2023. He ~~has also served, and continues to serve, as was~~ Chief Operating Officer of Sushi Avenue, Incorporated, ~~from 2004 to June 2024, and since June 2024 has also served as Chief Operating Officer of Sushi Avenue. Until June 2024, h~~He has held that position since 2004. He ~~has~~ also served as an officer ~~in each of our affiliates known as of~~ M, S & R, I, LLC, M, S & R, II, LLC and M, S & R, III, LLC, ~~all in the Minneapolis, Minnesota area, and has held those positions since beginning when~~ each ~~were was~~ formed in October 2010, August 2011, and November 2014, respectively. He serves in his current capacities in the Minneapolis, Minnesota area.

Senior Vice President: H. J. Kim.

Mr. Kim has served as ~~the our~~ Senior Vice President since our inception in March 2023. He ~~has~~ also served ~~in, and continues to serve, in~~ that capacity ~~of our affiliate for~~ Sushi Avenue, Incorporated, ~~from 2016 to June 2024, and since June 2024 has served as Senior Vice President of Sushi Avenue. and has done so since 2016. Prior to that, from 2006 to 2016, Mr. Kim served as Director of Supply Chain at Sushi Avenue, Incorporated.~~ He serves in his current capacities in the Minneapolis, Minnesota area.

ITEM 3

LITIGATION

Except for the actions described below, there is no litigation information required to be disclosed in this Item.

In a civil action entitled *Assurance Company of America, a New York Corporation v. Sushi Avenue, Incorporated*, Court File No.: 19HA-CV-15-4082, State of Minnesota, District Court, Dakota County, Plaintiff alleged breach of contract and unjust enrichment associated with certain insurance provided to Defendant. Defendant, in turn, alleged breach of contract and disputed the amounts purportedly unpaid. On June 6, 2016, the parties reached a confidential settlement agreement and mutual release whereby all claims were dismissed without costs or disbursements.

In a civil action entitled *Michael Khing and MKS Sushi Inc. v. Nay Lin, Nay Hla, and Sushi Avenue Incorporated*, Court File No.: 1:14-cv-04004-SJ-RLM, Superior District Court, State of New York, Plaintiffs sued Defendants alleging breach of contract, and unjust enrichment, among other claims. Defendants alleged breach of contract, tortious interference with contract and a violation of Plaintiffs' non-compete. Plaintiffs were a former independent contractor of Sushi Avenue, Incorporated whose performance, according to Defendants, led to the loss of certain stores. Plaintiffs alleged that Mr. Khing had not been paid amounts due and owing to him and, as such, was entitled to such payments. On December 22, 2015, the parties reached a confidential settlement agreement and mutual release, and the case was dismissed with prejudice and without costs and disbursements to either party.

In a civil action filed on November 13, 2015 entitled *Peerless Indemnity Insurance Company v. Sushi Avenue, Inc.*, Civil No.: 15-cv-4112-ADM/LIB.U.S., United States District Court, District of Minnesota, Plaintiff sued alleging breach of contract against Defendant for certain additional proceeds owed as insurance premiums. Defendant disputed that any amounts are due and owing and that Plaintiff failed to comply with its own contract and underwriting guidelines. The parties reached a confidential settlement agreement and mutual release, and the case was dismissed with prejudice and without costs and disbursements to either party.

In a civil action filed June 13, 2014, against Sushi Avenue, Incorporated, entitled *Sushi Avenue, Incorporated, a Minnesota corporation v. Supervalu, Inc.*, Court File Number 27-cv-14-9814, State of

Minnesota, District Court, Hennepin County, Plaintiff filed an action alleging breach of contract, unjust enrichment, and declaratory judgment seeking to terminate the agreement to provide certain services at various stores controlled by the Plaintiff. Defendant counter-claimed alleging that the termination was a breach of contract and that the Plaintiff failed to make certain payments due and owing under the same. On December 22, 2014, the parties agreed to settle their differences pursuant to the terms of a confidential settlement agreement and mutual release with all claims being dismissed against each other with prejudice.

In the Matter of Determining Whether there has been a violation of the Franchise Investment Protection Act of Washington by Sushi Avenue, Incorporated. Administrative Proceeding filed by the Washington Securities Division of the Department of Financial Institutions against Franchisor (Order No.: S-24-3769-24-CO01) alleging that, between 2016 and 2024, our former affiliate, Sushi Avenue, Incorporated, violated the Washington Franchise Investment Protection Act (the “WFIPA”) by entering into 14 written agreements that constituted franchises with residents of Washington and other states without providing such parties with a franchise disclosure document prior to executing the written agreements in violation of RCW 19.100.080, and without being registered to sell or offer to sell franchises in Washington in violation of RCW 19.100.020. On July 1, 2024, Sushi Avenue, Incorporated entered into a Consent Order whereby it agreed to cease and desist from violating the WFIPA and pay investigative costs of \$2,000.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee – First Sushi Bar

You must pay an initial franchise fee upon execution of the Franchise Agreement for the first Sushi Bar you franchise from us. The franchise fee for a Sushi Bar is generally \$20,000. However, we will waive the entire initial franchise fee for all existing Sushi Bars that are being operated by qualified Contract Chefs under an agreement with Sushi Avenue, ~~Incorporated~~. There is no initial franchise fee for a Remote Store Site.

Additionally, we may discount the initial franchise fee based on other factors, including the type of Store your Sushi Bar will be located in, the Store’s requirements for your Sushi Bar’s operating hours, and the anticipated sales volume of the Sushi Bar based on Store characteristics. If you acquire an existing Sushi Bar from us or our affiliate, and if the combined total of the Gross Sales of the Sushi Bar is less than \$2,000 per week based on the preceding 12-month average Gross Sales, then we may waive the franchise fee for that particular Sushi Bar. In all instances, your initial franchise fee will be calculated before you sign the Franchise Agreement.

Franchise Fee – Additional Sushi Bars

If you acquire other Sushi Bars from us later, the length of the term granted for subsequent Sushi Bars will match the length of the term remaining on your first Sushi Bars. The initial franchise fee for any additional Sushi Bars after the first Sushi Bar depends on the term remaining on your Franchise Agreement as follows:

Between 25 and 36 months remaining: Initial franchise fee of \$0 to \$10,000.

Between 13 to 24 months remaining: Initial franchise fee of \$0 to \$6,750.

Less than 13 months remaining: Initial franchise fee of \$0 to \$5,000.

Remote Store Site has no franchise fee.

The actual franchise fee you will pay for additional Sushi Bars will vary within the ranges shown above, depending on a number of factors, including the type of Store your Sushi Bar will be located in, the Store's requirements for your Sushi Bar's operating hours, and the anticipated sales volume of the Sushi Bar based on Store characteristics. In these instances, your initial franchise fee will be calculated before you sign the Franchise Agreement. Additionally, if any Sushi Bar you are acquiring was also in operation by a Contract Chef under contract with Sushi Avenue, ~~Incorporated~~, then we will not charge any initial or partial franchise fee.

If you acquire an existing Sushi Bar from another franchisee, which shall be subject to our approval, you may be required to pay either a prorated franchise fee for the remaining term under the Franchise Agreement, or a full franchise fee for each acquired Sushi Avenue Sushi Bar for which you receive a new Franchise Agreement with a three (3) year term.

If you operate an existing Sushi Bar under contract from our affiliate, Sushi Avenue, ~~Incorporated~~ and you qualify as a franchisee, we will add time to the term of your Franchise Agreement equal to the length of time remaining on your contract agreement with Sushi Avenue, ~~Incorporated~~.

All franchise fees are fully earned and non-refundable when paid. We may, at our option, agree to finance (see Item 10), delay or waive any initial franchise fee.

In our last fiscal year ended December 31, 2023, as all of our sales of franchises were to qualified existing Contract Chefs, we did not collect any initial franchise fees.

Initial Training Fees

If you are a qualified existing Contract Chef, we will waive the initial training requirements and you will not be required to pay a training fee. If you are not a qualified existing Contract Chef, before opening you will be required to complete our initial training program. We estimate the range of initial training fees will be from \$0 (if the training requirement is waived) to \$3,500, which would cover the initial training fee for two people, the ServSafe training fee for two people, and the fee for our elongated sushi chef training for one person.

Equipment and Smallwares

Before opening, you generally will be required to purchase, from Sushi Avenue, ~~Incorporated~~, equipment and smallwares necessary to operate your Sushi Bar. If you are a qualified existing Contract Chef operating an existing location of Sushi Avenue, ~~Incorporated~~, you will use your existing equipment and smallwares and will not need to purchase additional equipment and smallwares. We estimate the range of these cost to be \$0 (if you are a qualified existing Contract Chef using your existing equipment and smallwares) to \$10,000.

Initial Food and Supply Inventory; Uniforms

Before opening, you generally will be required to purchase, from Sushi Avenue, ~~Incorporated~~, an initial inventory of food and supplies. You also may be required to purchase uniforms from Sushi Avenue, ~~Incorporated~~. If you are a qualified existing Contract Chef purchasing a location currently operated by Sushi Avenue, ~~Incorporated~~, you may not be required to purchase food, supplies, or uniforms and will use what you have on hand. We estimate the range of these costs to be \$0 (if you are a qualified existing Contract Chef and will use inventory, supplies and uniforms already on hand) to \$20,000.

Point of Sale Marketing Materials

Before opening, you generally will be required to purchase, from us and/or from Sushi Avenue, ~~Incorporated~~, an initial supply of point of sale and other marketing materials including signs, banners, cards, and other materials to promote your Sushi Bar and our brand. If you are purchasing a location currently operated by our affiliate, Sushi Avenue, ~~Incorporated~~, these materials may already be on hand and it may not be necessary for you to purchase them, and, accordingly, we estimate the range of these costs to be \$0 to \$2,000. If you are purchasing a new location, we estimate the costs of this initial supply to range from \$1,000 to \$2,000.

Background Check

Prior to accepting you as a franchisee, we require you to submit to background check, which includes drug testing and a criminal and credit check. Your results must be acceptable to us. You must reimburse us our cost in obtaining these tests and checks, estimated at \$250. Qualified existing Contract Chefs will not incur this fee as we do not require a background check for them.

None of the above fees are refundable.

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ITEM 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Compensation to Stores and Franchisor <u>(or affiliate)</u> . ¹	Varies by location and Store. Typically, 0% to 40% of Gross Sales to Store and 0% to 25% of Gross Sales of your Sushi Bar to us <u>or our affiliate</u> but amounts may vary widely. ²	Monthly on Gross Sales for the previous month. Will be deducted directly from your Franchise Commissions. Timing will vary and be dependent upon payment from the stores.	<ul style="list-style-type: none"> • Non-refundable. • Uniformly imposed but will vary by location. • Imposed by Franchisor/Stores (third-party), pursuant to Master Agreement.
National Marketing Fund. ³	Up to 1.5% of total monthly Gross Sales. Not currently assessed.	Monthly on Gross Sales for the previous month. May be deducted directly from your Franchise Commissions.	<ul style="list-style-type: none"> • Non-refundable. • Uniformly imposed. • Imposed by Franchisor^{3.1} (once implemented).
Local Marketing Program. ⁴	1% of total monthly Gross Sales. Not currently required.	As incurred, in connection with approved local marketing programs that you choose. Monthly on Gross Sales for the previous month once activated.	<ul style="list-style-type: none"> • Payable to your local marketing vendors. • Non-refundable. • We have the right to spend these funds on your behalf and collect from you should you fail to do so.
Sales Inquiry Fee. ⁵	\$100 per month 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.	<ul style="list-style-type: none"> • Non-refundable. • Uniformly imposed. • Imposed by Franchisor.
Food, Equipment, Uniform and Supply Purchases. ⁶	Varies depending upon sales volume of the Sushi Bar and the requirements of the various Stores.	Payable when you buy the franchise or in monthly payments if we finance part of the cost. May be deducted directly from your Franchise Commissions. Food, product, and other such consumables, such as serving trays and other items are ordered by you and deducted from your Franchise Commissions.	<ul style="list-style-type: none"> • Non-refundable. • Uniformly imposed. • Imposed by Sushi Avenue.

Transfer. ⁷	\$1,500 per location transferred, plus our fees and costs incurred.	Payable prior to approval of transfer. May be deducted from your Franchise Commissions.	<ul style="list-style-type: none"> • Non-refundable. • Uniformly imposed based on volume. • Imposed by Franchisor, in its discretion.
Renewal. ⁸	Up to 50% of the amount of our then current franchise fee at the time of renewal.	Payable upon signing of Renewal of Franchise Agreement. May be deducted directly from your Franchise Commissions.	<ul style="list-style-type: none"> • Non-refundable. • Uniformly imposed. • Imposed by Franchisor, in its discretion.
Lab Test to Examine Food. ⁹	\$0.00 - \$250 per food item test.	On demand. May be deducted directly from your Franchise Commissions.	<ul style="list-style-type: none"> • Non-refundable. • Uniformly imposed. • Imposed by Franchisor.
Request for Approval of Vendor or Product. ¹⁰	\$0.00 - \$500 per requested product, supplier, or vendor plus our out-of-pocket expenses for investigation expenses per product item, supplier, or vendor.	On demand. May be deducted from your Franchise Commissions.	<ul style="list-style-type: none"> • Non-refundable. • Uniformly imposed. • Imposed by Franchisor.
Initial Loan Fee for Franchise Manual. ¹¹	\$150 for each Sushi Bar if not returned to us.	To be deducted directly from your last month's Franchise Commissions, if not returned to us.	<ul style="list-style-type: none"> • Non-refundable. • Uniformly imposed. • Imposed by Franchisor.
Local License and Permits. ¹²	\$0 to \$5,000 per location.	On demand. May be deducted directly from your Franchise Commissions.	<ul style="list-style-type: none"> • Vary with Store. • Collected by local municipalities.
Point of Sale Marketing Materials. ¹³	Up to \$2,000 per year per location.	On demand. May be deducted directly from your Franchise Commissions.	<ul style="list-style-type: none"> • Non-refundable. • Uniformly imposed. • Imposed by Franchisor <u>or</u> Sushi Avenue/Store.

Late Ordering Fee. ³³	\$300 to \$1,000.	On demand. May be deducted from your Franchise Commissions.	• Uniformly imposed.
Administrative Fee. ³⁴	\$125 per Franchise Commission payment.	Will be deducted from your Franchise Commissions.	• Imposed by Franchisor.

¹ You do not receive direct payment for the sales of goods and services from your Sushi Bar. Those payments will be made to the Store where the Sushi Bar is located through the cash registers of the Store. As used in this disclosure document, "Gross Sales" includes all revenue from the sale of all services and products related to the Franchise 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. Those taxes, if any, will be collected and remitted to appropriate accountants by the Stores.

The percentage of sales that the Store may retain as its share of Gross Sales (the "Service Commission") is negotiated directly by us or Sushi Avenue, ~~Incorporated~~ with the Stores and may vary among Sushi Bars. The Service Commission varies by Store and location. It is typically 25% but may range from 0% to 40% of Gross Sales. The amount remaining from Gross Sales after deduction of the Store's Service Commission is referred to as the Franchise Commission. Any additional charges or changes in cost made by the Store will be passed along to you and will be deducted from your Franchise Commissions.

When we (or Sushi Avenue) receive the Franchise Commissions from the Store, we (or Sushi Avenue) will remit it to you, but only after first deducting from your Franchise Commissions (i) all amounts owed to us and our affiliates, including all fees listed in this Item 6 payable to us; (ii) all amounts you owe to Sushi Avenue and affiliated suppliers for food and supplies and other purchases made by Franchisee, and (iii) any other amounts owed arising from loans, financings, advances, credits or deferrals made to you by us or our affiliates. After all deductions, we will remit any remainder of your Franchise Commissions to you. If after all deductions from the Franchise Commission there remains a negative balance, then 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 month's Franchise Commission. You will not be entitled to payment except in the amount of the Franchise Commissions after all deductions. The amounts typically paid to franchisees for Franchise Commissions vary from 60% to 75% of Gross Sales before amounts are deducted for sums owed to us and Sushi Avenue for food, supplies, fees, and charges. Unless otherwise noted, all fees listed in the table above are non-refundable.

² The amounts retained, after payment of all amounts owed to us, Sushi Avenue and any other vendors, and after amounts owed for fees and other charges varies, but typically ranges from 0% to 25% of Gross Sales. We (or Sushi Avenue) will deduct all amounts owed to us and Sushi Avenue before payment of your Franchise Commissions.

Typically, the Stores will be required to make payments of Franchise Commissions monthly, but the payment terms may vary from two-week intervals up to three-months between payments from the Stores. If we (or Sushi Avenue) do not receive a monthly report from the Stores 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 Stores we will withhold those amounts you owe us for previous month's payments. **We are not required to pay you your Franchise Commissions at any time until the Store pays us, and we deduct your expenses and fees. Any debits or reductions made by the Store, which may include under-payments from previous reporting periods, will also be deducted from your Franchise Commissions.**

³ Contributions to the National Marketing Fund are used for advertising and promotion of the SAH Holdings System and the "Sushi Avenue" brand, including, indirectly, your franchise, and to pay for reasonable administrative expenses and overhead, if any, that we incur in activities reasonably related to the administration or direction of marketing. See Item 11 for a detailed description of advertising fees and expenditures. This fee is non-refundable. We have not implemented this fee as of the date of this disclosure document, although we reserve the right to implement it upon notice to you.

Typically, the Stores will be required to make monthly Franchise Commission payments to us (or Sushi Avenue), but the payment terms may vary from two-week intervals up to three-months between payments from the Stores. If we (or Sushi Avenue) do not receive a monthly Franchise Commission payment from the Stores, we will note on your account the amounts you owe us for the National Marketing Fund. If we (or Sushi Avenue) do not receive a monthly report from the Stores and the amount of Gross Sales is unknown, we will estimate the amount of the Gross Sales for that reporting period and note on your account the amounts you owe us for the National Marketing Fund. Upon receipt of payment from the Stores, we (or Sushi Avenue) will withhold those amounts you owe us for previous months, first correcting any and all estimates we made.

^{3.1} Fees imposed by us listed in the table above may be collected on our behalf by Sushi Avenue.

⁴ You must spend this local advertising requirement in compliance with our current policies. We have the right to require you to provide proof that these funds were spent, and spend them on your behalf should you fail to do so. We may require that some or all of this spending requirement be made by participation with other franchisees in local or regional advertising cooperative organizations or programs. We are not, as of the date of this disclosure document, enforcing this requirement.

⁵ In remitting your Franchise Commission to you, we (or Sushi Avenue) will provide you with an itemization of the amounts that have been deducted from the Gross Sales amount, including the Service Commission paid to the Store. If you ask for an accounting or evidence of amounts received from the Store, or other information more detailed than that provided to you in your monthly report, we will charge you \$100 per month for which you request additional sales or other information. Therefore, if you ask for evidence of amounts we received from a Store for a three-month period, your fee will be \$300 (\$100 per month). Likewise, if you operate 3 Sushi Bars and want additional sales information for each Store for one month, we will charge you \$100 per Store or \$300 total.

⁶ Food purchased, supplies, condiments and the cost of freight are imposed by and payable to our affiliate Sushi Avenue, ~~Incorporated~~ (See Item 7) and are not refundable. On an ongoing basis you may independently buy produce for your own Sushi Bar. On occasion, at our discretion, we may maintain an account at the Stores or other supplier of produce from which you may order. If you order on our account, you will be required to re-pay us, and these amounts owed may be deducted by us from your Franchise Commissions. With few exceptions, you will be required to purchase the fish and other new sushi products from us or our affiliate, Sushi Avenue, ~~Incorporated~~. The primary reason is to ensure quality control and an identifiable trail of sourcing for the product.

Initial equipment and smallwares required for each Sushi Bar are purchased from and payable to Sushi Avenue, ~~Incorporated~~ and are not otherwise collected on behalf of, nor paid to any third party. Any amounts paid to Sushi Avenue, ~~Incorporated~~ are in all cases non-refundable. The initial cost of equipment and smallwares are estimated to be between \$3,000 and \$10,000 for each Sushi Bar and up to \$2,000 for each Remote Store Site. In most cases the Stores may provide some of the equipment required.

You will also be required to purchase labels. These labels' costs will vary but generally cost (.05) each.

Uniforms are purchased from our affiliate, Sushi Avenue, ~~Incorporated~~; provided, however, that all uniforms will be subject to the requirements of the Store. Any Sushi Bar owner and its employees may be required to purchase and use those uniforms required by the Store. (See Item 7).

For inventory, we suggest that you maintain (and routinely rotate) up to 25% of your total weekly volume. The amount of inventory you maintain is, of course, in your discretion. But additional fees will apply for expedited delivery if you fail to properly manage your inventory.

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. In addition to the transfer fee, we reserve the right to charge you for our reasonable legal expenses related to the transfer and our reasonable costs of travel, lodging and meals associated with a transfer. We do not allow transfer of control of your franchise entity or your Sushi Bar until you have operated the Sushi Bar for at least one (1) year. In no case may you transfer less than all Sushi Bars that you own, and in all cases transfer is subject to our approval. If you are selling your Sushi Bar(s) we reserve the right to purchase it/them on the same terms and conditions that are presented to us for approval. We also reserve the right to waive these fees if you have operated a Sushi Bar as a Contract Chef.

⁸ This fee will be in the amount up to 50% of our then-current franchise fee for a Sushi Bar.

⁹ To ensure food safety, we or our designated agent 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 between \$0.00 and \$250 per food item. All fees are nonrefundable.

¹⁰ If you ask us to consider or review a new product as part of your Sushi Bar offering, or request that we approve a vendor, supplier or manufacturer that is not currently approved, we will charge between \$0.00 and \$500 per request plus any out-of-pocket costs for investigation and review. Out-of-pocket expenses will include the cost of travel of our representatives including costs of international travel if the food vendor is located or ships from a location outside the United States. (See Item 8).

¹¹ One copy of a Confidential Franchise Manual will be provided to you. All materials are given on loan and remain our property. There is no annual fee. Periodically you will receive updates to the Franchise Manual. The Franchise Manual may be in the future available only in an electronic format. You will be required to return the Franchise Manual to us upon expiration or termination of your Franchise Contract. The Franchise Manual includes a SSOP/HACCP (Sanitation Standard Operating Procedures/Hazard Analysis Critical Control) Food Safety Plan section and contains materials from vendors assuring the safety of food items as required by federal food regulation. The Food Safety Plan is in addition to and not as a substitute for, any Store's specific food safety plans in place or for any local or state requirements. A fee is imposed if the Franchise Manual is not returned to us.

¹² State or local governments may impose various business and license fees including health inspection fees or other charges. For some Sushi Bars, that fee has already been paid by the Store as part of its deli operations. If paid by the Store, then you must ensure that you can operate under its license. If not or if no license has been obtained (or a special license is required), you are responsible for paying all those fees and complying with any requirements imposed. If you do not pay those fees, we may pay those fees and, if we do, we will charge you those fees as they are incurred. If any other related fees are charged by business permit authorities or local health department authorities, we may pay these amounts and deduct the fees from your Franchise Commissions. The business permits are renewed annually as required. All fees are non-refundable.

¹³ Subject to the preferences of the Stores, and our own System promotions, we may require you to purchase promotional and other marketing materials from us and/or Sushi Avenue, ~~Incorporated~~, including signs, banners, cards and other materials or marketing services provided to you to promote your Sushi Bar and brand. These estimated amounts will be paid to us and/or Sushi Avenue, ~~Incorporated~~ as these materials are created and cost of services provided to you and will be deducted from your Franchise Commissions. We estimate up to \$2,000 per Sushi Bar in marketing materials will be provided to you during each year of operation. Costs incurred in our provision of marketing materials and services are separate from and are in addition to your contributions to the National Marketing Fund and your required expenditures through the Local Marketing Program. These fees are imposed as needed and incurred.

¹⁴ This charge is intended to compensate us for our efforts in addressing and resolving customer complaints about your franchise by the Stores or your customers. As part of your operations, this complaint resolution will be your responsibility. But if we are required to get involved, will impose a fee. 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 Stores, 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 non-refundable.

¹⁵ This fee is charged, in our discretion, for each incident of noncompliance of your operational obligations under the requirements, procedures or policies of the Franchise Agreement or Franchise Manual and is due upon notice to Franchisee, whether or not you are entitled to cure the deficiency under the Franchise Agreement.

¹⁶ If either at your request or at the request of the Stores, you or an employee fail to be present as required, we may, as may be necessary to support your Sushi Bar, provide on-site assistance.

¹⁷ Initial training programs may be required and provided in the amount up to \$500 per person for each equity owner of the franchise. If you own multiple Sushi Bars, then an initial training program may be required for at least the lead manager of each Sushi Bar. You may be required to successfully complete our initial training program before

you are approved as a franchisee or approved to acquire a franchise from us. See Item 11 for discussion of training programs provided. This fee will vary depending upon your experience and will be waived for qualified existing Contract Chefs.

¹⁸ This fee is payable to us and is not collected on behalf of nor paid to any other third party and is non-refundable, although we pay a portion of these fees to those organizations that offer these services. You may, at your option, arrange for your own ServSafe Certification for you and your employees. However, if you do so, you must provide us with proof of compliance. Our estimates of your pre-opening expenses include this fee for up to two trainees. See Items 5 and 7.

¹⁹ This fee is non-refundable.

²⁰ Additional training will be required and provided up to four sessions per year for one or two days each. The Principal Operating Officer or Partner and the lead manager for each Sushi Bar will be required to attend these sessions. See Item 11 for discussion of training programs provided.

²¹ We provide mandatory, additional, and ongoing training. If you fail to attend required training sessions after you begin operating your Sushi Bar, you will be required to pay this fee.

²² If we have been notified of a default of operating procedures or requirements under the Franchise Agreement or Franchise Manual (including the SSOP/HACCP Food Safety Plan), and you have failed to fully cure the operating default within the time specified in the notice of default, we may require you, your Principal Operating Officer or Partner or your lead employees to take additional training for a one or two day program. This fee is charged for the daily training session and not on a per person basis. We may also mandate this as part of the cure required for the breach.

²³ This fee is paid to us for our maintenance of our web site, other web services and email system and for the cost of providing you an email address.

²⁴ This fee is collected at the time you give consent to a background check and drug test and must be paid by each owner or shareholder of the franchise. We will use a portion of this fee to pay for the cost of the background checks, credit check and drug testing and the fee is non-refundable. This fee is waived for qualified existing Contract Chefs.

²⁵ This fee is non-refundable.

²⁶ This fee is payable when you seek to discontinue a particular Sushi Bar with our approval. You do not have the right to discontinue operations of your Sushi Bar, but if you request the right to discontinue operations or "drop" the Sushi Bar, and if we are able to locate a franchisee to operate the dropped Sushi Bar or we take over its operations, and permit you to "drop" it, then you may be required to pay the Sushi Bar Drop Fee. If you discontinue operations without consent this fee will not apply. Instead, the damages under the Franchise Agreement (and at common law) will apply as described below.

²⁷ This fee is payable if your Franchise Agreement is terminated before expiration of the term of your Franchise Agreement as a result of your default of the Franchise Agreement, or if you abandon or refuse to operate any Sushi Bar before the end of the term provided in your Franchise Agreement. You do not have the right to discontinue operations of your Sushi Bar without our approval before the end of the term of your Franchise Agreement or any renewal of the same. If you do discontinue or abandon your operation, or if your franchise right to operate your Sushi Bar is terminated, we may charge you this fee for each Sushi Bar that is affected. In addition to this fee, you may also be required to compensate us for our damages that include travel expenses, labor, and employee cost to operate the Sushi Bar, food products removed and unpaid and other expenses to operate the Stores.

²⁸ This fee is payable based upon our (or our affiliate's) cost of providing food sampling services at your location in the event you fail to meet the sampling requirements of the Stores. You may be required by the Store you operate your Sushi Bar in to provide food samples. If you fail to follow the requirements of that Store, we will send third party contractors to meet this demand. If we send third-party contractors, we will charge you a fee which will

include our hourly costs to pay our employee or a third party, plus an additional charge of \$3.00 per hour per person for this service.

²⁹ This fee is payable upon your request to transfer or assign an interest between shareholders or members but that transfer does not constitute a change of control, if you seek a name change of a Franchisee entity, or if you transfer your interest to another Franchisee entity that is wholly owned by you, all of which requirements and amounts may be modified by posting in the Franchise Manual.

³⁰ This fee is payable upon each request we receive from a third-party levying or garnishing amounts you owe to third parties.

³¹ If you fail to obtain the required insurance coverages, we may, at our option, purchase the insurance for you. If we purchase the insurance for you, we will charge you an Insurance Service Fee, plus the cost to us to obtain the insurance plus the Insurance Service Fee. The Insurance Service Fee will be one percent (1%) of your monthly Gross Sales for one year. Each time we purchase insurance for you, you will be charged the Insurance Service Fee.

³² We will cover product liability insurance for your Sushi Bar under our group insurance policy, then deduct your portion of our premium costs calculated based on sales, but we may revise the rate from time to time as we determine. Your portion of the premium will be deducted before payment of your Franchise Commissions. You are responsible for securing commercial general liability insurance, commercial workers' compensation/employer's liability (to the extent you have employees), and other insurance to meet any statutory requirements. The chart below summarizes the monthly costs, as of the date of this disclosure document, for product liability insurance based on your sales volume:

Average Weekly Sales	First Sushi Bar	Each Additional Sushi Bar	Each Remote Store Site
< \$3,499	\$250	\$100	\$75
\$3,500 - \$4,999	\$295	\$150	\$75
\$5,000 - \$9,999	\$325	\$200	\$75
\$10,000 - \$19,999	\$395	\$200	\$75
\$20,000 - \$29,999	\$450	\$200	\$75
\$30,000 - \$39,999	\$550	\$200	\$75
>\$40,000	\$625	\$200	\$75

³³ If you fail to order inventory and supplies before Monday at 3:00 p.m. you will be charged a rush order shipping fee as follows: \$300 for orders made after Monday at 3 p.m. and before Tuesday at 3 p.m.; \$600 for orders made after Tuesday at 3 p.m. and before Wednesday at 3 p.m.; \$1,000 for orders made after Wednesday at 3:00 p.m.

³⁴ This is a fee for the management and administration of your Franchise Commissions. This includes but is not limited to, the receipt and reconciliation of the Gross Sales, the Store Commissions, and all other costs associated with the operations of your franchise. We (or our affiliate) will prepare and provide you with an itemized statement as well as the final amount remaining over from your Franchise Commissions.

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ITEM 7

ESTIMATED INITIAL INVESTMENT

**YOUR ESTIMATED INITIAL INVESTMENT FOR THE PURCHASE OF AN EXISTING
LOCATION OPERATED BY A CONTRACT CHEF**

Type of expenditure	Estimated Low Amount	Estimated High Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee. ¹	\$0.	\$0.	N/A	N/A	If you are purchasing a location currently operated by a Contract Chef of our affiliate, we will not charge an initial franchise fee.
Insurance. ²	\$500.	\$5,000.	As arranged.	As incurred.	Insurers.
Initial Training Fees, travel, living expenses during initial training. ³	\$0.	\$9,720.	Lump sum and as incurred.	Prior to training and expenses during training.	Us or Sushi Avenue , Third Party Providers (airline, hotel, meals, etc.).
Professional Advisors. ⁴	\$1,000.	\$5,000.	As arranged.	As incurred.	Attorneys and Accountants.
Point of Sale Marketing Materials. ⁵	\$0.	\$2,000.	Generally deducted as an expense before we pay amounts owed to you.	Upon delivery to you.	Us, Sushi Avenue; Incorporated .

Equipment, smallwares, and computer. ⁶	\$0.	\$11,000.	As arranged.	As incurred.	Sushi Avenue, Incorporated, Suppliers.
Initial food inventory, uniform and supply purchases. ⁷	\$0.	\$20,000.	As arranged.	As incurred.	Sushi Avenue, Incorporated.
Local business license fees and permits. ⁸	\$100.	\$5,000.	As arranged.	As incurred.	Local Governmental Agencies.
Background Check, Credit Check and Drug Test. ⁹	\$0.	\$250.	As arranged.	Upon application approval.	Us.
Additional funds ¹⁰ (3 months initial phase).	\$5,000.	\$25,000.	As arranged.	As incurred.	Sushi Avenue, Incorporated, Third Party Providers, Your Employees, and Approved suppliers.
Total:	\$6,600.	\$82,970.			

YOUR ESTIMATED INITIAL INVESTMENT FOR A NEW LOCATION

Type of expenditure	Estimated Low Amount	Estimated High Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee. ¹	\$0.	\$20,000.	Lump Sum.	At signing of Franchise Agreement.	Us.
Insurance. ²	\$500.	\$5,000.	As arranged.	As incurred.	Insurers.

Initial Training Fees, travel, living expenses during initial training. ³	\$0.	\$9,720.	Lump sum and as incurred.	Prior to training and expenses during training.	Us <u>or Sushi Avenue</u> , Third Party Providers (airline, hotel, meals, etc.).
Professional Advisors. ⁴	\$1,000.	\$5,000.	As arranged.	As incurred.	Attorneys and Accountants.
Point of Sale Marketing Materials. ⁵	\$1,000.	\$2,000.	Generally deducted as an expense before we pay amounts owed to you.	Upon delivery to you.	Us, Sushi Avenue; Incorporated .
Equipment, smallwares, and computer. ⁶	\$3,000.	\$11,000.	As arranged.	As incurred.	Sushi Avenue; Incorporated , Suppliers.
Initial food inventory, uniform and supply purchases. ⁷	\$20,000	\$20,000.	As arranged.	As incurred.	Sushi Avenue; Incorporated .
Local business license fees and permits. ⁸	\$100.	\$5,000.	As arranged.	As incurred.	Local Governmental Agencies.
Background Check, Credit Check and Drug Test. ⁹	\$250.	\$250.	As arranged.	Upon application approval.	Us.
Additional funds ¹⁰ (3 months initial phase).	\$5,000.	\$25,000.	As arranged.	As incurred.	Sushi Avenue; Incorporated , Third Party Providers, Your Employees, and Approved suppliers.

Total:	\$30,850.	\$102,970.			
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The first chart above summarizes your estimated initial investment if you are purchasing a location currently being operated by a Contract Chef of our affiliate, Sushi Avenue, ~~Incorporated~~, including, for example, if you are the Contract Chef currently operating that location. The second chart above summarizes your initial investment if you are purchasing a new location. All amounts are non-refundable unless otherwise noted.

Notes for both charts:

¹ If you are purchasing a location currently operated by a Contract Chef of our affiliate, Sushi Avenue, ~~Incorporated~~, we will not charge an initial franchise fee. If you open a new location, the franchise fee will range from \$0 to \$20,000, depending on a number of factors, including the type of Store your Sushi Bar will be located in, the Store's requirements for your Sushi Bar's operating hours, and the anticipated sales volume of the Sushi Bar based on Store characteristics. In these instances, your initial franchise fee will be calculated before you sign the Franchise Agreement. Franchise Fees for second and subsequent Sushi Bars are prorated depending upon the length of term remaining under your first Sushi Bar. There is no additional initial franchise fee for Remote Store Sites. The initial franchise fees are discussed in Item 5.

² The insurance figures in the chart are estimated annual expenses for a single Sushi Bar. In some cases, you may be required to pay the entire annual premium initially. Costs may vary among different underwriters and may be based on variables including types of coverage, amounts of coverage, how long you have been in business, your financial condition, your prior risks, and location of your Sushi Bars. We will cover product liability insurance under our group insurance policy, then deduct your portion of our premium costs calculated based on sales. Your portion of the premium will be deducted before payment of your Franchise Commissions and thus will be incurred after you open. You are responsible for securing commercial general liability insurance, workers' compensation/employer's liability (to the extent you have employees), and other insurance to meet any statutory requirements. You must obtain in advance general liability insurance in the amount of \$1 million per occurrence limit, and \$1 million personal injury and advertising limit; \$2 million general aggregate, \$2 million umbrella liability; \$1 million business auto liability; workers compensation/employers liability as needed. Insurance requirements may change and may be changed in the Franchise Manual. If you fail to maintain the required insurance coverages, we may obtain the insurance and deduct it from your Franchise Commissions.

³ If you are a qualified existing Contract Chef, we will waive the initial training requirements and you will not incur any training expenses. If you are not a qualified existing Contract Chef, you will incur expenses associated with our initial training program.

The training fees and costs shown are for a single Sushi Bar. For this training program, we provide instructors and instructional materials for a fee of up to \$500 per person plus costs. These costs include transportation, food and lodging for yourself and any employees to be trained in our training location at our headquarters in Eagan, Minnesota.

Initial training programs are required for each equity owner of the franchise. If you own multiple Sushi Bars, then training is required for at least the lead manager of each Sushi Bar. See Item 11 for discussion of training programs provided. All equity owners of the franchisee must take the full training program at our headquarters. If lead employees, other than the equity owners of the franchise, have substantial sushi chef experience, then those individuals, at our discretion, may take a shortened training program in their area where available or elsewhere where there is a program available. The cost for the modified program will vary but will not include the cost of travel, food and lodging of our training representative, and the cost of travel, food, and lodging of the trainee.

If any of the equity owners of the franchisee or any of the lead managers do not have sufficient sushi chef experience, he/she must have additional sushi chef training for 5 to 20 days at a place we designate. The fee for such an elongated program shall be an additional \$2,000 per person plus the cost of your accommodations, food, and travel. The estimated cost of travel, lodging and food for 20 days is \$2,500.

The ServSafe food safety training and testing is required at the cost of \$250 per person for any trained person not previously certified. Each sushi bar is required to have at least one ServSafe certified person on duty at all times.

There is a \$50 per person re-testing fee if a trainee fails to pass the ServSafe test. You may, at your own cost, obtain the ServSafe training but will be required to provide proof of the same.

The cost of all training programs will depend on the number of people trained, and the travel costs which will vary by the type of accommodations you choose. In addition, you must pay any wages due employees during training. Any and all training may be waived based on prior experience.

The low range of the estimate in both charts assumes you are not required to undergo any training. The high range of both charts assumes that two people travel to training, both require the additional ServSafe training, that you pay one person wages during the initial training, and that one person requires the elongated program for additional sushi chef training.

⁴ You may need to hire an attorney to organize your entity and seek advice from an accountant to organize your business.

⁵ You will be required to purchase point of sale and other marketing materials including signs, banners, cards, and other materials to promote your Sushi Bar and our brand. 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 Sushi Bar. If you are purchasing a location currently operated by our affiliate, Sushi Avenue, ~~Incorporated~~, these materials may already be on hand and so it may not be necessary for you to purchase them, and, accordingly, we estimate you will spend between \$0 and \$2,000. If you are purchasing a new location, we estimate the costs of this initial supply to be \$1,000 to \$2,000.

⁶ The initial cost of equipment, computer, and smallwares are estimated to be between \$3,000 and \$11,000 for each Sushi Bar. You If you are a qualified existing Contract Chef operating an existing location of Sushi Avenue, ~~Incorporated~~, you will use your existing equipment, computer, and smallwares and will not need to purchase additional equipment and smallwares.

In most cases the Store may provide some of the equipment required. In some cases, you may purchase some smallwares directly from third party vendors and not from us. All labels must be purchased from us. We will charge you up to (.05) per label.

⁷ If you are a qualified existing Contract Chef purchasing a location currently operated by our affiliate, Sushi Avenue, ~~Incorporated~~, you may not be required to purchase products and will use what you have on hand. If you purchase your initial food inventory and supplies, we estimate that your initial food and supply purchases will be sufficient to cover the opening of the Sushi Bar and up to one month of operations. You may not open a Remote Store Site without a Sushi Bar. The amount of food you will need to purchase will vary depending upon the volume of sales each Sushi Bar or Remote Store Site you obtain.

You may buy produce for your own account. On occasion, at our discretion, we may maintain an account at the Store or other supplier of produce from which you may order. If you order on our account, you will be required to re-pay us, and these amounts owed may be deducted by us from your Franchise Commissions.

Uniforms, as required or necessary, are purchased from our affiliate, Sushi Avenue, ~~Incorporated~~. You may also be required to acquire them from the Store's vendors. If you are a qualified existing Contract Chef purchasing a location currently operated by our affiliate, Sushi Avenue, ~~Incorporated~~, you may use uniform(s) you have on hand.

⁸ The locality in which you operate your Sushi Bar may also require business licenses and food license permits which may require you to pay various local fees. You may also be able to operate under the license of the Store. The estimated fees shown are for a single Sushi Bar. You are responsible for those fees but if we pay these fees, we will charge you for the amount of the fee without additional costs attached.

⁹ After your application has been approved you will be required to pay \$250 per person for each owner or shareholder/member of your franchise entity for background and credit checks and drug tests. There is no application fee for qualified existing Contract Chefs.

¹⁰ You will need capital to support on-going and miscellaneous expenses to the extent these costs are not covered by sales revenue. New businesses often generate a negative cash flow for some period of time. We estimate that the amount shown will be sufficient to cover on-going expenses for a period of three months for a single Sushi Bar. The working capital needed for a Remote Store Site may be less, but you are eligible for a Remote Store Site

only if you have a 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.

We relied upon the experience of our ~~former~~ affiliate, Sushi Avenue, Incorporated, ~~our affiliate, Sushi Avenue, and its/their respective~~ sushi bars, 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.

We may in our discretion offer financing of a portion or all of the purchase price if you buy a Franchise Business from us or our affiliate, the initial food inventory purchase, initial equipment and smallware purchases and limited loan advances all as shown in Item 10.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Unless otherwise specified, you must purchase all food items, ingredients, equipment, furnishings, supplies, materials, and other items used or offered for sale at your Sushi Bar solely from suppliers (including manufacturers, distributors, and other sources) that are approved by us in writing.

We provide you with a list of approved manufacturers, suppliers, and distributors ("Approved Suppliers List") and approved food products, inventory products, equipment, consumables, marketing materials, supplies and other items or services necessary to operate your Sushi Bar ("Approved Supplies List"). The Approved Supplies List may specify the specific manufacturer of a specific product or piece of equipment. These lists, which may be incorporated in the Franchise Manual or provided to you in multiple communications from us, also may include other specific products without reference to a particular manufacturer, or they may set forth the specifications and/or standards for other approved products. We may revise the Approved Suppliers List and Approved Supplies List by written notification to you. We give you the approved lists as we deem advisable. We determine the standards and specifications for food and packaging products, sometimes in consultation with suppliers but in all cases in consultation with (and at the direction of) the Store, to assure the desired quality of ingredients, size, flavor, and appearance for each product. We, an affiliate, or a third-party vendor or supplier may be the only approved supplier for certain products or services. For example, as of the date of this disclosure document, our affiliate, Sushi Avenue, ~~Incorporated~~, is the only approved supplier of all food (other than fresh produce), consumables, branded point-of-sale marketing materials, and other supplies needed for operation of your Sushi Bar. Sushi Avenue, ~~Incorporated~~ is also the only approved supplier for uniforms, although some Stores may require you to use uniforms bearing their Store brand. You will pay the then-current price in effect for all purchases you make from us or our affiliates, and we or our affiliates expect to earn a profit on all products and services that we or our affiliates sell to you. Other than these items, we and our affiliates are not currently the approved suppliers for any items, but we and our affiliates have the right to be an approved supplier of additional items in the future. ~~Our Manager and Chief Executive Officer, together with our Chief Operating Officer, own an interest in our affiliate, Sushi Avenue, Incorporated.~~ None of our officers own an interest in any of our ~~other~~ suppliers.

Except for products and services that are available from a single source, we may permit you to contract with alternative suppliers if they meet our criteria. If you desire to purchase products (other than fresh produce) from other than approved suppliers or distributors, you must submit or have the proposed supplier submit a written request for approval together with such evidence of conformity with our specifications as we may reasonably require. We will have sole discretion to determine whether the proposed supplier meets our criteria and will be approved.

We will have the right to require that our representatives or agents be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. You or the supplier must pay a charge of up to \$500 per product

we estimate that these items will represent approximately 95% of your operating expenses. We and our affiliates have the right to receive payments or other benefits like rebates, discounts and allowances from approved suppliers based upon their dealings with you and other franchisees. These payments will usually be based upon an amount per unit or percentage rebate, and generally range from 2% to 8% of the purchases you make from the vendor. Sushi Avenue will pay us a \$250 annual fee per franchised location in recognition of certain costs associated with administration of the System. We do not provide any material benefits to you, such as the grant of additional franchises and/or territories, based on your use of designated or approved suppliers.

During our last fiscal year (a) we did not receive any revenue as the result of required purchases or leases by our franchisees, and (b) our former affiliate, Sushi Avenue, Incorporated, received \$23,950,192 in revenues as the result of required purchases of products and services by franchisees and by Contract Chefs operating Sushi Bars not yet operating as franchised locations.

You are not required to use a particular computer hardware or software system, except you are required to use an Excel spreadsheet program to make your food and supply orders. If you opt not to make your orders electronically you may complete your order forms and fax them to us or Sushi Avenue. You will be required to receive communication from us on a variety of subjects on an on-going basis by e-mail. We provide you an email address in our system which you must use and which we will use to communicate with you.

You must purchase insurance in accordance with our standards as described in the Operations Manual. As of the date of this disclosure document, we will cover product liability insurance for your Sushi Bar under our group insurance policy, then deduct your portion of our premium costs calculated based on sales before payment of your Franchise Commissions. You are responsible for securing commercial general liability insurance, workers' compensation/employer's liability (to the extent you have employees), and other insurance to meet any statutory requirements.

There are no purchasing or distribution cooperatives in the System. However, we may negotiate certain terms, including prices, with certain vendors.

We consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors we consider is compliance with the requirements described above.

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. Please note this is only a reference guide and you are encouraged to read all of the documents provided to you so you fully understand your rights.

	Obligation	Section in Agreement	Item in Disclosure Document
a.	Site selection / acquisition lease	Franchise Agreement Section V. A., B. and D.	Items 7, 8, 10, 11 and 12

	Obligation	Section in Agreement	Item in Disclosure Document
cc.	Independent contractor	Franchise Agreement Section XX.	None
dd.	Shareholder or member guarantee obligations	Guarantee of Franchise Agreement.	Item 15

ITEM 10

FINANCING

We do not offer direct or indirect financing except as described below, and then solely in our discretion.

As part of our franchise package, we provide the location for your Sushi Bar and we will undertake certain contractual obligations with the Store in order to secure the location in which you will operate your Franchise Business. As part of this, you will not pay rent, or be required to build-out your Sushi Bar utilities. Other storage fees are also covered.

We then offer you the right to operate your franchise at that location. You do not pay us or our affiliate lease payments, but you pay us other fees that are described in Item 5 (Franchise Fee), Item 6 (Other Fees), and the Franchise Agreement. The Franchise Agreement must be signed and joined by each of your shareholders or members, and obligations under the Franchise Agreement must be guaranteed by each of your shareholders or members in the form shown in Exhibit A to this disclosure document.

In our discretion to assist you with your operations, we and/or Sushi Avenue, ~~Incorporated~~ may offer financing for some or all of the following:

Item Financed	Amount Financed	Cash Down Payment	Term	Annual Percentage Rate (as of date of this FDD)
Loan Advance ¹	From \$1,000 to \$2,500	N/A	3 Months	None
Initial Food Inventory and Point of Sale Materials Purchase ²	Up to \$20,000	N/A	2-6 months	None
Initial Equipment & Smallwares ³	Up to \$20,000	N/A	2-6 months	None
Franchise Fee, Purchase Price ⁴	Up to - 100% of Purchase Price	N/A	2-6 months	None

¹ In our discretion, we or our affiliate may provide a loan advance for up to three months after you have commenced operations of your Sushi Bar. To be eligible for a loan advance you must be operating for at least 60 days and the sales of all your Sushi Bars must be at least \$2,500 per week. We ~~(or our affiliate)~~ will deduct from your

Franchise Commissions all amounts owed to us or our affiliate. This Loan Advance is different than, and in addition to, the draw on Commission Fees that are available to all franchisees as set out under Item 11.

² In our discretion we may arrange for payment of part of your initial food inventory (See Item 7) purchased from our affiliate, Sushi Avenue, ~~Incorporated~~ for up to six months in varying amounts, but no greater than \$20,000, per Sushi Bar. Any financing of initial food inventory is at our sole discretion. We will deduct from your Franchise Commissions all amounts owed to us or to Sushi Avenue, ~~Incorporated~~.

³ We may permit you to pay part of your initial equipment and smallwares cost which is owed to us or our affiliate (See Item 6 and 7) up to six months after you commence operating your Franchise Business, but not in an amount greater than \$20,000. Any financing of equipment and smallwares is solely at our discretion. We will deduct from your Franchise Commissions all amounts owed to us or to Sushi Avenue, ~~Incorporated~~. On occasion, if payments are late from the Store, we may forward some or all of your estimated Franchise Commissions until such time we receive funds from the Store. Any advance we make is entirely at our discretion.

⁴ In all cases, financing is entirely at our discretion. Either with the Franchise Fee or the purchase of an existing Sushi Bar, we may offer financing of the sale price up to - 100% of the purchase price. You may be required to sign a promissory note in the form of the attached Exhibit D ("Promissory Note") for any amounts financed. As of the date of this disclosure document, we do not charge interest if we extend financing in connection with the purchase of a franchise for an existing Sushi Bar. The Promissory Note must be signed by you as franchisee and must be personally co-signed or guaranteed by each of your shareholders or members. Payments must be made monthly. If you fail to pay any loaned, advanced, or deferred amounts or payments for any financing, your obligations under each promissory note may be accelerated on default and be declared to be due and owing in full, and may result in the default and termination of your Franchise Agreement. We will also, upon default, charge a default interest rate of 8% as provided. Your obligations include the obligation to pay costs and attorney's fees upon default. All deferred or advanced obligations shall be cross-defaulted with each other (the Promissory Note, if any, and to your obligations under the Franchise Agreement). The Promissory Note(s) require all signors to waive protest, presentment, notice of dishonor, and notice of acceleration of maturity and agree to continue to remain bound for the payment of principal, interest, and all other sums due under this Promissory Note. You may pre-pay any amount in whole or in part that are owed under any Promissory Note to us, without penalty.

We, through Sushi Avenue, may extend credit to you on a month-to-month basis for the purchase of food, inventory, supplies or items of equipment as part of your ongoing operations under the terms of your Franchise Agreement, and may not create a Promissory Note. At all times we (or our affiliate) have the right to withhold any amounts owed from your Franchise Commissions whether or not we use a Promissory Note if you owe or we have advanced your materials. If, after the deduction of all amounts owed to the Store, to our affiliate supplier, Sushi Avenue, ~~Incorporated~~ and to us for various fees and costs, or if we forward to you some of your Franchise Commissions that we have not yet received from the Store, you may have a negative balance of amounts you owe us. Any negative balance that is carried by us may be carried forward to future months and deducted from future Franchise Commissions, but any negative balance is indebtedness to us and is payable on demand by us.

All amounts owed to us or our affiliate, Sushi Avenue, ~~Incorporated~~, will be paid to us from proceeds we receive from the Store that are generated by your Sushi Bar, including any of your obligations that arise from acceleration of advanced, loaned, or deferred amounts. If there is any deficiency, you will be personally responsible for those accounts.

It is not our practice or intent to sell, assign or discount to third parties all or part of financed or deferred amounts, although the form of Promissory Note is a negotiable instrument, and we reserve the right to do so as well as use the same as collateral on any financing we may have.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

We may provide any of the services described in this Item 11 through our employees/agents or through our affiliate, Sushi Avenue, ~~Incorporated~~ and its employees/agents. We also reserve the right to use any third-party vendor to complete any of these services set forth below:

Pre-Opening Obligations

Before you open your Sushi Bar, we will:

1. With respect to a location under our control, offer you a specific franchised location, subject to all requirements and terms of the Store (Franchise Agreement, Section V. A.). We typically have obtained a conditional right to operate a Sushi Bar within a Store location and extend the right to you to operate your Sushi Bar as part of your Franchise Agreement. Under our agreement with the Store, the Store receives a negotiated percentage of proceeds from the Sushi Bar, known as the Service Commission, and remits the remainder to us, known as the Franchise Commission. We then apply a portion of these proceeds to the amounts you owe us for fees and financed costs, and any other items, and to our affiliate Sushi Avenue, ~~Incorporated~~ and other approved vendors for food and supplies you have purchased. The remainder is then remitted to you. (Franchise Agreement, Section IV. B.)

2. With respect to a location not under our control, we may permit you to seek a location. If you submit a site to us and we approve the site, you must assign the lease to us upon the occurrence of certain conditions or at its onset, in our discretion. We must approve or disapprove your proposed site within sixty (60) days, and approve or disprove of your lease (a copy of which must be provided no later than thirty (30) days after we approve the site) with comments as to any disapproval within twenty (20) days of our receipt of a copy of it. (Franchise Agreement, Sections V. B., V. C., and V. D.). We do not provide plans or specifications under the Franchise Agreement. If approved, you must open the Sushi Bar in a timely manner and thereafter your operations will mirror that of any other Sushi Bar.

3. Provide an initial training program as described below to instruct you as to the procedures and techniques to be used in the Franchise Business (Franchise Agreement, Section III. A.). The initial training program generally is approximately five (5) days in duration consisting of classroom instruction and on-the-job training for all equity owners of your franchise and at least one lead employee for each Sushi Bar. However, this training may be extended for those without sufficient experience up to an additional twenty (20) days. At our discretion, this training program may be shortened or waived based on your experience and/or if you operated a sushi bar for our affiliate, Sushi Avenue, ~~Incorporated~~.

4. Provide a copy of written Franchise Manual (the "Manual" or "Franchise Manual") on loan (Franchise Agreement, Section IX. A.). The Franchise Manual may be provided to you by physical written copy or electronic version. There are additional publications and memoranda that may be provided in written form by us that are considered part of the Franchise Manual.

5. Provide to you advice and consultation in connection with the operation of the Sushi Bars and new developments, techniques, and improvements in areas of Sushi Bar management, operations, sales promotion, and service which may be provided by us by sending our employees or representatives to the Sushi Bar, or by providing publications, other written materials, audio or video recordings, or by conducting meetings or seminars as they may be developed (Franchise Agreement, Section III. B.).

We are not obligated by the Franchise Agreement, or any other agreement, to provide any other supervision, assistance, or services prior to the opening of the franchised Sushi Bars.

Continuing Obligations

expense including the cost of travel, upkeep and wages for any managers or employees that are sent to training. For these additional mandatory training classes, if you or required employees fail to attend you will be charged \$250 per person per training day.

For special on-site support requiring us to send personnel to your Sushi Bar, you will be charged \$500 per day. If you are notified of an operational default under the Franchise Agreement or the Franchise Manual (including the SSOP/HACCP Food Safety Plan), and if you fail to cure the default within the time allowed, we may require that you attend special mandatory training. The fee for this training is \$500 per training day plus the cost of travel, food, and accommodations for our training representative.

We may, in our sole discretion, waive some or all of these training requirements based on your personal experience as a sushi chef, in general, and your current or past operation of a Sushi Avenue Sushi Bar that is being converted to a franchise.

Advertising

Local Marketing Program

Advertising, and the standardization of System advertising, is important to the goodwill and the public image of the System. Although it is not required as of the date of this disclosure document, we reserve the right to require you to spend at least 1% of Gross Sales annually on a "Local Marketing Program" on expenditures such as marketing, promotions, publicity, charity events, loyalty cards, and sampling for special events. Once implemented, we have the right to require that you provide us with proof that these funds were spent, and in the event that you fail to spend the minimum amount in any calendar month, we have the right to, at our option, spend it on your behalf and deduct the amount before payment of your Franchise Commissions. Certain criteria will apply to any local advertising and promotion that you conduct. All of your local advertising and promotion must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You must follow the procedures provided in the Franchise Manual with respect to all advertising and promotional requirements. Once implemented, the Local Marketing Program may be required in a particular Sushi Bar, a particular market, or group of Sushi Bars, or Sushi Bars within a particular Store, such as a supermarket chain. We may offer periodically to provide, upon your request and at your expense, approved local advertising and promotional plans and materials.

We may require that some or all of this spending be made in conjunction with us or other franchisees in regional advertising cooperative organizations or programs.

National Marketing Fund

Franchisees may be required to contribute an amount equal to up to one and one-half percent (1.5%) of the Gross Sales to the National Marketing Fund (the "Fund") for advertising and promotional purposes. As of the date of this disclosure document, we have not implemented the Fund, although we reserve the right to do so. We have no obligation to conduct advertising, except through the Fund. The National Marketing Fund contribution is separate from and in addition to the Local Market Expenditure requirement. We (or our affiliate) may withhold any payments you are required to make from your Franchise Commissions (together with any other amounts you owe us or our affiliate) for the Fund. Any payments made to us that are not spent during the fiscal year received may and shall be carried forward for use in the next or future fiscal years. You may receive an annual accounting of payments made directly to us at the following address: SAH Holdings, LLC, 895 Blue Gentian Rd, #6, Eagan, MN 55121. Payment must be made monthly based upon sales of the prior month. Sushi bars operated by us or our affiliates are not required to contribute to the Fund or to any co-operative advertising group.

The Fund will be maintained and administered by us or our designee as follows:

1. We will direct the creation of all advertising programs, with sole discretion over the creative concepts, materials, and media used in such programs. The Fund is intended to maximize general public recognition and acceptance of the trade names, trademarks, and service marks which are designated as part of the System for the benefit of the System. We are not obligated, in administering the Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that you or any particular franchisee benefits directly or pro rata from Fund expenditures.

2. All contributions to the Fund will be used for advertising and promotion of the System (including the cost of preparing and conducting art work, print, and other advertising and campaigns of various media and other public relations activities; conducting research; employing advertising agencies and other specialists to assist in those activities; preparing and providing promotional materials and other point of purchase marketing materials to franchisees in the System; and system-wide, regional or market promotions). We may use the Fund to defray some of our operating expenses for such reasonable administrative expenses, salaries and overhead, if any, as we may incur in activities reasonably related to the administration or direction of the Fund and advertising programs, promotions, marketing activities and including conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Fund. We will not use any of the Fund for the primary purpose of helping us sell franchises, although we may use contributions to update our website or other web pages, social media or social networking sites, which may also advertise for franchisees.

3. We are not required to spend all fees contributed to the Fund in the fiscal year in which they accrue. However, any funds accrued and not spent in the fiscal year received shall be carried forward for use as provided in Paragraph 2 and are not returned to franchisees.

4. We do not maintain separate bookkeeping accounts for the Fund, and the Fund is not audited separately. The Fund will be reviewed as part of our annual audit. Audited financial statements are not prepared separately for the fund, but upon written request, we will provide you with information about contributions and expenses of the Fund.

Sushi Bar Specific, Marketing Materials

We may require you to purchase additional Store and/or Sushi Bar specific point of sale marketing materials from us and/or Sushi Avenue, ~~Incorporated~~ in an amount of up to \$2,000 per Sushi Bar annually (see Item 6) for use in your Sushi Bars, separate from and in addition to any money paid to the National Marketing Fund or required to be spent through the Local Marketing Program.

All advertising by you in any medium, including electronic media and internet advertising, must be conducted in a dignified manner and shall conform to such standards and requirements as we may specify periodically in writing and be in conformity with the Store's requirements. You must submit to us (electronically), for our prior written approval, samples of all advertising and promotional plans and materials that you desire to use and that have not been prepared or previously approved by us. You shall not use any advertising or promotional plans and materials that have not received our prior written approval.

The coverage of the media in which advertising is distributed is local and regional in scope and is limited to those locales and regions where we or our franchisees operate Sushi Bars. We do not have a national or regional advertising program at this time. The source of all marketing activity is created in-house by us or may be prepared by third party vendors. We may retain consultants or advertising agencies

ITEM 13

TRADEMARKS

All of our Proprietary Marks are owned by our affiliate, Sushi Avenue, ~~Incorporated~~, and licensed to us pursuant to a Trademark License Agreement dated September 8, 2023 (the “Trademark License”). The length of the Trademark License is indefinite and by its stated terms is intended to run as long as we have a franchise operation in existence. The Trademark License requires us to maintain the goodwill of the Proprietary Marks and meet general quality standards. Sushi Avenue, ~~Incorporated~~ may only terminate the Trademark License for cause, such as if we do not meet quality standards, engage in illegal or other harmful behavior that damages the reputation of the Proprietary Marks, or file for bankruptcy. If the Trademark License were terminated, you would have to stop using the Proprietary Marks.

The Franchise Agreement grants you the right to use the Proprietary Marks designated by us only in a manner authorized and permitted by us, and, in all instances, only for the operation of the franchised Sushi Bar at the location or locations authorized in the Franchise Agreement or in advertising for the franchised Sushi Bars. Under the terms of the Franchise Agreement, you must not use the Proprietary Marks as part of your corporate or other legal name.

Sushi Avenue, ~~Incorporated~~ holds the following registrations for the Proprietary Marks:

Name	Federal Registration Number	Date of Registration	Register	Renewed
SUSHI AVENUE FRESHLY ROLLED WITH A SMILE OOO	3862702	October 19, 2010	Principal	November 13, 2019
SUSHI AVENUE FRESHLY ROLLED WITH A SMILE OOO	3862703	October 19, 2010	Principal	October 16, 2020
SUSHI AVENUE FRESHLY ROLLED WITH A SMILE OOO	3862704	October 19, 2010	Principal	November 13, 2019

~~Sushi Avenue has~~ We have filed or intends to file all required affidavits and renewals for the principal Proprietary Marks.

We do not have a federal registration for our principal trademark. Therefore, this trademark does not have any legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

In some instances, Stores may require you to use their house brand instead of, or in addition to, the “Sushi Avenue” brand.

There are no agreements currently in effect which significantly limit our right to use or license others to use our Proprietary Marks that are material to any franchise. Sushi Avenue, ~~Incorporated~~ has the right to use the Proprietary Marks with regard to its own operating sushi bars.

certified. You must also maintain a competent, conscientious, trained staff, including a fully-trained manager, co-managers or staff as may be necessary to properly operate your Sushi Bars. We impose no limitations as to whom you may hire as the Sushi Bar managers, but do expect (and demand) that you comply with all applicable laws and not harm the goodwill associated with the System and the Proprietary Marks (this requirement may affect who you hire as your manager). If you are a business entity, your manager need not own any equity interest in you.

Each individual who owns an interest in your corporation or limited liability company must sign the Franchise Agreement in his/her individual capacity and a guaranty agreeing to be bound by all the terms and conditions of the Franchise Agreement, including any amendments, and to unconditionally guarantee the payment of all liabilities incurred by you, as franchisee, at any time and must sign as additional signatories the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only products and services which are part of the System, or products and services specifically developed for the Store or your Sushi Bar, and all services and products we incorporate into the System in the future. You may not use the Proprietary Marks for any other business. You must use your Sushi Bar premises solely for the operation of the Franchise Business and keep the Sushi Bar open and in normal operation for such minimum hours and days as is required by the Store. You must not use, or permit the use of, the premises for any other purpose or activity at any time without first obtaining our written consent.

You must meet and maintain the highest health standards and ratings applicable to the operation of the Sushi Bar. To ensure that the highest degree of quality, cleanliness, appearance, and service is maintained, you must operate the Sushi Bar in strict conformity with such methods, standards, and specifications required by the local and state authorities, the Store and those set out in the Franchise Manual or otherwise in writing. You must also maintain in sufficient supply and use at all times 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 only those products that directly relate to your Franchise Business and such items, products and services as we have expressly approved for sale in writing. You may not deviate from our standards and specifications without our prior written consent. You must discontinue selling and offering for sale any items, products, or services, which we may, in our discretion, disapprove in writing at any time. We have the right to change the types of authorized menu items, goods and services, and there are no limits on our rights to make changes.

You must offer all services that we may require including all System promotions, local marketing, contests and other System services and activities. At this time, Sushi Avenue; ~~Incorporated~~ is our sole approved supplier of our food (except for fresh produce) and supplies.

You must operate the franchised Sushi Bar 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.

w. Choice of law.	Section XXV. A.	Minnesota law applies, except laws of state of your principal place of business apply to provisions that are not enforceable under Minnesota law, and the Minnesota Franchise Act and other franchise-specific laws and regulations of the State of Minnesota generally do not apply to Sushi Bars located outside of Minnesota.
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¹Any provision in the Agreements that provides for termination of the franchise upon bankruptcy may not be enforceable under federal bankruptcy law.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-operated 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 if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance 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 [Shingo Fujii](#) at 895 Blue Gentian Rd., #6, Eagan, MN 55121 (651) 294-7000, the Federal Trade Commission, and the appropriate state regulatory agencies.

[Remainder of page intentionally left blank.]

Exhibit I-1 to this disclosure document sets forth the names of all franchisees as of December 31, 2023, and the addresses and telephones numbers of their franchisees.

Exhibit I-2 to this disclosure document sets forth the name, city and state, and current telephone number of all franchisees who have had an outlet terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year, or who have not communicated with us in 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 system.

During the last three fiscal years, we have not signed confidentiality clauses with any of our current or former franchisees. Our **former** affiliate, Sushi Avenue, Incorporated, has entered into confidentiality agreements with all Contract Chefs, many of whom have become franchisees or whom we expect to become franchisees. You may wish to speak with current or former franchisees, but be aware that not all such franchisees will be able to communicate with you.

ITEM 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit H are an initial audit report and audited financial statements for the period ended December 31, 2023, and for the period from our inception to June 30, 2023. We have only been in existence since March 2023. Therefore, we do not yet have any audited financial statements or financial statements for any other periods or years. Our fiscal year end is December 31st. We are also attaching our interim balance sheet as of March 31, 2024. THE INTERIM BALANCE SHEET IS PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THE CONTENT OR FORM.

ITEM 22

CONTRACTS

The contracts following this item are listed in the order in which they appear.

- Exhibit A. Franchise Agreement including the following attachment
 - Guarantee
- Exhibit B. Training and Confidentiality Agreement.
- Exhibit C. Statement of Ownership.
- Exhibit D. Promissory Note.
- Exhibit E. Non-Compete/Non-Solicitation Agreement.
- Exhibit L. General Release

SAH HOLDINGS, LLC FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into as of _____, between, SAH Holdings, LLC, a Minnesota limited liability company ("Franchisor," "we," "us" or "our"), and _____, a(n) _____ corporation (or a(n) _____ limited liability company) ("Franchisee" or "you"). Franchisor and Franchisee shall collectively be referred to as the "Parties" and individually as a "Party."

WHEREAS, Franchisor, through its affiliate Sushi Avenue, ~~Incorporated~~ LLC ("Sushi Avenue"), has developed and cultivated a number of relationships (hereinafter the "System") relating to the establishment and operation of sushi bars;

WHEREAS, the distinguishing characteristics of the System include, without limitation, the location of the sushi bars and the unique relationship with the stores/facilities they are located in; the use of high grade sushi and food components; specially prepared and pre-packaged condiments and methods of preparation and operation, which may be changed from time to time; other features including a training program utilizing special course instructions and manuals; and unique trade dress, graphic presentations, marketing and promotional programs and materials; all of which may be changed, improved, and further developed by Franchisor from time to time;

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including but not limited to the mark "Sushi Avenue" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by Franchisor in writing) for use in connection with the System (hereinafter referred to as "Proprietary Marks");

WHEREAS, Franchisor continues to develop, use, and control the use of such Proprietary Marks in order to identify for the public the source of services and products marketed thereunder, and to represent the System's high standards of quality, cleanliness, appearance, and service;

WHEREAS, Franchisor has obtained and seeks to obtain locations in which to place sushi bars operating under the System ("Sushi Bars") and other food retail locations that typically are contained within third-party retail or grocery outlets (each, a "Store");

WHEREAS, Franchisee desires to obtain a franchise from Franchisor to operate one or more Sushi Bars, as well as to receive the training and other assistance provided by Franchisor in connection therewith, if so required; and

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised hereunder in conformity with specific standards and specifications, especially since the operation must meet specific health code regulations and standards.

NOW, THEREFORE, the Parties, in consideration of the undertakings and commitments of each Party to the other Party set forth herein, hereby agree as follows:

the Store has first remitted proceeds to Franchisor, and Franchisor has deducted any amounts owed by Franchisee to Franchisor and to Franchisor's affiliated suppliers as provided herein.

H. Any other payments required to be made by Franchisee to Franchisor or to Franchisor's affiliated suppliers that are not withheld or retained by Franchisor, are due upon demand. Franchisor reserves the right to require that all monthly payments required by this Paragraph IV be directly drafted by Franchisor from Franchisee's bank account. Any payment or report not actually received by Franchisor on or before the date due shall be deemed overdue. If any payment is overdue, Franchisee shall pay Franchisor, in addition to the overdue amount, interest on such amount from the date it was due until paid at the equivalent of eight percent (8%) annually or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Franchisor may have.

I. Franchisee authorizes Franchisor at all times (i) to permit the Store to withhold its Service Commission from Gross Sales of the Sushi Bar(s) and/or Remote Store Site(s); (ii) to withhold from Franchise Commissions any and all amounts financed by Franchisor or its affiliate suppliers for equipment, food, supplies or any other items, plus any fees and obligations Franchisee shall owe Franchisor including but not limited to all those listed in this Paragraph IV; and, (iii) to withhold and pay from Franchise Commissions any of Franchisor's affiliated vendors for Franchisee's purchase of food, equipment, supplies and services. Franchisee agrees that this authorization is irrevocable during the term of this Agreement and during any time after expiration or termination of this Agreement in which Gross Sales have been generated and Franchise Commissions remain unpaid to Franchisee. Franchisee agrees that any purchases made from Sushi Avenue, ~~Incorporated~~, a supplier and affiliated company of Franchisor, including any successors or assigns of Sushi Avenue, ~~Incorporated~~, as an affiliated supplier of Franchisor, may be deducted from Franchise Commissions and paid directly to Sushi Avenue, ~~Incorporated~~ or other affiliated supplier by Franchisor.

J. Franchisee acknowledges and agrees that any negative balance resulting from the deduction of authorized amounts described in this Paragraph IV from Franchise Commissions may be carried forward and deducted from successive months' Franchise Commissions until all amounts owed Franchisor and its affiliated suppliers, including Sushi Avenue, ~~Incorporated~~, are fully paid. Franchisee shall pay any of its other suppliers directly and promptly from its own funds, and Franchisor shall have no responsibility or requirement to pay any other supplier.

K. Franchisee further acknowledges and agrees that it is entitled to receive only Franchise Commissions as specified in the Attachment "A" to this Agreement less all fees, costs and expenses described in this Paragraph IV; and that all other remaining proceeds, if any, shall be retained by Franchisor.

L. Franchisor and Franchisee acknowledge and agree that some or all of Franchisor's obligations, and the exercise of any associated rights, may be fulfilled by an affiliate of Franchisor or a third party designated by Franchisor. To the extent any consent by Franchisee is required for this delegation, such consent is hereby provided.

V. SITE SELECTION AND CONTROL

A. If the location of the Franchise Business is under the control of Franchisor or Franchisor's affiliate, and obtained by Franchisor under the terms of an agreement with a Store or another third party, Franchisee will have the right to occupy the location under this Agreement for the purpose of operating the Franchise Business. There will be no fee charged for such location. Franchisee agrees to strictly

sole opinion of Franchisor, to adversely affect the System, the Proprietary Marks, the Store Marks (as applicable), the goodwill associated therewith, or Franchisor's interest therein;

(3) If Franchisee or any shareholder or member of Franchisee purports to transfer any interest in this Agreement, any rights hereunder, including but not limited to any rights to operate the Franchise Business, franchise and license rights or obligations under this Agreement or any interest in Franchisee to any third party without Franchisor's prior written consent, contrary to the terms of Paragraph XIV of this Agreement; or if Franchisor purports to transfer or attempt to transfer fewer than all Sushi Bar(s) and/or Remote Store Site(s) under this Franchise Agreement;

(4) If, contrary to the terms of Paragraph IX. or X. hereof, Franchisee discloses or divulges the contents of the Franchise Manual or other confidential information provided to Franchisee by Franchisor;

(5) If Franchisee knowingly maintains false books or records, or knowingly submits any false reports to Franchisor;

(6) If Franchisee, or any owner, shareholder, or member of Franchisee, violates Paragraph VIII. hereof by making any unauthorized use of any name, trademark, service mark, or other Proprietary Mark or Store Marks (as applicable) or trade dress of Franchisor;

(7) If Franchisee shall cause, suffer, or permit (voluntarily or involuntarily) its right to or possession of the premises on which the Sushi Bar is located to be terminated prematurely for any cause whatsoever; or if Franchisee shall fail to follow any policy, rule, regulation or directive of the Store; or if Franchisee is in material default under the lease for the premises on which the Sushi Bar is located;

(8) If Franchisee ceases to operate or otherwise abandons, fails to open the Sushi Bar during ordinary business hours, as required or agreed upon with the Store, or attempts to cease to operate or abandon the Sushi Bar, or enters into an agreement to sell, or sells, or purports or attempts to sell rights to the Sushi Bar, or substantially all of the assets of Franchisee or of the Sushi Bar, without Franchisor's prior written consent, or uses the Sushi Bar for any other business other than operating its franchise;

(9) If any other Franchise Agreement with Franchisor is terminated based upon Franchisee's default thereunder, or if Franchisee is in default under any other contract with Franchisor, Sushi Avenue, ~~Incorporated~~, or other affiliate of Franchisor;

(10) If Franchisee, after curing a default pursuant to Paragraph XV. C. hereof, commits the same, or a substantially similar, default again within one hundred eighty (180) days after the prior default occurred, whether or not cured after notice;

(11) If Franchisee is repeatedly in default under Paragraph XV. C. hereof for failure to comply with any of the requirements imposed by this Agreement, whether or not cured after notice;

(12) If for any reason Franchisor's right of possession or right to operate the Sushi Bar expires or is terminated and Franchisor loses the right to retain the location in which the Franchise Business operates;

(13) If Franchisee engages in any practice that in Franchisor's discretion threatens the health of any of Franchisee's customers;

(5) If Franchisee engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Proprietary Marks or Store Marks (as applicable) or uses the Franchisor's trade dress other than in connection with the Sushi Bar or uses any of Franchisor's products, procedures or methods in any other operation not authorized by Franchisor.

D. In order to maintain continuous operation of each of the Sushi Bars and/or Remote Store Sites and to promote the best interests of the System, in the event this Agreement is terminated, or a Sushi Bar or Remote Store Site abandoned by Franchisee (including the failure to open/operate timely), Franchisor shall have the right immediately upon termination to enter and take possession of and operate the Sushi Bar or Remote Store Site. Upon taking possession of the Sushi Bar or Remote Store Site, Franchisor shall be entitled to withhold all fees, damages, amounts owed to Franchisor or its affiliates, and to accelerate any financial obligations of Franchisee to Franchisor or its affiliates, and to apply all or any portion to such obligations of Franchisee.

E. ~~Franchisor may~~This Agreement will terminate ~~this Agreement~~ if for any reason ~~Franchisor~~ or its affiliates shall lose the right to operate a Sushi Bar in the Store location under its agreements with the Store. **NO GUARANTY OR WARRANTY IS MADE BY FRANCHISOR THAT FRANCHISEE SHALL HAVE THE ONGOING RIGHT TO OPERATE ANY SUSHI BAR OR PROVIDE PRODUCTS TO ANY REMOTE STORE SITE, AND FRANCHISOR SHALL HAVE NO OBLIGATION TO COMPENSATE OR REIMBURSE ANY PAYMENTS MADE TO FRANCHISEE, OR TO PROVIDE ANOTHER FRANCHISED SUSHI BAR OR PROVIDE PRODUCTS TO ANY REMOTE STORE SITE TO REPLACE A SUSHI BAR.**

F. Upon termination of this Agreement, Franchisee shall not remove any furniture, fixtures, signs, equipment or other property or leasehold improvements from the Sushi Bar or provide products to any Remote Store Site premises without the written consent of Franchisor.

XVI. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall forthwith terminate, and:

A. Franchisee shall immediately cease to operate the Franchise Business and shall immediately give possession to the Franchise Business to Franchisor, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor; and shall return possession of the premises to Franchisor immediately on demand, leaving all furniture, fixtures, equipment and signage used in connection with the Franchise Business in place.

B. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System and all other Proprietary Marks, Store Marks (as applicable), and distinctive forms, slogans, signs, symbols, and devices and any trade dress associated with the System.

C. Franchisee shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains or references any of the Proprietary Marks, Store Marks (as applicable), or a derivative of the same or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

**ADDENDUM TO THE SAH HOLDINGS, LLC FRANCHISE AGREEMENT,
~~AND TRAINING AND CONFIDENTIALITY AGREEMENT,~~
~~AND NON-COMPETE/NON-SOLICITATION AGREEMENT~~
FOR THE STATE OF WASHINGTON**

This Addendum pertains to franchises sold in the State of Washington and is for the purpose of complying with Washington statutes and regulations. This Addendum shall be of no force and effect unless the jurisdictional requirements of the Washington laws applicable to franchises and any regulations thereunder are met independently without reference to this Addendum.

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the “Franchise Agreement”). This Addendum is annexed to and forms part of the Franchise Agreement. This Addendum is being signed because (a) Franchisee is domiciled in Washington; and/or (b) the Franchise Business that Franchisee will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **WASHINGTON LAW.**

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.

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.

3. **Fee Deferral.** In lieu of an impound of franchisee fees, the Franchisor will not require or accept the payment of any initial franchise fees until the Franchisee has (a) received all pre-opening and initial training obligations that is entitled to under the Franchise Agreement or offering circular; and (b) is open for business.

4. **Franchise Agreement Section II.B(8); Renewal.** Any general release Franchisee is required to sign as part of a renewal shall not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

5. **Franchise Agreement Section IV.C; National Marketing Fund.** Section IV.C of the Franchise Agreement is amended by adding the following language to the end of the section: “provided that, Franchisor shall not collect the National Marketing Development Fund contribution if Franchisee’s Sushi Bar is operating under a trademark or trade name other than ‘Sushi Avenue’.”

~~5.6.~~ **Franchise Agreement Section XVII.A; Non-Compete/Non-Solicitation Agreement Paragraph 1; Covenants.** Section XVII.A. of the Franchise Agreement is amended by deleting Sections XVII.A.(2)(a) and XVII.A.(2)(c). **Paragraph 1 of the Non-Compete/Non-Solicitation Agreement is amended by deleting Paragraph 1(A)(2)(a) and 1(A)(2)(c).**

~~6.7.~~ **Franchise Agreement Section XXIII; Entire Agreement.** Section XXIII of the Franchise Agreement is amended by deleting the following sentence: “No representations have induced Franchisee to execute this Agreement except for those contained in this Agreement, the Exhibits and the Franchise Disclosure Document.”

~~7.8.~~ **Franchise Agreement Sections XXVI.A and XXVI.B; Acknowledgements.** Sections XXVI.A and XXVI.B of the Franchise Agreement are void and unenforceable in Washington.

9. **Training and Confidentiality Agreement Section 8.** The following sentence of Section 8 of the Training and Confidentiality Agreement is void and unenforceable in Washington: “Trainee acknowledges that Company did not make and Trainee did not receive any promise, representation or warranty, express or implied, as to being granted a SAH Sushi Bar or potential sales, volume, profits or success of a Sushi Bar location.”

8.10. Termination Due to Franchisor's Loss of Right to Operate Sushi Bar.
Notwithstanding anything to the contrary in the Franchise Agreement or Non-Compete/Non-Solicitation Agreement, in the event the Franchise Agreement terminates prior to the end of the then-current Initial Term or Renewal Term (as applicable) because Franchisor loses the right to remain in or operate the Sushi Bar and/or Remote Store Site in the location provided by the Store: (a) the post-term non-compete covenants set forth in Section XVII.A.(2) of the Franchise Agreement and Paragraph 1(A)(2) of the Non-Compete/Non-Solicitation Agreement shall not apply to Franchisee; and (b) Franchisor or its affiliate shall purchase from Franchisee, at fair market value, Franchisee's unused inventory and supplies on hand as of the effective date of termination.

{Signatures follow on next page.}

Fee Deferral. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the Franchisee has (a) received all pre-opening and initial training obligations that is entitled under the Franchise Agreement or offering circular, and (b) is open for business.

Termination Due to Franchisor's Loss of Right to Operate Sushi Bar. In the event the Franchise Agreement terminates prior to the end of the then-current term because Franchisor loses the right to remain in or operate the Sushi Bar and/or Remote Store Site in the location provided by the Store, (a) the post-term non-compete covenants shall not apply to the Franchisee, and (b) the Franchisor or its affiliate shall purchase from the Franchisee, at fair market value, Franchisee's unused inventory and supplies on hand as of the effective date of termination.

STATE EFFECTIVE DATES

The following states require that this 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 Disclosure Document is either registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
California	Pending <u>June 4, 2024, as amended</u>
Illinois	See Separate FDD
Indiana	Pending
Maryland	Pending
Minnesota	Pending <u>June 13, 2024, as amended</u>
Washington	See Separate FDD
Wisconsin	Pending <u>April 30, 2024, as amended</u>

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.

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 SAH 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. New York law requires SAH Holdings, LLC to provide you with this disclosure document at the earlier of the first personal meeting or ten business days before you sign a franchise or other agreement with, or make payment of any consideration to, it or one of its affiliates in connection with the proposed sale. Michigan requires that SAH Holdings, LLC provide you with this disclosure document ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale.

If SAH 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit F.

The name, principal business address and telephone number of each franchise seller offering the franchise is as follows: ~~Shingo Fujii~~~~Nay Ha~~, Nay Lin, H.J. Kim, and Jordan Lisowski, all with an address of 895 Blue Gentian Rd., #6, Eagan, MN 55121, (651) 294-7000 and _____ (blank completed only if applicable).

The issuance date of this Disclosure Document is: April 30, 2024, as amended July 15, 2024.

See Exhibit G for our registered agents authorized to receive service of process.

I have received a Disclosure Document dated April 30, 2024, as amended July 15, 2024, that included the following Exhibits:

- | | |
|--|--|
| Exhibit A – Franchise Agreement | Exhibit G – Agents for Service of Process |
| Exhibit B – Training and Confidentiality Agreement | Exhibit H – Financial Statements |
| Exhibit C – Statement of Ownership | Exhibit I – List of Franchisees |
| Exhibit D – Promissory Note | Exhibit J – Table of Contents to Confidential Operations Manuals |
| Exhibit E – Non-Compete/Non-Solicitation Agreement | Exhibit K – State Addenda |
| Exhibit F – State Administrators | Exhibit L – General Release |
| | Exhibit M – State Effective Dates and Receipts |

Date

Prospective Franchisee

Printed Name

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 SAH 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. New York law requires SAH Holdings, LLC to provide you with this disclosure document at the earlier of the first personal meeting or ten business days before you sign a franchise or other agreement with, or make payment of any consideration to, it or one of its affiliates in connection with the proposed sale. Michigan requires that SAH Holdings, LLC provide you with this disclosure document ten business days before you sign a binding agreement with, or make payment to, it or one of its affiliates in connection with the proposed sale.

If SAH 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the appropriate state agency listed on Exhibit F.

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| Exhibit A – Franchise Agreement | Exhibit G – Agents for Service of Process |
| Exhibit B – Training and Confidentiality Agreement | Exhibit H – Financial Statements |
| Exhibit C – Statement of Ownership | Exhibit I – List of Franchisees |
| Exhibit D – Promissory Note | Exhibit J – Table of Contents to Confidential Operations Manuals |
| Exhibit E – Non-Compete/Non-Solicitation Agreement | Exhibit K – State Addenda |
| Exhibit F – State Administrators | Exhibit L – General Release |
| | Exhibit M – State Effective Dates and Receipts |

Date

Prospective Franchisee

Printed Name

Please return one signed copy of this Receipt to the attention of ~~Stephen Kumji~~~~Nay Hla~~, ~~Manager and President/Chief Executive Officer~~, SAH Holdings, LLC, 895 Blue Gentian Rd., #6, Eagan, Minnesota 55121.