



**FRANCHISE DISCLOSURE DOCUMENT
ACE SUSHI FRANCHISE CORPORATION**

A California Corporation
22771 S Western Avenue
Torrance, California 90501
310-327-2223
www.acesushi.com

Ace Sushi Franchise Corporation grant franchises for the operation of Sushi Bar departments in grocery stores, supermarkets and other locations under the trade name “**ACE SUSHI**” which will offer fresh, healthy, high quality, raw and cooked sushi and other related Asian fusion food products for sale at competitive prices for eat-and-go and carry-out consumption.

In this disclosure document, we offer 3 franchise programs:

Single Unit Program. Under this program, you will sign a Franchise Agreement to operate a single Ace Sushi Bar. The total investment necessary to begin operations of one Ace Sushi Bar ranges from \$18,275 to ~~\$116,375~~ \$117,575, or \$19,275 to ~~\$216,625~~ \$217,575 if you purchase an existing Ace Sushi Bar from the franchisor. These amounts include \$12,575 to ~~\$85,725~~ \$100,675, which must be paid to the Franchisor or an affiliate, or \$13,575 to ~~\$185,725~~ \$200,675, which must be paid to the Franchisor or an affiliate if you purchase an existing Ace Sushi Bar from the franchisor.

Satellite Store Program. Under this program, we may also grant you the right to prepare sushi and related food products at your main Ace Sushi Bar for delivery to “**Satellite Stores**” in the general geographic vicinity of main Ace Sushi Bar. The total investment necessary to begin operations of one Ace Sushi Bar and one Satellite Store ranges from \$19,275 to ~~\$121,375~~ \$122,575, or \$20,275 to ~~\$221,375~~ \$222,575 if you purchase an existing Ace Sushi Bar from the franchisor. These amounts include ~~\$12,575~~ \$13,575 to ~~\$99,475~~ \$105,675, which must be paid to the Franchisor or an affiliate, or ~~\$13,575~~ \$14,575 to ~~\$104,475~~ \$205,675, which must be paid to the Franchisor or an affiliate if you purchase an existing Ace Sushi Bar from the franchisor.

Area Development Program. Under this program, you will sign an Area Development Agreement (the “**Area Development Agreement**”) which grants you (an “**Area Developer**”) the right to develop multiple Ace Sushi Bars. The minimum number of Ace Sushi Bars required to be opened under the Area Development Agreement is five (5). The total investment necessary to begin operations of as an Area Developer ranges from \$71,150 to \$389,500 (for 40 Ace Sushi Bars plus an additional \$500 to \$1,250 for each Ace Sushi Bar you commit to develop in excess of 40) in addition to the investment necessary for a single Ace Sushi Bar or a single Ace Sushi Bar and one Satellite Store. These amounts include ~~\$62,450~~ \$65,450 to \$372,600 which must be paid to the Franchisor or an affiliate. If you sign an Area Development Agreement, you will sign a separate Franchise Agreement for each ACE Sushi Bar developed under your Area Development Agreement and pay the applicable fees.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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 payments to the Franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Executive Vice President, Chris Chin, 22771 S Western Avenue, Torrance, California 90501, 310-327-2223.

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Turnover Rate.** ~~In~~During the last 3 years, a ~~large number~~high percentage of franchised outlets (~~223~~between 11 and 64%) were terminated, not renewed, re-acquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.
3. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

EXHIBITS

A	Agents for Service of Process & State Administrators
B	Initial Training Agreement
C	Franchise Agreement and Attachments (including Guaranty)
	C1 – Hot Food Addendum
D	Satellite Store Addendum
E	Area Development Agreement
	<u>E1 – Acknowledgment Addendum</u>
F	Addendum to Area Development Agreement
G	State-Specific Addenda
H	Candidate Confidentiality Agreement
I	List of Franchisees
J	List of Terminated Franchisees
K	Financial Statements
L	Franchise Application
M	Sushi Robot Purchase Agreement
N	Receipts

Forms of Agreements

Item 22 of this Disclosure Document describes the following forms of agreements, copies of which are attached to this Disclosure Document: our Initial Training Agreement (**Exhibit B**), our Franchise Agreement and Attachments (**Exhibit C**), our Satellite Store Addendum (**Exhibit D**), our Area Development Agreement (**Exhibit E**); our Addendum to Area Development Agreement (**Exhibit F**); our Candidate Confidentiality Agreement (**Exhibit H**), and the Sushi Robot Purchase Agreement (**Exhibit M**).

Competition

Ace Sushi Bars will generally be located in grocery stores, supermarkets, college and university campuses, hospitals and other locations we select. The market for sushi, Chinese and other Asian fusion food products is well established and very competitive. Ace Sushi Bars will compete with sushi bars in grocery stores, supermarkets, and other locations and with quick service and fine dining restaurants that offer sushi, Chinese and other Asian fusion food products for sale for both on-premises and off-premises consumption. Typically, restaurant and fast food businesses operate year round, so sales are not seasonal.

Industry-Specific Regulations

You must comply with all local, state, and federal laws that apply to your Ace Sushi Bar on the preparation, labeling, storage, and sale of seafood and other perishable products, and the operation of your Franchised Business including health, sanitation, weights and measures, no smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. You must obtain health, business, and other licenses. You should investigate whether there are regulations, orders or other requirements that may apply in the geographic area in which your Ace Sushi Bar would be located and should consider both their impact and cost of compliance. You should also consult with your attorney concerning these and other local laws and ordinances that may affect your Ace Sushi Bar.

ITEM 2 BUSINESS EXPERIENCE

Director, President and Chief Executive Officer:

Harlan H. Chin

Mr. Chin has served as the Director, President and Chief Operating Officer of AMG in Torrance, California since January 1991 and as the President and Chief Executive Officer of Ace since October 7, 2004.

Senior Vice President, Sales and Store Operations:

Brian Tan

Mr. Tan has served as the Vice President, Sales and Store Operations of AMG in Torrance, California since June 2006. From June 1997 until June 2004, Mr. Tan served as the Director of Sales and Merchandising for AMG. Mr. Tan has served as the Vice President, Store Operations of Ace since October 7, 2004.

Executive Vice President:

Chris Chin

Mr. Chin has served as the Executive Vice President of AMG in Torrance, California since October 2021. Mr. Chin served as the Vice President, Sales and Marketing of AMG from July 2017 until October 2021.

Senior Vice President:

Nikki Dashti

Ms. Dashti has served as the Senior Vice President of AMG in Torrance, California since October 2021. Ms. Dashti served as an Executive Consultant to AMG from November 2018 until October 2021. Ms. Dashti served as a business coach and consultant for Strategy HR Alliance based in Los Angeles, California from March 2017 until November 2018.

ITEM 3 LITIGATION

State of Maryland Determination. In The Matter of: Asiana Management Group, Inc. D.B.A. ACE Sushi, Respondent. (Case No. 2004-0456.2005 WL 5159717 (Md.Sec.Div.)). In August 2004, the State of Maryland determined that the Contracts for Services offered and sold by AMG in Maryland were franchises under the Maryland Franchise Registration

ITEM 5
INITIAL FEES

The below chart represents the initial fees which must be paid to us or an affiliate for a single Ace Sushi Bar.

<u>TYPE OF EXPENDITURE</u>	<u>AMOUNT</u>	
	<u>LOW</u>	<u>HIGH</u>
Application Fee	\$125 per application	\$125 per application
Initial Training Fee	\$500 per attendee	\$500 per attendee
Initial Franchise Fee	\$6,000 for each Main Sushi Bar	\$15,000 for each Main Sushi Bar
Insurance	\$400	\$4,100
Initial Food Inventory	\$2,500 per Main Sushi Bar	\$25,000 per Main Sushi Bar
Initial Marketing, Small Wares, Supplies, Uniforms and Other Non-Food Items	\$1,000	\$4,000
Equipment Purchase/Rental	\$50	\$500
Label Machine	\$500 as a one-time payment per machine	\$500 as a one-time payment per machine
Sushi Robot	\$0	\$14,950
Onsite Training Fee	\$1,500	\$6,000
Leasehold Improvements	\$0	\$30,000
<u>TOTAL</u>	<u>\$12,575</u>	<u>\$100,675</u>

The below chart represents the initial fees which must be paid to us or an affiliate for an existing Ace Sushi Bar.

<u>TYPE OF EXPENDITURE</u>	<u>AMOUNT</u>	
	<u>LOW</u>	<u>HIGH</u>
Application Fee	\$125 per application	\$125 per application
Initial Training Fee	\$500 per attendee	\$500 per attendee
Initial Franchise Fee	\$6,000 for each Main Sushi Bar	\$15,000 for each Main Sushi Bar
Insurance	\$400	\$4,100
Initial Food Inventory	\$2,500 per Main Sushi Bar	\$25,000 per Main Sushi Bar
Initial Marketing, Small Wares, Supplies, Uniforms and Other Non-Food Items	\$1,000	\$4,000
Equipment Purchase/Rental	\$50	\$500
Label Machine	\$500 as a one-time payment per machine	\$500 as a one-time payment per machine
Sushi Robot	\$0	\$14,950
Onsite Training Fee	\$1,500	\$6,000
Leasehold Improvements	\$0	\$30,000
Existing Ace Sushi Bar Fee	\$1,000	\$100,000
<u>TOTAL</u>	<u>\$13,575</u>	<u>\$200,675</u>

The below chart represents the initial fees which must be paid to us or an affiliate for a single Ace Sushi Bar with Satellite Store.

<u>TYPE OF EXPENDITURE</u>	<u>AMOUNT</u>	
	<u>LOW</u>	<u>HIGH</u>
Application Fee	\$125 per application	\$125 per application
Initial Training Fee	\$500 per attendee	\$500 per attendee
Initial Franchise Fee	\$6,000 for each Main Sushi Bar	\$15,000 for each Main Sushi Bar
Insurance	\$400	\$4,100
Initial Food Inventory	\$2,500 per Main Sushi Bar and \$1,000 for each Satellite	\$25,000 per Main Sushi Bar and \$5,000 for each Satellite
Initial Marketing, Small Wares, Supplies, Uniforms and Other Non-Food Items	\$1,000	\$4,000

<u>TYPE OF EXPENDITURE</u>	<u>AMOUNT</u>	
<u>Equipment Purchase/Rental</u>	<u>\$50</u>	<u>\$500</u>
<u>Label Machine</u>	<u>\$500 as a one-time payment per machine</u>	<u>\$500 as a one-time payment per machine</u>
<u>Sushi Robot</u>	<u>\$0</u>	<u>\$14,950</u>
<u>Onsite Training Fee</u>	<u>\$1,500</u>	<u>\$6,000</u>
<u>Leasehold Improvements</u>	<u>\$0</u>	<u>\$30,000</u>
<u>TOTAL</u>	<u>\$13,575</u>	<u>\$105,675</u>

The below chart represents the initial fees which must be paid to us or an affiliate for an existing Ace Sushi Bar with Satellite Store.

<u>TYPE OF EXPENDITURE</u>	<u>AMOUNT</u>	
	<u>LOW</u>	<u>HIGH</u>
<u>Application Fee</u>	<u>\$125 per application</u>	<u>\$125 per application</u>
<u>Initial Training Fee</u>	<u>\$500 per attendee</u>	<u>\$500 per attendee</u>
<u>Initial Franchise Fee</u>	<u>\$6,000 for each Main Sushi Bar</u>	<u>\$15,000 for each Main Sushi Bar</u>
<u>Insurance</u>	<u>\$400</u>	<u>\$4,100</u>
<u>Initial Food Inventory</u>	<u>\$2,500 per Main Sushi Bar and \$1,000 for each Satellite</u>	<u>\$25,000 per Main Sushi Bar and \$5,000 for each Satellite</u>
<u>Initial Marketing, Small Wares, Supplies, Uniforms and Other Non-Food Items</u>	<u>\$1,000</u>	<u>\$4,000</u>
<u>Equipment Purchase/Rental</u>	<u>\$50</u>	<u>\$500</u>
<u>Label Machine</u>	<u>\$500 as a one-time payment per machine</u>	<u>\$500 as a one-time payment per machine</u>
<u>Sushi Robot</u>	<u>\$0</u>	<u>\$14,950</u>
<u>Onsite Training Fee</u>	<u>\$1,500</u>	<u>\$6,000</u>
<u>Leasehold Improvements</u>	<u>\$0</u>	<u>\$30,000</u>
<u>Existing Ace Sushi Bar Fee</u>	<u>\$1,000</u>	<u>\$100,000</u>
<u>TOTAL</u>	<u>\$14,575</u>	<u>\$205,675</u>

The below chart represents the initial fees which must be paid to us or an affiliate if you sign an Area Development Agreement.

<u>TYPE OF EXPENDITURE</u>	<u>AMOUNT</u>	
	<u>Low</u>	<u>High</u>
<u>Development Fee</u>	<u>\$59,500</u>	<u>\$300,000</u>
<u>Initial Franchise Fee</u>	<u>\$0 (for each Main Sushi Bar)</u>	<u>\$2,500 (for each Main Sushi Bar)</u>
<u>Insurance</u>	<u>\$400</u>	<u>\$4,100</u>
<u>Initial Food Inventory</u>	<u>\$2,500 (per Main Sushi Bar)</u>	<u>\$25,000 per Main Sushi Bar</u>
<u>Initial Marketing, Small Wares, Supplies, Uniforms and Other Non-Food Items</u>	<u>\$1,000</u>	<u>\$4,000</u>
<u>Equipment Purchase/Rental</u>	<u>\$50</u>	<u>\$500</u>
<u>Label Machine</u>	<u>\$500 as a one-time payment per machine</u>	<u>\$500 as a one-time payment per machine</u>
<u>Onsite Training Fee</u>	<u>\$1,500</u>	<u>\$6,000</u>
<u>Leasehold Improvements</u>	<u>\$0</u>	<u>\$30,000</u>
<u>TOTAL</u>	<u>\$65,450</u>	<u>\$372,600</u>

Initial Training Fee

To become eligible to purchase an Ace Sushi Bar franchise under our Single Unit Program (and you are not signing your Franchise Agreement pursuant to an Area Development Agreement), you must pay us \$500 for each individual attending our initial training program (the “**Initial Training Program**”) as an initial training fee (the “**Initial Training Fee**”) when you sign our Initial Training Agreement. The Initial Training Fee is payable in full when you sign the Initial Training Agreement. If you successfully complete our Initial Training Program but we are not able to offer you a location for your

If you have previously signed an Area Development Agreement, the Initial Franchise Fee for each Satellite Store will be as provided in your Area Development Agreement.

Area Development Program

If you enter into an Area Development Agreement you will pay us a development fee that includes the Base Development Fee (defined below) plus the Initial Franchise Fee for each Ace Sushi Bar that you are required to develop, excluding the Initial Franchise Fees that are waived, as described below.

If you enter into an Area Development Agreement to develop 5 Ace Sushi Bars, we will waive the Initial Franchise Fee for the first Main Sushi Bar you develop. You will pay us a development fee of \$59,500, which includes the \$49,500 Base Development Fee, and \$2,500 for the remaining four (4) Ace Sushi Bars you are required to develop. We will credit \$2,500 toward the Initial Franchise Fee you must pay to us when you sign each Franchise Agreement after the first Franchise Agreement.

If you enter into an Area Development Agreement to develop 10 Ace Sushi Bars, we will waive the Initial Franchise Fee for the first Main Sushi Bar you develop. You will pay us a development fee of \$112,000, which includes the \$89,500 Base Development Fee, and \$2,500 for the remaining nine (9) Ace Sushi Bars you are required to develop. We will credit \$2,500 toward the Initial Franchise Fee you must pay to us when you sign each Franchise Agreement after the first Franchise Agreement.

If you enter into an Area Development Agreement to develop 40 or more Ace Sushi Bars (no fewer than 30 of which shall be Main Sushi Bars), we will waive the Initial Franchise Fee for the first five Main Sushi Bars you develop. You will pay us a development fee of \$300,000 plus the Initial Franchise Fees for the Ace Sushi Bars you are required to develop (excluding the fees for the first 5 Main Sushi Bars). We will credit the prepaid Initial Franchise Fees toward the Initial Franchise Fee you must pay to us when you sign each Franchise Agreement after the first Franchise Agreement (not to exceed \$1,250 for a Main Sushi Bar and \$500 for a Satellite Store).

If you sign an Area Development Agreement to develop 5 or 10 Ace Sushi Bars the Initial Franchise Fee for a Main Sushi Bar will be \$2,500 and the Initial Franchise Fee for a Satellite Store will be \$1,250. The Initial Franchise Fee for your first Main Sushi Bar. If you sign an Area Development Agreement and Addendum to Area Development Agreement to develop 40 or more Ace Sushi Bars the Initial Franchise Fee for a Main Sushi Bar will be \$1,250 and the Initial Franchise Fee for a Satellite Store will be \$500.

You will pay the development fee in one lump sum when you sign the Area Development Agreement, and Addendum to Area Development Fee, if applicable. The Development Fee is fully earned by us upon receipt and is non-refundable under any circumstances.

The Initial Franchise Fee for your franchise is either payable in full when you sign the Franchise Agreement, or if you prefer and we agree, in 2 - 12 equal monthly payments in the manner we require after you sign the Franchise Agreement. The Initial Franchise Fee is fully earned when paid and is not refundable under any circumstances, except as described above.

Purchase of Existing Location

If you purchase an existing Ace Sushi Bar from us, we will charge you an additional \$1,000 to \$100,000 for the Sushi Bar, assets, equipment and value of the established market of the Sushi Bar, as we determine in our sole discretion.

Other Initial Payments

For a Main Sushi Bar, you must also pay us the amounts listed below, which may range from \$4,575 to ~~\$34,575~~ \$49,575 for the items listed below before you begin business at the Main Sushi Bar:

- a. **Application Fee.** You must pay us \$125 for each franchise application you submit to us.
- b. **Insurance.** You must pay \$400 - \$4,100 annually to the insurance broker or us for the costs to obtain liability insurance and, if required by law, worker's compensation insurance for your Main Sushi Bar that AMG must maintain under the Sushi Supply Agreements with the Venue Owners. If you service any Satellite Stores, you must obtain, before the opening of

the Sushi Bar, and maintain in full force and effect at all times during the term of your Franchise Agreement, at your expense, automobile liability insurance of at least \$500,000. This estimate covers annual insurance premium for required coverages.

c. **Initial Food Inventory.** You must pay us or other suppliers \$2,500 - \$25,000 to stock your Main Sushi Bar with Proprietary Products necessary for 1 - 2 weeks after the opening of your Main Sushi Bar. If you participate in the Hot Food Program, you must pay us or other suppliers approximately \$350 in addition to stock your Main Sushi Bar with an initial inventory of Hot Food Products.

d. **Initial Marketing, Small Wares, Supplies, Uniforms and Other Food Items.** You must pay us or other suppliers \$1,000 - \$4,000 for initial marketing materials, cooking and food preparation utensils, pots, knives, rice cooker, menu holders, and uniforms. If you participate in the Hot Food Program, you must pay us or other suppliers approximately \$50 for additional cooking and food prep supplies.

e. **Equipment Purchase & Rental.** In some cases, the Venue Owner may require us to provide a refrigerated display case and refrigerated table for the Main Sushi Bar. If the Venue Owner requires us to do so, you must pay us \$50 - \$500 per month for a refrigerated display case and refrigerated table which will be deducted as an Expense before the payment of Commissions to you, including any Hot Food Commissions if applicable, and the payment of our compensation.

f. **Label Machine and Label Templates.** You will lease a label machine from us for 48 months and must pay us (i) a one-time payment of \$500, (ii) \$135 per month per machine for leasing the label machine; and (iii) \$10.00 per month as a maintenance fee for the label machine, which will be deducted as an Expense before the payment of Commissions to you, including any Hot Food Commissions if applicable, and the payment of our compensation.

g. **Sushi Robot Purchase.** You may choose to purchase from AMG an automated sushi machine or “sushi robot” to assist with the preparation of sushi products. If you purchase a sushi robot from AMG, you must sign a Sushi Robot Purchase Agreement in the form attached as **Exhibit M.** The current cost of the sushi robot ranges from \$13,750 (plus shipping) to \$14,950 (plus shipping), depending on whether you purchase the sushi robot in a single lump sum payment, or over time with monthly installment payments. Additional details regarding the installment payment options for the sushi robot are described in Item 10 – Financing.

Except as described above, all of the above-listed fees are fully earned when paid and are not refundable.

Different Initial Fees

We reserve the right to negotiate different Initial Training Fees and Initial Franchise Fees in our discretion. [In the fiscal year ending December 31, 2023, franchisees paid Initial Training Fees and Initial Franchise Fees of \\$600 to \\$1,000 for satellite locations, and \\$3,000 to \\$10,000 for Main Sushi Bars.](#)

ITEM 6 OTHER FEES

NAME OF FEE	AMOUNT	DATE DUE	REMARKS (NOTE 2)
Compensation to Ace	Varies. Typically 8% - 15% of “ Gross Sushi Sales. ”. See Remarks and Note 1 for details	Monthly based on prior month's sales.	<p>“Gross Sushi Sales” means all revenue from the sale of Proprietary Products at your Ace Sushi Bar and Satellite Stores.</p> <p>The Host Venue collects all sales from customers. The Host Venue will then remit to us or AMG the sales less the Host Venue’s compensation, which it retains and is typically 15% - 30% of Gross Sushi Sales.</p>

payment of the Expenses, accompanied by report setting forth the Expenses and the calculation of these “**Commissions**”. Due to the irregularity of the receipt of sales reports from the Venue Owners, each payment of “**Commissions**” (including Hot Food Commissions if you participate in the Hot Food Program) may be an estimate of the amount due to you for the preceding month, together with any adjustments required for prior months based on reports of actual sales received from the Venue Owner. We will send you a report with the calculation of Gross Sushi Sales, Expenses, Commissions (including Hot Food Commissions if you participate in the Hot Food Program) and our compensation each month.

If you participate in the Area Development Program, you must pay us the compensation described above.

NOTE 3:

Food Costs are the amounts you pay for Proprietary Products and other goods you purchase from us, AMG and AMG’s distributors. Freight charges are the amounts you pay for delivery of the Proprietary Products to you. Insurance Charges are the amounts you pay AMG for liability insurance for your Main Sushi Bar that AMG must maintain under the Sushi Supply Agreements with the Venue Owners. Equipment Charges are the amounts you pay AMG for refrigeration and other equipment AMG rents to you or sold to you for your use at your Ace Sushi Bar.

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

AREA DEVELOPMENTSINGLE UNIT PROGRAM

TYPE OF EXPENDITURE*	AMOUNT <u>AMOUNT</u>		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	Low <u>LOW</u>	High <u>HIGH</u>			
<u>Application Fee</u>	<u>\$125 per application</u>	<u>\$125 per application</u>	<u>Lump Sum</u>	<u>Upon submission of your franchise application</u>	<u>Us</u>
Development <u>Initial Training Fee</u> ^{1/}	\$59,500 <u>500 per attendee</u>	\$300,000 <u>500 per attendee</u>	Lump Sum	When you sign the Area-Development <u>Initial Training</u> Agreement	Us
Initial Franchise Fee ^{1/}	\$0-(6,000 for each Main Sushi Bar)	\$2,500-(15,000 for each Main Sushi Bar)	Lump Sum or we deduct from Commissions paid to you	When you sign the Franchise Agreement or over time by deduction from Commissions paid to you; except if you sign your Franchise Agreement pursuant to an Area Development Agreement, you may pay the initial franchisee fee in 2 - 12 equal monthly payments in our discretion.	Us
Licenses ^{2/}	\$100	\$1,300	As Incurred	Before Opening	Local Authorities
Insurance ^{3/}	\$400	\$4,100	As arranged	Annually	Broker or Us
Initial Food Inventory ^{1/4/}	\$2,500 (per Main Sushi Bar)	\$25,000 per Main Sushi Bar	As Incurred <u>incurred</u> or we deduct from	Before Opening or over time by deduction	Us; Various Suppliers and Distributors

TYPE OF EXPENDITURE*	AMOUNT AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
			Commissions paid to you	from Commissions paid to you	
Initial Marketing, Small Wares, Supplies, Uniforms and Other Non-Food Items ^{1/5/}	\$1,000	\$4,000	As Inurred incurred or we deduct from Commissions paid to you	Before Opening or over time by deduction from Commission paid to you	Us; Various Suppliers and Distributors
Equipment Purchase/Rental ^{1/}	\$50	\$500	As deductions from Commissions paid to you	You will pay between \$50 - \$500 per month, deducted as an Expense before the payment of Commissions to you (including any Hot Food Commissions if you are participating in the Hot Food Program) and the payment of our compensation	Us or Approved Supplier
Label Machine ^{1/}	\$500 as a one-time payment per machine	\$500 as a one-time payment per machine	As Inurred incurred or we deduct from Commission Commissions paid to you	You will lease the label machine from us for 48 months and will pay \$500 as a one-time payment, \$135 per month for the label machine and \$10.00 per month as a maintenance fee for the label machine which will be deducted as an Expense before the payment of Commissions to you (including any Hot Food Commissions if you are participating in the Hot Food Program) and the payment of our compensation	Us
<u>Sushi Robot^{1/}</u>	<u>\$0</u>	<u>\$14,950</u>	<u>As incurred or we deduct from Commissions paid to you.</u>	<u>You may choose to purchase from AMG an automated sushi machine or “sushi robot” to assist with the preparation of sushi products. The cost of the sushi robot if you purchase it in a single lump sum is \$13,750.</u>	<u>AMG</u>
Computer System ^{6/}	\$100	\$600	As Arranged	Before Operations Begin	Approved Suppliers

TYPE OF EXPENDITURE*	AMOUNT AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Onsite Training Fee	\$1,500	\$6,000	Lump Sum or we deduct from Commissions paid to you	When you sign your Franchise Agreement or over time by deduction from Commission paid to you	Us
Leasehold Improvements ^{7/}	\$0	\$30,000	As arranged	As Incurred	Us, Contractor
Expenses Before Opening ^{8/}	\$500	\$5,000	As Arranged	Before Opening	Various Vendors and Professional Advisors
Additional Funds, Working Capital Reserve (for 3 months) ^{9/}	\$5,000	\$10,000	As Incurred	During the first 3 months of operation	Various
TOTAL ^{10/}	\$71,150 18,275	\$389,500 117,575*			

~~As described in item 5, if you sign an area development agreement, you must pay us a development fee ranging from \$59,500 to \$300,000 (plus the Initial Franchise Fees for the~~ * If you sign your Franchise Agreement pursuant to an Area Development Agreement: (1) you will not pay an application fee or initial training fee; (2) the initial franchise fee will range from \$0 to \$2,500; and (3) you will not have to pay us a security deposit.

~~Ace Sushi Bars~~If you are required to develop (excluding the fees for the first 5 Main Sushi Bars) if you are developing more than 40 Ace Sushi Bars. Your initial investment for your first Ace Sushi Bar will be as set forth below. You should be aware that your initial investment for your second and subsequent Ace Sushi Bars may be higher than the below estimates for your first Ace Sushi Bar due to inflation and other economic facts that may vary over time.purchase an existing Ace Sushi Bar from us or our parent, we will charge you our estimate of the fair market value for the Ace Sushi Bar, taking into account the revenue, assets, equipment and value of the established market of the sushi bar sold to you. This amount may range from \$1,000 to \$100,000, resulting in an increased total initial investment range of \$19,275 to \$217,575.

YOUR ESTIMATED INITIAL INVESTMENT

SINGLE UNIT PROGRAM WITH SATELLITE STORE

TYPE OF EXPENDITURE*	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Application Fee	\$125 per application	\$125 per application	Lump Sum	Upon submission of your franchise application	Us
Initial Training Fee ^{1/}	\$500 per attendee	\$500 per attendee	Lump Sum	When you sign the Initial Training Agreement	Us
Initial Franchise Fee ^{1/}	\$6,000 for each Main Sushi Bar	\$15,000 for each Main Sushi Bar	Lump Sum or we deduct from	When you sign the Franchise Agreement or over time by	Us

TYPE OF EXPENDITURE*	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
			Commissions paid to you	deduction from Commissions paid to you; except if you sign your Franchise Agreement pursuant to an Area Development Agreement, you may pay the initial franchisee fee in 2 - 12 equal monthly payments in our discretion.	
Licenses ^{2/}	\$100	\$1,300	As Incurred	Before Opening	Local Authorities
Insurance ^{3/}	\$400	\$4,100	As arranged	Annually	Broker or Us
Initial Food Inventory ^{1/4/}	\$2,500 per Main Sushi Bar and \$1,000 for each Satellite	\$25,000 per Main Sushi Bar and \$5,000 for each Satellite	As incurred or we deduct from Commissions paid to you	Before Opening or over time by deduction from Commissions paid to you	Us; Various Suppliers and Distributors
Initial Marketing, Small Wares, Supplies, Uniforms and Other Non-Food Items ^{1/5/}	\$1,000	\$4,000	As incurred or we deduct from Commissions paid to you	Before Opening or over time by deduction from Commission paid to you	Us; Various Suppliers and Distributors
Equipment Purchase/Rental ^{1/}	\$50	\$500	As deductions from Commissions paid to you	You will pay between \$50 - \$500 per month, deducted as an Expense before the payment of Commissions to you (including any Hot Food Commissions if you are participating in the Hot Food Program) and the payment of our compensation	Us or Approved Supplier
Label Machine ^{1/}	\$500 as a one-time payment per machine	\$500 as a one-time payment per machine	As incurred or we deduct from Commissions paid to you	You will lease the label machine from us for 48 months and will pay \$500 as a one-time payment, \$135 per month for the label machine and \$10.00 per month as a maintenance fee for the label machine which will be deducted as an Expense before the payment of	Us

TYPE OF EXPENDITURE*	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
				Commissions to you (including any Hot Food Commissions if you are participating in the Hot Food Program) and the payment of our compensation	
Sushi Robot ^{1/}	\$0	\$13,750 <u>\$14,950</u>	As incurred or we deduct from Commissions paid to you.	You may choose to purchase from AMG an automated sushi machine or “sushi robot” to assist with the preparation of sushi products. The cost of the sushi robot if you purchase it in a single lump sum is \$13,750.	AMG
Computer System ^{6/}	\$100	\$600	As Arranged	Before Operations Begin	Approved Suppliers
Onsite Training Fee	\$1,500	\$6,000	Lump Sum or we deduct from Commissions paid to you	When you sign your Franchise Agreement or over time by deduction from Commission paid to you	Us
Leasehold Improvements ^{7/}	\$0	\$30,000	As arranged	As Incurred	Us, Contractor
Expenses Before Opening ^{8/}	\$500	\$5,000	As Arranged	Before Opening	Various Vendors and Professional Advisors
Additional Funds, Working Capital Reserve (for 3 months) ^{9/}	\$5,000	\$10,000	As Incurred	During the first 3 months of operation	Various
TOTAL ^{10/}	\$18,275 <u>\$19,275</u>	\$416,375 <u>\$422,575</u>			

* If you sign your Franchise Agreement pursuant to an Area Development Agreement: (1) you will not pay an application fee or initial training fee; (2) the initial franchise fee for a Main Sushi Bar will range from \$0 to \$2,500 and the initial franchise fee for a Satellite Store will range from \$500 to \$1,250; and (3) you will not have to pay us a security deposit.

If you purchase an existing Ace Sushi Bar from us or our parent, we will charge you our estimate of the fair market value for the Ace Sushi Bar, taking into account the revenue, assets, equipment and value of the established market of the sushi bar sold to you. This amount may range from \$1,000 to \$100,000, resulting in an increased total initial investment range of ~~\$19,275~~ \$20,275 to ~~\$416,375~~ \$422,575.

YOUR ESTIMATED INITIAL INVESTMENT

~~SINGLE UNIT~~ AREA DEVELOPMENT PROGRAM ~~WITH SATELLITE STORE~~

TYPE OF EXPENDITURE*	AMOUNT <u>AMOUNT</u>		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW <u>Low</u>	HIGH <u>High</u>			
Application Fee	\$125 per-application	\$125 per-application	Lump Sum	Upon submission of your franchise application	Us
Initial-Training <u>Development</u> Fee ^{1/}	\$500 per-attendee <u>59,500</u>	\$500 per-attendee <u>300,000</u>	Lump Sum	When you sign the Initial-Training <u>Area Development</u> Agreement	Us
Initial Franchise Fee ^{1/}	\$ 6,000-0 (for each Main Sushi Bar)	\$ 15,000-2,500 (for each Main Sushi Bar)	Lump Sum or we deduct from Commissions paid to you	When you sign the Franchise Agreement or over time by deduction from Commissions paid to you; except if you sign your Franchise Agreement pursuant to an Area Development Agreement, you may pay the initial franchisee fee in 2 - 12 equal monthly payments in our discretion.	Us
Licenses ^{2/}	\$100	\$1,300	As Incurred	Before Opening	Local Authorities
Insurance ^{3/}	\$400	\$4,100	As arranged	Annually	Broker or Us
Initial Food Inventory ^{1/4/}	\$2,500 (per Main Sushi Bar) and \$1,000 for each Satellite	\$25,000 per Main Sushi Bar and \$5,000 for each Satellite	As incurred <u>Incurred</u> or we deduct from Commissions paid to you	Before Opening or over time by deduction from Commissions paid to you	Us; Various Suppliers and Distributors
Initial Marketing, Small Wares, Supplies, Uniforms and Other Non-Food Items ^{1/5/}	\$1,000	\$4,000	As incurred <u>Incurred</u> or we deduct from Commissions paid to you	Before Opening or over time by deduction from Commission paid to you	Us; Various Suppliers and Distributors
Equipment Purchase/Rental ^{1/}	\$50	\$500	As deductions from Commissions paid to you	You will pay between \$50 - \$500 per month, deducted as an Expense before the payment of Commissions to you (including any Hot Food Commissions if you are participating in the Hot Food Program) and the payment of our compensation	Us or Approved Supplier
Label Machine ^{1/}	\$500 as a one-time payment per machine	\$500 as a one-time payment per machine	As incurred <u>Incurred</u> or we deduct from Commissions <u>Commission</u> paid to you	You will lease the label machine from us for 48 months and will pay \$500 as a one-time payment, \$135 per month for the label machine	Us

TYPE OF EXPENDITURE*	AMOUNT AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
				and \$10.00 per month as a maintenance fee for the label machine which will be deducted as an Expense before the payment of Commissions to you (including any Hot Food Commissions if you are participating in the Hot Food Program) and the payment of our compensation	
Sushi Robot ^{4/}	\$0-	\$13,750	As incurred or we deduct from Commissions paid to you.	You may choose to purchase from AMG an automated sushi machine or "sushi robot" to assist with the preparation of sushi products. The cost of the sushi robot if you purchase it in a single lump sum is \$13,750.—	AMG
Computer System ^{6/}	\$100	\$600	As Arranged	Before Operations Begin	Approved Suppliers
Onsite Training Fee	\$1,500	\$6,000	Lump Sum or we deduct from Commissions paid to you	When you sign your Franchise Agreement or over time by deduction from Commission paid to you	Us
Leasehold Improvements ^{7/}	\$0	\$30,000	As arranged	As Incurred	Us, Contractor
Expenses Before Opening ^{8/}	\$500	\$5,000	As Arranged	Before Opening	Various Vendors and Professional Advisors
Additional Funds, Working Capital Reserve (for 3 months) ^{9/}	\$5,000	\$10,000	As Incurred	During the first 3 months of operation	Various
TOTAL ^{10/}	\$19,275 <u>71,150</u>	\$121,375 <u>38</u> <u>2,500</u>			

* If As described in item 5, if you sign ~~your Franchise Agreement pursuant to~~ an Area Development Agreement: ~~(1), you will not pay an application fee or initial training fee; (2) the initial franchise fee for a Main Sushi Bar will range from \$0 to \$2,500 and the initial franchise fee for a Satellite Store will range from \$500 to \$1,250; and (3) you will not have to pay us a security deposit.~~

must pay us a development fee ranging from \$59,500 (5 Ace Sushi Bars) to \$300,000 (40 ~~If you purchase an existing Ace Sushi Bar from us or our parent, we will charge you our estimate of the fair market value for the Ace Sushi Bar, taking into account the revenue, assets, equipment and value of the established market of the sushi bar sold to you. This amount may range from \$1,000 to \$100,000, resulting in a increased total initial investment range of \$20,275 to \$221,375.~~ Ace Sushi Bars)(plus the Initial Franchise Fees for the Ace Sushi Bars you are required to develop (excluding the fees for the first 5 Main Sushi Bars) if you are developing more than 40 Ace Sushi Bars). This range Your initial investment for your first Ace Sushi Bar will be as set

forth below. You should be aware that your initial investment for your second and subsequent Ace Sushi Bars may be higher than the below estimates for your first Ace Sushi Bar due to inflation and other economic facts that may vary over time.

NOTES

All amounts are non-refundable unless otherwise noted.

NOTE 1:

You must pay us an application fee when you submit your franchise application to us. The application fee covers our costs to process a credit and background check and for tuberculosis and drug testing.

The Initial Training Fee and Initial Franchise Fee are discussed in Item 5 of this Disclosure Document. The Initial Franchise Fee is based on the average household income of the population within 3 miles radius of each Main Sushi Bar. The low estimate assumes an average household income of up to \$60,000. The high estimate assumes an average household income in excess of \$150,000. As described in Item 10, we may provide financing for the Initial Franchise Fee, the initial food inventory, the initial smallwares, supplies, uniforms and other non-food items, the refrigerated display case and refrigerated table, the one-time payment for the label machine, and the sushi robot in the form of Expense deductions from Commissions paid to you. See Item 6, Notes 1 and 2, Item 8 and Item 10. We do not offer any other direct or indirect financing. Neither we nor any affiliate guarantee any note, lease, or obligation of yours in connection with the purchase or establishment of your Ace Sushi Bar. The current cost of the sushi robot ranges from \$13,750 (plus shipping) to \$14,950 (plus shipping), depending on whether you purchase the sushi robot in a single lump sum payment, or over time with monthly installment payments.

NOTE 2:

License fees include business permits and health permits.

NOTE 3:

You may purchase insurance directly from our designated insurance broker. If you do not obtain your own insurance directly, we may obtain insurance on your behalf and you must reimburse us for our direct costs and administrative fees to obtain liability insurance and other insurance, such as worker's compensation insurance, for your Main Sushi Bar that AMG must maintain under the Sushi Supply Agreements with the Venue Owners. If we obtain insurance on your behalf, you must pay us \$100 plus 15% of the insurance costs as an Insurance Processing Administration Fee. If you service any Satellite Stores, you must obtain, before the opening of the Sushi Bar, and maintain in full force and effect at all times during the term of your Franchise Agreement, at your expense, automobile liability insurance of at least \$500,000. This estimate covers the annual insurance premium for required coverages.

You must maintain all the following insurance coverage: (a) broad form comprehensive general liability coverage, restaurant owners, contractual liability and injury and product liability coverage with minimum limits of \$1,000,000 - \$5,000,000 or as required by the Venue Owner; (b) fire, flood, earthquake and extended coverage insurance on the location and your property in an amount adequate to replace it if there is an insured loss; (c) business interruption insurance in reasonable amounts and (d) advertising injury insurance. If you have employees, you must also maintain (a) worker's compensation and employer's liability insurance (as required by law) with limits of \$500,000 - \$2,000,000; (b) unemployment insurance covering your employees; and (c) state disability insurance for your employees (as required by law). You must provide us with Certificates of Insurance evidencing all of the proper types and minimum amounts of required coverage at least 10 days before you are required to carry any insurance and at least 30 days before the expiration of any policy. All Certificates must provide that no less than 30 days' prior written notice must be given to us if there is a material alteration to, or cancellation or non-renewal of, the coverages evidenced by the Certificates. All policies of insurance must also contain a separate endorsement naming us and our affiliates, as additional insured parties.

NOTE 4:

This estimate covers the cost of stocking your Main Sushi Bar with Proprietary Products necessary for 1 - 2 weeks after the opening of your Main Sushi Bar. The high end of this estimate includes an estimated \$350 in additional in initial food inventory needed if you are participating in the Hot Food Program.

NOTE 5:

This estimate is for marketing materials, cooking and food preparation utensils, pots, knives, menu holders, labels and uniforms. The high end of this estimate includes an estimated \$50 in additional items needed if you are participating in the Hot Food Program.

NOTE 6:

This estimate includes a laptop computer or tablet with current software and internet capabilities. See Item 11 regarding the computer system hardware and software you must purchase. We have not included the cost of required hardware and software maintenance agreements, if any. This figure also does not include any technical support costs associated with operating the hardware or software.

NOTE 7:

Some Ace Sushi Bars may require build-out and renovation, including construction; furniture, fixtures and equipment according to our specifications. You will pay construction and renovations costs to us or directly to suppliers or independent contractors and construction companies.

NOTE 8:

Expenses before opening may include food consumed during training, fees for professional advisors and other costs during the 3 months after the opening of your Main Sushi Bar.

NOTE 9:

Franchisee must, at all times, maintain adequate reserves and working capital sufficient for you to fulfill all of your obligations under the Franchise Agreement and to cover the risks and contingencies of the Franchised Business for at least three (3) months.

You will need capital to support ongoing expenses, such as payroll, inventory and supplies, to the extent that these costs are not covered by your Commissions. ~~The need for additional funds will vary widely among franchisees. New businesses usually generate a negative cash flow.~~ We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of your Ace Sushi Bar, which we calculate to be 3 months. This is only an estimate, however, and there is no assurance that additional funds will not be necessary during ~~or after~~ the start-up phase of your Ace Sushi Bar. We relied upon our experience and the experience of AMG when preparing these figures.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To insure that the highest degree of quality and service is maintained, you must operate your Ace Sushi Bar in strict conformity with our methods, standards and specifications. You must purchase all Proprietary Products, equipment and supplies used or sold at your Main Sushi Bar and Satellite Stores solely from us, AMG or our approved suppliers and distributors.

Proprietary Products, Equipment and Supplies

You must purchase the Proprietary Products from us or AMG. The Proprietary Products include all food products (including Hot Food Products) other than produce, a refrigerated display case and refrigerated table, a label machine and label template, sushi robot, marketing materials, utensils, pots, knives, menu holders, labels and uniforms and an NSF approved Camcarrier. If you are participating in the Area Development Program, you must buy produce, liability insurance and worker's compensation insurance and all printed paper and paper products bearing the Proprietary Marks either from us or from a distributor or manufacturer we authorize or approve in accordance with our specifications. To protect our trade secrets and maintain quality control, AMG and its distributors are the sole suppliers of our Proprietary Products, the refrigerated display case and refrigerated table, the label machine and label template, sushi robot, marketing materials, the utensils, pots, knives, menu holders, labels, and uniforms. We do not provide any material benefits to you (for example, renewal or granting of additional franchises) based upon your use of approved suppliers.

Computer Hardware and Software

You must purchase computer hardware and software according to our specifications. See Item 11.

Item Financed	Amount Financed	Down Payment	Term (Mos) (1)	Monthly Payment (1)	Prepay Penalty	Security Required (2)	Liability on Default	Loss of Legal Right on Default
Initial Food Inventory, Equipment, Marketing Smallwares & Supplies	Up to \$31,500	None Required	2-6	Varies	None	None	Individual Liability	N/A
One-Time Payment for Labeling Machine	\$500 per machine	None Required	1-2	Varies	None	None	Individual Liability	N/A
Sushi Robot ⁽³⁾	\$13,750 - \$14,945 <u>\$14,950</u> + shipping	Varies - See Note 3	0 to 9	Varies	None	AMG maintains a Secured Interest in Sushi Robot	Individual Liability	N/A
Monetary Advance ⁽⁴⁾	Up to \$10,000	None Required	1 to 6	Varies	None	None	Individual Liability	N/A
Purchase Price of Existing Ace Sushi Bar	\$1,000 - \$100,000	None Required	1-12	Varies	None	None	Individual Liability	N/A

- (1) We may lump all financing together. We make a determination regarding the term of the financing and the monthly payment, which is then deducted from the Commissions we pay you. The range financed will depend on which items are financed and ratio between Commissions payable and the amount owed. A shorter term will increase the monthly deduction from Commissions.
- (2) We self-finance the above financing. We do not require any security interest. We do not have any practice or intent to sell, assign or discount the financing arrangements to any third party. We do not arrange financing from other sources, and we do not guarantee your obligations to third parties.
- (3) You may purchase a sushi robot with a single lump sum payment of \$13,750 (plus shipping). Or, we currently offer the following sushi robot installment payment plans.
- \$7250 down payment (plus shipping), and six-monthly payments of \$1,208.33, plus a \$50 monthly processing fee;
 - \$7750 down payment (plus shipping), and seven-monthly payments of \$964.24, plus a \$50 monthly processing fee;
 - \$8250 down payment (plus shipping), and eight-monthly payments of \$781.25, plus a \$50 monthly processing fee; and
 - \$8750 down payment (plus shipping), and eight-monthly payments of \$638.89, plus a \$50 monthly processing fee.
- (4) For franchisees averaging weekly Gross Sushi Sales at or below \$1,500, based on a trailing 3-month average, Ace may provide the franchisee upon request with a monetary advance of up to \$10,000 to assist in operations. The advance is offered by Ace in its sole discretion and the franchisee must be in good standing under the terms of its Franchise Agreement to qualify. To request the advance, the franchisee must submit an Advance Request in the form required by Ace.

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

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

Pre-Opening Obligations

Before you open your Ace Sushi Bar, we will provide the following assistance and services to you:

1. We will obtain a site for your Main Sushi Bar location. (**Franchise Agreement, Section 1.4**), unless we have accepted a site that you selected in accordance with the Area Development Agreement (**Area Development Agreement, Section 3.B**).
2. We will assist you to obtain the necessary licenses and permits for your Ace Sushi Bar. (**Franchise Agreement, Section 3.3**).
3. We will offer an Initial Training Program and Onsite Training Program to you. (**Initial Training Agreement; Franchise Agreement, Sections 3.2, 6.1 and 6.4, Area Development Agreement Section 3.H**). More detailed information about training appears in this Item 11 under the headings “Initial Training” and “Onsite Training.”
4. We will provide any initial advisory assistance to you as we deem advisable. (**Franchise Agreement, Sections 3.7 and 6.3**).
5. We will lend you a copy of the Confidential Operations Manual. (**Franchise Agreement, Section 3.4**). We will allow you to review our Confidential Operations Manual before ~~you sign~~ [buying the franchise and signing](#) your Initial Training Agreement. A copy of our Confidential Operations Manual is located at our corporate headquarters. Before reviewing our Confidential Operations Manual, you must sign a Candidate Confidentiality Agreement in the form attached as **Exhibit H**. The Confidential Operations Manual contains 91 pages.
6. We will make all Proprietary Products, all food products other than produce and certain items of equipment and supplies such as employee uniforms, sushi containers, lids and product labels and paper products which bear the Proprietary Marks available to you through AMG or independent distributors. (**Franchise Agreement, Section 3.8**). We will use reasonable efforts to fulfill or cause distributors to fulfill your orders for Proprietary Products on a timely basis. (**Franchise Agreement, Section 3.8**).
7. We will provide you with a list of our approved distributors and suppliers. (**Franchise Agreement, Section 3.6**).

Continuing Obligations

During the ongoing operation of your Ace Sushi Bar, we will provide the following assistance to you:

1. We will make available training programs for you and your employees as we deem appropriate. (**Franchise Agreement, Sections 3.2, 6.5 and 6.6**).
2. We will provide continuing advisory assistance to you as we deem advisable. (**Franchise Agreement, Sections 3.7 and 6.3**).
3. We will provide copies of any modifications to the Confidential Operations Manual. (**Franchise Agreement, Section 3.4**).
4. We will inspect your Main Sushi Bar and evaluate its operations to assist you and to maintain the System's standards of quality, appearance, and service. (**Franchise Agreement, Section 3.5**).
5. We will provide you with a list of our approved distributors and suppliers. (**Franchise Agreement, Section 3.6**).

audit and sales verification. We will have independent access to the information generated and stored in your computer system.

We may require you to participate in electronic document delivery programs and conduct all business with us electronically through any electronic document delivery and retention system we select. If we do so, you must conduct all business with us electronically using the selected systems and must retain all records we deliver to you. Your computer system must have the capacity and capability of receiving, retrieving and retaining all electronic documents and records we deliver to you. **(Franchise Agreement, Section 7.6.5).**

Customers of your Main Sushi Bar and Satellite Stores will present the sushi they wish to purchase to the Host Venue’s cashiers, who will scan the sale of the sushi through their cash register systems. **(Franchise Agreement, Section 7.6).**

Site Selection

We will obtain a site for your Main Sushi Bar location. **(Franchise Agreement, Section 1.2).** If you have signed an Area Development Agreement, when you have located a proposed site for construction of an ACE Sushi Bar, you must submit to us such demographic and other information regarding the proposed site and neighboring areas as we require (“Site Review Request”). We may seek additional information from you and you must respond promptly. If we do not deliver written notice to you that we accept your proposed site within 15 days of receipt of the Site Review Request, or within 10 days after receipt of such additional requested information, whichever is later, the site shall be deemed rejected. If we accept the proposed site we will notify you of our acceptance. If you have signed an Area Development Agreement, we may (although we have no obligation to do so) suggest sites for you to locate Ace Sushi Bars.

We consider the general location and neighborhood, parking, size, physical characteristics, lease terms, level of competition and population density, income levels and other demographic information in our consideration or acceptance of a site for your Ace Sushi Bar. ~~Our selection or acceptance of a site is not an assurance that your Ace Sushi Bar will be successful.~~ Additionally, selection or acceptance of a site does not guarantee that you will be allowed to become a franchisee. All requirements of Ace, including the completion of the Initial Training Program described below, must be satisfied before you will be eligible to open an Ace Sushi Bar under a Franchise Agreement. There is no time limit within which we must select, approve or disapprove a site; except if you have signed an Area Development Agreement, in which case the time periods are set forth in the preceding paragraph. You may not re-locate your Main Sushi Bar or Satellite Stores without our prior written approval. If you and we cannot agree on a site, we may terminate the Franchise Agreement and your initial fee or deposit will be forfeited.

Initial Training

Before you open your Ace Sushi Bar, you must successfully complete our Initial Training Program to our satisfaction. Except if you are participating in the Area Development Program, you must sign our Initial Training Agreement **(Exhibit B)** and must pay us an initial training fee of \$500 per attendee.

We will provide the Initial Training Program to you at no additional cost if you sign an Area Development Agreement. We will provide the training program to two individuals if you sign an Area Development Agreement for 5 or 10 Ace Sushi Bars and four individuals if you sign an Area Development Agreement for 40 or more Ace Sushi Bars. After you successfully complete the Initial Training Program, you must train all of your employees and chefs.

Our Initial Training Program generally covers the following subjects:

INITIAL TRAINING PROGRAM

SUBJECT	NUMBER OF HOURS OF CLASSROOM TRAINING	NUMBER OF HOURS OF ON-THE-JOB TRAINING	LOCATION
Company Orientation	.75	0	ACE’s Online Learning Management System

ONSITE TRAINING PROGRAM

SUBJECT	NUMBER OF HOURS OF CLASSROOM TRAINING	NUMBER OF HOURS OF ON-THE-JOB TRAINING	LOCATION
Store Set-Up	0	9	Host Venue Sushi Bar
Pre-Opening Prep	0	9	Host Venue Sushi Bar
Grand Opening Procedures	0	11	Host Venue Sushi Bar
Daily Task Management	0	11	Host Venue Sushi Bar
Performance Coaching	0	15	Host Venue Sushi Bar
Total Hours	0	55	

Training is provided as needed. We may modify our Initial Training Program at any time.

All training will be under the direction of Nikki Dashti. She has worked with AMG and Ace Sushi since 2018 and has 4 years of experience in the operation of Ace Sushi Bars and all subjects taught as part of our Initial Training Program. The instructional materials consist of our Confidential Operations Manual and demonstration of restaurant operational practices.

You and your employees must also attend any additional courses, seminars and other training programs we reasonably require. **(Franchise Agreement, Section 6.5)**. You will have to reimburse us for the cost of seminar materials, if any. You will be responsible for all other expenses which are incurred with the courses (including expenses related to our support training personnel), and for the cost of transportation, moderately-priced lodging, meals, and wages. **(Franchise Agreement, Section 6.5)**. You must also attend and complete all other training and information programs that we designate, that the Venue Owner may designate and that federal, state or local authorities require to qualify to operate your Ace Sushi Bar. **(Franchise Agreement, Sections 6.1 and 6.4)**.

If we determine at any time during the term of your Franchise Agreement that in our judgment, you are not operating the Sushi Bar in accordance with our Confidential Operations Manual and standards, we may send our operations personnel to assume direction and control of the Sushi Bar and you must pay us the sum of \$500 per day for each day our operations personnel remain at the Sushi Bar. **(Franchise Agreement, Section 7.17)**.

ITEM 12 TERRITORY

Franchise Agreement

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

The Franchise Agreement will designate the location of your Main Sushi Bar, and you may conduct business only at the Franchised Location, unless you are granted the right and obligation to operate Satellite Stores, in which case you may only conduct business at your Main Sushi Bar and your Satellite Stores. You will not receive any protected territory nor will you have any exclusive rights to the Franchised Location, the Satellite Stores or the geographic territory in which your Main Sushi Bar and Satellite Stores are located. These franchises are non-exclusive. ~~You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.~~ There may already be franchised Ace Sushi Bars or Satellite Stores near your Main Sushi Bar, Satellite Stores or trade area which will continue to operate. We may franchise additional Ace Sushi bars with Satellite Stores without consulting you or giving you the first right to open them or deliver Proprietary Products to them. These additional Ace Sushi Bars and their Satellite Stores may compete directly with you. In addition, we and our affiliates retain the right (the “Reserved Rights”):

develop Ace Sushi Bars as provided in accordance the development schedule; (ii) breach the terms of the Area Development Agreement; (iii) fail to comply with terms and conditions of any individual Franchise Agreement.

Addendum to Area Development Agreement

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

Under the Addendum to Area Development Agreement (which amends the Area Development Agreement), we grant you the right to develop and operate a specified number of Ace Sushi Bars at locations in a specified Development Area, subject to our approval. The Development Area may be one or more metropolitan statistical areas, designated marketing areas, cities, counties, states or some other defined area. During the term of the Area Development Agreement, we will not operate or grant a license or franchise to any other person to operate an Ace Sushi Bar the physical location of which is located in your Development Area, except as permitted by our Reserved Rights. You may not relocate your Development Area.



Although we have no obligation to do so, we may offer you the right, for no longer than 30 days, to sign a Franchise Agreement to develop an Ace Sushi Bar at a location we select (each an “Offered Venue”) in the Development Area. If you fail to sign a Franchise Agreement for the Offered Venue within the required time period, then (i) the Offered Venue shall automatically and without further action on behalf of either party be excluded from the Development Area; and (ii) we may open and operate, franchise or license a third party to open and operate an Ace Sushi Bar at the Offered Venue.”

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

We do not grant a right of first refusal or similar rights to acquire additional Ace Sushi Bars, although you may apply for the right to open additional Ace Sushi Bars.

**ITEM 13
TRADEMARKS**

AMG has licensed to us the right to use the following principal marks which are registered or pending registration, as provided, on the Principal Register of the United States Patent and Trademark Office (“USPTO”) in connection with the operation of “ACE SUSHI” franchises.

MARK	REGISTRATION NUMBER	REGISTRATION DATE
	6782671	July 5, 2022
	2932830	3/15/05 Renewed: 3/15/15
ASIANA CUISINE	2871862	8/10/04 Renewed: 8/10/14

	PROVISION	SECTION IN FRANCHISE AGREEMENT* OR AREA DEVELOPMENT AGREEMENT	SUMMARY
			at least 80% compliance with all mandated operational checklists; (vi) have undertaken and completed at your expense any renovation and refurbishment of your ACE Sushi Bar to our then-current standards; and (vii) meet and be in compliance with our then-current qualification, training and certification requirements, at your expense.
d.	Termination by you	N/A § 12.6	Subject to state law, you do not have the right to terminate your Franchise Agreement. You may request the early termination of your franchise agreement before the end of its term on condition of paying a cancellation fee (currently \$3,500) to offset our re- marketing costs and other expenses associated with termination. We may accept or deny your request in our sole discretion.
e.	Termination by us without cause	§ 12.3	<p>We may terminate the Franchise Agreement if we give you 30 days' notice.</p> <p><u>Upon termination of your Area Development Agreement, you have no right to establish or operate any Ace Sushi Bar for which an individual Franchise Agreement has not been executed by us and delivered to you at the time of termination. All of your obligations under the Area Development Agreement which expressly or by their nature survive the expiration or termination of the Agreement (including non-competition covenants), continue in full force and effect until they are satisfied or by their nature expire.</u></p>
f.	Termination by us with cause	<p>§ 12.2 of the Franchise Agreement</p> <p>§ 6 of the Area Development Agreement</p>	<p>Default under Franchise Agreement, bankruptcy, and other grounds.</p> <p>We can terminate the Area Development Agreement only if you default or fail to comply with your obligations.</p> <p><u>No default under the Area Development Agreement shall constitute a default under any franchise agreement you have entered into with us, unless your acts or omissions also violate the terms and conditions of that agreement. Failure to comply with any material term or material condition imposed by a franchise agreement executed in connection your Area Development Agreement will constitute grounds for us to default you under your Area Development Agreement.</u></p>
g.	"Cause" defined - defaults which can be cured	§ 12.4 of the Franchise Agreement	<p>All other defaults not specified in §§ 12.1 and 12.2.</p> <p>You have 30 days to cure defaults not listed in (h).</p>

	PROVISION	SECTION IN FRANCHISE AGREEMENT* OR AREA DEVELOPMENT AGREEMENT	SUMMARY
		§ 6.B of the Area Development Agreement	<u>No default under the Area Development Agreement shall constitute a default under any franchise agreement you have entered into with us, unless your acts or omissions also violate the terms and conditions of that agreement. Failure to comply with any material term or material condition imposed by a franchise agreement executed in connection your Area Development Agreement will constitute grounds for us to default you under your Area Development Agreement.</u>
h.	“Cause” defined - defaults which cannot be cured	<p>§ 12.2 of the Franchise Agreement</p> <p>§ 3, and 6.B of the Area Development Agreement</p>	<p>Bankruptcy, conviction of felony, abandonment, adulteration of Proprietary Products, failure, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the franchise, health violations, violations of regional and/or Host Venue COVID-19 requirements; sexual harassment of Host Venue personnel; fraudulent misrepresentation of the terms of a transfer; failure to divest yourself from a competitor prior to signing the Franchise Agreement; and others.</p> <p>Insolvency, or general assignment for the benefit of creditors, appointment of a receiver of your property, a final judgment remains unsatisfied of record for 30 days or longer, execution is levied against your business or property, suit to foreclose any lien or mortgage against your premises or equipment is instituted against you and is not dismissed or in the process of being dismissed within 30 days, or failure to meet the Development Obligation / Development Schedule.</p> <p><u>No default under the Area Development Agreement shall constitute a default under any franchise agreement you have entered into with us, unless your acts or omissions also violate the terms and conditions of that agreement. Failure to comply with any material term or material condition imposed by a franchise agreement executed in connection your Area Development Agreement will constitute grounds for us to default you under your Area Development Agreement.</u></p>
i.	Your obligations on termination/non-renewal	<p>§ 13 of the Franchise Agreement</p> <p>§ 7 of the Area Development Agreement</p>	<p>Vacate and cease operating your Ace Sushi Bar, discontinue use of Proprietary Marks, sale of personal property to us at our request.</p> <p>You lose all remaining rights to develop Ace Sushi Bars. Other obligations include: (1) ceasing business under the Area Development Agreement; (2) cancel assumed</p>

	PROVISION	SECTION IN FRANCHISE AGREEMENT* OR AREA DEVELOPMENT AGREEMENT	SUMMARY
			If the Franchise Agreement was signed pursuant to an Area Development Agreement, all Franchise Agreements must be assigned to the same assignee.
m.	Conditions for our approval of transfer	<p>§§ 11.3, 11.6, 11.9 of the Franchise Agreement</p> <p>§ 8.B of the Area Development Agreement</p>	<p>Includes payment of money owed, non-default, sign new Franchise Agreement, payment of our administrative transfer fee of \$2,500 per location plus our out of pocket costs associated with the transfer, including costs of attorneys' fees associated with the transfer, sign a General Release in substantially the form of <u>Attachment A</u> attached to the Franchise Agreement, and others. You do not pay a transfer fee for an assignment to a controlled corporation or limited liability company or if you inherit the Sushi Bar from a family member.</p> <p>We have the right to approve transfers. You must also transfer all of your rights under all Franchise Agreements signed pursuant hereto.</p>
n.	Our right of first refusal to acquire your business	§ 11.5	We can match any offer.
o.	Our option to purchase your business	None	Not Applicable
p.	Your death or disability	§ 11.6	Must be transferred in 6 months. We will waive the transfer fee.
q.	Non-competition covenants during the term of the franchise	§ 14.1	Includes prohibition on engaging in any other sushi bar business; diverting business or employing persons who were our employees (subject to state law).
r.	Non-competition covenants after the franchise is terminated or expires	§§ 14.2, 14.3	<p>Includes a 2-year prohibition for any sushi bar business in a 10-mile radius of any Ace Sushi Bar (subject to state law).</p> <p>If you violate the post-term covenant not to compete, you must pay us, throughout the 2 year period following the end of your Franchise Agreement, 25% of all revenue from the sale of all products and services and all other income of the business that offers goods or services which are the same as or similar to the Ace Sushi business (subject to state law).</p>
s.	Modification of the agreement	<p>§ 18.1 of the Franchise Agreement</p> <p>§ 10.D of the Area Development Agreement</p>	<p>Must be in writing signed by both parties.</p> <p>No modifications generally.</p>

We do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. 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 our Executive Vice President, Chris Chin, 22771 S Western Avenue, Torrance, California 90501, 310-327-2223, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1
SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023***

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE (+ OR -)
Franchised	2021	346 <u>336</u>	316 <u>289</u>	-30 <u>-47</u>
	2022	316 <u>289</u>	372 <u>319</u>	+56 <u>+30</u>
	2023	372 <u>319</u>	482 <u>423</u>	+110 <u>+104</u>
Company Owned	2021	11 <u>8</u>	27 <u>10</u>	+16 <u>+2</u>
	2022	27 <u>10</u>	52 <u>33</u>	+25 <u>+23</u>
	2023	52 <u>33</u>	86 <u>42</u>	+34 <u>+9</u>
Total Outlets	2021	357 <u>344</u>	343 <u>299</u>	-14 <u>-45</u>
	2022	343 <u>299</u>	424 <u>352</u>	+81 <u>+53</u>
	2023	424 <u>352</u>	568 <u>465</u>	+144 <u>+113</u>

~~*The total figures in these tables reflect both traditional and non-traditional locations.~~

**TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN FRANCHISOR OR AN AFFILIATE) FOR YEARS 2021 TO 2023**

STATE	YEAR	NUMBER OF TRANSFERS
CA	2021	12
	2022	21
	2023	7
ID	2021	0
	2022	0
	2023	2
IL	2021	0
	2022	2
	2023	0
IN	2021	0
	2022	2
	2023	4
IA	2021	0
	2022	43
	2023	0
MI	2021	0
	2022	0

STATE	YEAR	NUMBER OF TRANSFERS
	2023	3
MN	2021	0
	2022	1
	2023	2
MO	2021	0
	2022	3
	2023	0
OH	2021	0
	2022	0
	2023	2
OR	2021	0
	2022	0
	2023	1
TX	2021	0
	2022	1
	2023	1
WI	2021	0
	2022	0
	2023	1
TOTAL	2021	12
	2022	15 13
	2023	23

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2021 to 2023*

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERM- INATIONS	NON- RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASON	OUTLETS AT END OF
AL	2021	0	14	12	0	0	0	2
	2022	2	3	0	0	0	0	5
	2023	5	0	0	0	0	3	2
AR	2021	1	3	3	0	0	0	1
	2022	1	2 0	0	0	0	0	3 1
	2023	3 1	0	0	0	4 0	4 0	1
AZ	2021	4	0	0	0	0	0	4
	2022	4	4 0	1	0	0	2	2 1
	2023	2 1	0	0	0	0	4 0	1
CA	2021	154 145	85 82	75	7	1	0	153 144
	2022	153 144	34 31	0	0	0	32	184 173
	2023	184 173	94 87	25	0	6	11	236 218

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERM- INATIONS	NON- RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASON	OUTLETS AT END OF
CO	2021	0	10	0	0	0	0	10
	2022	10	0	0	0	0	0	10
	2023	10	3	0	0	3	0	10
CT	2021	4	0	1	0	0	0	3
	2022	3	1	3	0	0	0	1
	2023	1	0	0	0	0	0	1
FL	2021	6	5	5	1	0	3	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
HI	2021	40	6	46	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
IA	2021	52	76	65	0	0	0	63
	2022	63	1	0	0	0	2	52
	2023	52	0	0	0	0	30	2
ID	2021	10	4	3	0	1	2	8
	2022	8	3	0	0	0	0	11
	2023	11	42	2	0	0	0	13 11
IL	2021	9	3	1	0	0	0	11
	2022	11	65	0	0	0	0	17 16
	2023	17 16	15	2	0	1	1	28 27
IN	2021	14	1	1	0	0	0	14
	2022	14	10	0	0	0	0	15 14
	2023	15 14	18	3	0	0	2	28 27
KS	2021	1	2	0	0	0	0	3
	2022	3	0	1	0	0	0	2
	2023 2021	20	0	0	0	0	0	20
	1							
KY	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	4	0	0	0	0	4
LA	2021	4	5	4	0	0	0	5
	2022	5	40	0	0	1	0	84
	2023	84	0	0	0	0	40	4
MA	2021	0	2	1	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	50	0	0	10	0	62

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERM- INATIONS	NON- RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASON	OUTLETS AT END OF
MI	2021	8 <u>9</u>	12 <u>7</u>	4	0	2 <u>0</u>	4 <u>0</u>	13 <u>12</u>
	2022	13 <u>12</u>	2	0	0	4	0	14 <u>10</u>
	2023	14 <u>10</u>	26 <u>27</u>	3	0	2	1	31
MN	2021	8	7	5	0	0	2	8
	2022	8	1	0	0	0	0	9
	2023	9	6	4	0	0	0	11
MO	2021	5	1	0	0	0	1	5
	2022	5	3 <u>1</u>	0	0	0	0	8 <u>6</u>
	2023	8 <u>6</u>	4 <u>0</u>	0	0	0	4 <u>0</u>	8 <u>6</u>
MS	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	2	0
	2023	0	0	0	0	0	0	0
MT	2021	19	6	9	0	0	0	16
	2022	16	0	0	0	1	0	15
	2023	15	0	0	0	1	0	14
NE	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
NC	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	2	1	0	0	0	2
NH	2021	1	1	0	0	0	0	2
	2022	2	1 <u>0</u>	1	0	0	0	2 <u>1</u>
	2023	2 <u>1</u>	0	0	0	0	0	2 <u>1</u>
NJ	2021	0	1	0	0	0	0	1
	2022	1	4 <u>0</u>	0	0	0	0	5 <u>1</u>
	2023	5	4	4	0	0	0	5
NV	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2 <u>1</u>	0	0	0	0	0	2 <u>1</u>
NY	2021	20	15 <u>14</u>	20	1	1	0	13 <u>12</u>
	2022	13 <u>12</u>	2 <u>1</u>	0	0	0	11	4 <u>2</u>
	2023	4 <u>2</u>	6 <u>3</u>	3 <u>0</u>	0	0	0	7 <u>5</u>
OH	2021	7	3	2	0	0	0	8
	2022	8	3 <u>2</u>	0	0	0	0	14 <u>10</u>
	2023	14 <u>10</u>	3	2	0	1	4 <u>0</u>	10
OK	2021	8	0	8	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	2	0	0	0	0	3

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERM- INATIONS	NON- RENEWALS	REACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASON	OUTLETS AT END OF
OR	2021	2	1 <u>0</u>	0	0	0	0	3 <u>2</u>
	2022	3 <u>2</u>	3 <u>0</u>	0	0	0	0	6 <u>2</u>
	2023	6 <u>2</u>	4 <u>0</u>	0	0	0	4 <u>0</u>	6 <u>2</u>
PA	2021	6	5	0	0	4	0	7
	2022	7	8 <u>5</u>	0	0	0	0	15 <u>12</u>
	2023	15 <u>12</u>	8	6	0	1	3	13 <u>10</u>
TN	2021	0	1 <u>0</u>	0	0	0	0	1 <u>0</u>
	2022	1 <u>0</u>	2 <u>1</u>	0	0	0	0	3 <u>1</u>
	2023	3	3	2	0	0	0	4
	2021 <u>2023</u>	1	5 <u>1</u>	1 <u>0</u>	0	0	0	5 <u>2</u>
TX	2022	5	0	1	0	0	0	4
	2023	4	2	1	0	1	0	4
UT	2021	0	2	2	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
WA	2021	7	2	1	0	0	0	8
	2022	8	1	0	0	0	0	9
	2023	9	17 <u>13</u>	1	0	8	3	14 <u>10</u>
WI	2021	5	4	1	0	0	0	8
	2022	8	1	0	0	0	1	8
	2023	8	10	3	0	0	0	15
TOTAL	2021	346 <u>336</u>	206 <u>186</u>	214 <u>209</u>	9	97	98	311 <u>289</u>
	2022	316 <u>289</u>	90 <u>61</u>	75	0	6	24 <u>20</u>	372 <u>319</u>
	2023	372 <u>319</u>	237 <u>202</u>	62 <u>51</u>	0	26 <u>23</u>	39 <u>24</u>	482 <u>423</u>

*The total figures in these tables reflect both traditional and non-traditional locations.

TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR YEARS 2021 TO 2023

STATE <u>STATE</u>	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
AL	2021	0	2	0	1	0	1
	2022	1	5	0	2	0	4
	2023	4	0	0	4	0	0
AR	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	3 0	1	1	0	3 0
CA	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	18	6	2	8	14
FL <u>CO</u>	2021	0	6 0	0	6 0	0	4 0
	2022	4 0	4 0	4 0	3 0	0	0
	2023	0	3 0	0 3	0	0	3
<u>FL</u>	<u>2021</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2022</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>
	2021 2023	0	0	0	0	0	0
	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
GA	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
ID	2021	0	2 0	0	0	0	2 0
	2022	2 0	0	0	4 0	0	4 0
	2023	4 0	0	3 0	0	4 0	0
IL	2021	1	3	0	0	1	3
	2022	3	3	1	3	0	4
	2023	4	4	0 1	0	4	4 5
IN	2021	2	0	0	0	0 2	2 0
	2022	2 0	0	0	0	0	2 0
	2023	2 0	9 2	0	0	0	11 2
KY	2021	1	0	0	0	0 1	4 0
	2022	4 0	0	0	0	0	4 0
	2023	4 0	5 0	0	0	0	6 0
LA	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
	2023	1	0	3 0	2 0	0	2 1
MD	2021	0	4 0	0	0	0	4 0
	2022	4 0	2	0	0	0	3 2
	2023	3 2	0	0	0	0	3 2
MA	2021	1	1	0	1	1	0
	2022	0	0	0	0	0	0
	2023	0	5	0 1	1	4 5	0
MI	2021	0	5	0	2	2	1
	2022	1	4	6	3	1	7
	2023	7	0	4 2	1	4 2	6
MN	2021	0	0	0	0	0	0
	2022	0	0 1	1	0	0	4 2

STATE	STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF THE YEAR
		2023	1 2	0	0	0 1	0	1
MO		2021	0	0	0	0	0	0
		2022	0	0	0	0	0	0
		2023	0	2	0	0	0	2
MT		2021	0	1	0	1	0	0
		2022	0	2	1	0	0	3
		2023	3	0	1	2	0	2
NC		2021	0	0	0	0	0	0
		2022	0	1	0	0	0	1
		2023	1	1 0	0	1	0	1 0
ND		2021	0	0	0	0	0	0
		2022	0	1	0	1	0	0
		2023	0	0	0	0	0	0
NY		2021	0	7	0	0	7	0
		2022	0	5	0	0	0	5
		2023	5	0	0	2	3	0
OH		2021	3	1	0	0	1 3	4 1
		2022	4 1	1	0	0	1	4 1
		2023	4 1	0	0 1	2 0	1	1
OR PA		2021	1 0	0	0	0	0	0
		2022	0	0	0	0	0	0
		2023	0	1 0	0 1	0	0	1
PA-		2021	0	2	0	0	1	1
		2022	1	2	0	2	1	0
		2023	0	0	1	0	0	0
SD		2021	0	0	0	0	0	0
		2022	0	1	0	0	0	1
		2023	1	4 0	0	0	0	5 1
		2021	0	3 1	0	1 0	0	2 1
TN		2022	2	0	0	2	0	0
TN		2023 2022	0 1	3 0	0	0	0 1	3 0
		2024 2023	0	0	0	0	0	0
TX		2022 2021	0	0 1	0	0	0	0 1
		2023	0	4	3	0	0	7
WA		2024 2022	2 1	0 1	0	1 0	1 0	0 2
UT		2022	0	0	2	0	0	2
		2023	2	0	0	2 0	0	0 2
		2021	0 8	7 24	0	0 5	0 17	7 10
WA		2022	8	5	0	0	0	13
		2023	13	2	8	0	13	10
		2021	11	38	0	15	11	23
TOTAL		2022	27 10	33 27	12 10	17 9	35	52 33
		2023	52 33	65 30	30 17	20 15	41 23	86 42

**TABLE NO. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2023**

STATE	FRANCHISE AGREEMENT SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY OWNED OUTLETS IN THE NEXT FISCAL YEAR
AR	0	2	0
AZ	0	1	0
CA	0	7	0
CO	0	1	0
FL	0	3	0
GA	0	1	0
IN	0	1	0
LA	0	1	0
MI	0	1	0
MO	0	2	0
NC	0	1	0
NJ	0	3	0
OH	0	3	0
WI	0	2	0
<u>TOTAL</u>	<u>0</u>	<u>29</u>	<u>0</u>

During the last 3 fiscal years, we have signed confidentiality clauses with current or former franchisees. In some instances current and former franchisees sign provisions restricting their ability to speak openly about their experience with Ace Sushi Franchise Corporation. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

See Exhibit I for a listing of the names, addresses and phone numbers of all of our franchisees as of December 31, 2023. See Exhibit J for a listing of the names, addresses and phone numbers of all franchisees that have had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement as of December 31, 2023. We have communicated with all our franchise locations within 10 weeks of the issuance date of this Disclosure Document. There are no trademark-specific franchisee organizations associated with this franchise system that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit K are our audited financial statements as of December 31, 2023, December 31, 2022 and December 31, 2021. Our fiscal year ends on December 31 of each year.

ITEM 22 CONTRACTS

The following contracts are attached to this Disclosure Document in the following order:

1. Initial Training Agreement: Exhibit B
2. Franchise Agreement and Attachments: Exhibit C

3. Hot Food Addendum to Franchise Agreement: **Exhibit C1**
4. Satellite Store Addendum: **Exhibit D**
5. Area Development Agreement: **Exhibit E**
6. [Acknowledgment](#) Addendum to Area Development Agreement: **Exhibit ~~F~~E1** ([page 19 of Area Development Agreement](#))
- [7.](#) [Addendum to Area Development Agreement: Exhibit F](#)
- [78.](#) Candidate Confidentiality Agreement: **Exhibit H**
- [89.](#) Sushi Robot Purchase Agreement: **Exhibit M**

**ITEM 23
RECEIPT**

Two copies of an acknowledgment of your receipt of this Disclosure Document appear as **Exhibit N**. Please return one copy to us and retain the other for your records.

Exhibit E1

Acknowledgment Addendum to Area Development Agreement

employment decisions and functions of the Main Sushi Bar, including, without limitation, those related to hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees, and regardless of whether Franchisee receives advice from Franchisor on these subjects. Franchisee shall maintain all insurance coverage required for the benefit of Franchisee's employees and shall timely and completely pay all taxes and assessments required by employers for their employees. If required, Franchisee shall join and maintain, and shall require Franchisee's employees to join and maintain, membership in all unions required for food workers in the metropolitan area surrounding the Host Venue.

7.13 **Modification to the System.** Franchisee shall not implement any modification to the System without the express prior written consent of Franchisor. Franchisee shall notify Franchisor in writing of any proposed modification, and shall provide to Franchisor such information as Franchisor requests regarding such modification. Franchisor shall have the right to incorporate the modification into the System without compensation to Franchisee.

7.14 **Compliance with Governmental Regulations.** Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Main Sushi Bar.

7.14.1 Franchisee shall comply, at Franchisee's expense, with all applicable local, state and federal health codes, regulations, ordinances, rules and orders relating to the proper methods of food handling, including, without limitation, all health, safety and weights and measure codes.

7.14.2 If any product sold from the Main Sushi Bar or the Satellite Stores evidences adulteration or contamination, or if Franchisee fails to maintain the Main Sushi Bar in compliance with all applicable laws and regulations, Franchisee shall immediately cease operations, search out and destroy any adulterated or contaminated products, eliminate their source and remedy all unsanitary conditions present at the Main Sushi Bar. Franchisee shall not resume operation of the Main Sushi Bar until (i) Franchisor's analysis of the products sold from the Main Sushi Bar and/or the Satellite Stores and Franchisor's inspection of the Main Sushi Bar demonstrate compliance with all applicable laws and regulations; and (ii) all applicable governmental authorities approve the resumption of operations at the Main Sushi Bar. Franchisee's obligations under this Section 7.14 do not alter Franchisor's right to terminate this Agreement under Section ~~12.2.112.2~~[12.2](#) of this Agreement if Franchisor instead elects to terminate this Agreement.

7.14.3 Franchisee shall notify Franchisor in writing within ten (10) days after Franchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Main Sushi Bar or the Satellite Stores or that may adversely affect Franchisee's operation of the Main Sushi Bar or the Satellite Stores or ability to meet its obligations hereunder.

7.15 **Notification of Legal Proceedings; Crisis Management Events.**

7.15.1 Upon the occurrence of a "Crisis Management Event" (as defined below), Franchisee shall immediately inform Franchisor's Operations Department (or as otherwise instructed in the Confidential Operations Manual) by telephone. Franchisee shall cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event.

7.15.2 In the event of the occurrence of a Crisis Management Event, Franchisor may also establish emergency procedures pursuant to which Franchisor may require Franchisee to, among other things, temporarily close the Main Sushi Bar or the Satellite Stores to the public, in which event Franchisor shall not be liable to Franchisee for any losses or costs, including consequential damages or loss profits occasioned thereby.

Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the Franchised Location or assets is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Main Sushi Bar is sold after levy thereupon by any sheriff, marshal, or constable.

12.2 Termination with Notice and Without Opportunity to Cure. Franchisee shall be in default under this Agreement, and Franchisor may, at Franchisor's option, terminate this Agreement and all rights granted under this Agreement, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee upon the occurrence of any of the following events:

12.2.1 If there has been any adulteration or contamination of the Proprietary Products, if Franchisee has failed to maintain the Main Sushi Bar in compliance with all health and safety laws and regulations, including without limitation violations of regional and/or Host Venue COVID-19 (or similar) requirements, if an imminent threat or danger to public health or safety results from the operation of the Main Sushi Bar or if there are, or have been, any contaminated products sold from the Main Sushi Bar.

12.2.2 If Franchisee at any time ceases to operate or otherwise abandons the Main Sushi Bar without the consent of Franchisor and/or the Venue Owner for a period of more than three (3) consecutive days.

12.2.3 If Franchisee: (i) is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein; or (ii) or any Franchisee employee engages in harassing behavior towards any customer or Host Venue personnel or representative.

12.2.4 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Main Sushi Bar or any other ACE Sushi Bars and/or Satellite Stores owned by Franchisee, whether individually or collectively, is made to any third party without Franchisor's prior written consent, or any transfer of 49% or more of the capital stock membership interests, partnership rights, or other equity ownership interests of Franchisee, contrary to the terms of Section 11 of this Agreement.

12.2.5 If an approved transfer as required by Section 13.6 of this Agreement, is not effected within the time provided following a death or permanent incapacity (mental or physical).

12.2.6 If Franchisee fails to comply with the covenants in Section ~~14.6~~14 of this Agreement.

12.2.7 If, contrary to the terms of Section 9 of this Agreement, Franchisee, any principal or employee of Franchisee, discloses or divulges the contents of the Confidential Operations Manual or other Confidential Information provided to Franchisee by Franchisor.

12.2.8 If Franchisee has made any material misrepresentations to Franchisor either in connection with Franchisee's application to Franchisor for the franchise granted under this Agreement or during the course of Franchisee's operations.

12.2.9 If Franchisee, after curing a default pursuant to Section 12.4 of this Agreement, commits the same, similar, or different default again, whether or not cured after notice.

19.3 **Nonexclusivity of Remedy.** No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

19.4 **Limitation of Adjudicative Proceedings.** Franchisor and Franchisee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Main Sushi Bar, brought by any party hereto against the other, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred. Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any consequential, punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

19.5 **Right to Injunctive Relief.** Nothing herein contained shall bar Franchisor's right to seek injunctive relief without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to Franchisee's: (a) use of the Proprietary Products and/or the Proprietary Marks, (b) obligations upon termination or expiration of this Agreement, (c) assignment or proposed assignment of the Main Sushi Bar, this Agreement, or any ownership interest in Franchisee, or (d) actions covered by the provisions of Section 11. Franchisor also shall be able to seek injunctive relief to prohibit any act or omission by Franchisee or Franchisee's employees that constitutes a violation of any applicable law, is dishonest or misleading to Franchisee's customers or to the public, or which may impair the goodwill associated with the Proprietary Marks; and Franchisee agrees to pay all costs and reasonable attorneys' fees incurred by Franchisor in obtaining such relief.

19.6 **Incorporation of Recitals.** The recitals set forth in Paragraphs A through G of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

20. **ACKNOWLEDGMENTS AND REPRESENTATIONS**

~~20.1 **Recognition of Business Risks.** Franchisee acknowledges that Franchisee has conducted an independent investigation of the proposed franchise, and recognizes that the business venture contemplated by this Agreement involves business risks and that Franchisee's success will be largely dependent upon the ability of Franchisee as an independent business person. Franchisor expressly disclaims the making of, and Franchisee acknowledges that Franchisee has not received, any warranty or guarantee, express or implied, as to the potential sales, income, profits, or success of the business venture contemplated by this Agreement, or of other Sushi Bars.~~

~~20.2 **Receipt of Franchise Disclosure Document.** Franchisee acknowledges that Franchisee has received a copy of the complete Ace Sushi Franchise Corporation Disclosure Document for ACE Sushi Bars, which contains a copy of this Franchise Agreement, the attachments thereto, and agreements relating thereto, if any, at least **fourteen** (14) calendar days prior to the Effective Date. Franchisee acknowledges and agrees that Franchisor has made no promises, representations, warranties or assurances to Franchisee which are inconsistent with the terms of this Agreement or Franchisor's Franchise Disclosure Document, concerning the profitability or likelihood of success of the Main Sushi Bar at the Franchised Location, that he has been informed by Franchisor that there can be no guaranty of success in the franchised business and that Franchisee's business ability and aptitude is primary in determining his success.~~

~~20.3 **Review of Franchise Disclosure Document.** Franchisee acknowledges that Franchisee has read this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has~~

~~accorded Franchisee ample time and opportunity to consult with advisors and counsel of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.~~

20.1 ~~20.4~~ **Anti-Terrorism Laws.** Franchisee and Franchisee's officers, directors, members and shareholders shall comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and Franchisee's officers, directors, members and shareholders certify, represent, and warrant that none of the property or interests of Franchisee or Franchisee's officers, directors, members and shareholders is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's officers, directors, members and shareholders are not otherwise in violation of any of the Anti-Terrorism Laws.

20.1.1 ~~20.4.1~~ For the purposes of this Section ~~20.4~~20.1, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA Patriot Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

20.1.2 ~~20.4.2~~ Franchisee and Franchisee's officers, directors, members and shareholders certify that none of Franchisee's employees, or anyone associated with Franchisee or Franchisee's officers, directors, members and shareholders are listed in the Annex to Executive Order 13224. Franchisee agrees not to hire any individual listed in the Annex.

20.1.3 ~~20.4.3~~ Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's officers, directors, members and shareholders, Franchisee's employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

20.1.4 ~~20.4.4~~ Franchisee shall be solely responsible for ascertaining what actions must be taken by Franchisee to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities set forth in this Agreement pertain to Franchisee's obligations under this Section ~~20.4~~20.1.

20.1.5 ~~20.4.5~~ Any misrepresentation by Franchisee under this Section ~~20.4~~20.1 or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's officers, directors, members and shareholders, or Franchisee's employees shall constitute grounds for immediate termination of this Agreement and any other Agreement Franchisee has entered with Franchisor or an affiliate of Franchisor, in accordance with the terms of this Agreement.

20.2 ~~20.5~~ **Attorneys' Fees.** If Franchisor becomes a party to any legal proceedings concerning this Agreement, the Main Sushi Bar, the Satellite Stores or the Franchised Location by reason of any act or omission of Franchisee or Franchisee's authorized representatives, Franchisee shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings, as well as all cost of collection to obtain payment of all sums due from Franchisee to Franchisor under this Agreement, including, without limitation, the costs for collection agency services. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

20.3 ~~20.6~~ **Atypical Arrangements.** Franchisee acknowledges and agrees that Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers have or may have terms, conditions, and obligations which may differ from the terms, conditions, and obligations in this Agreement. Franchisee further acknowledges and agrees that Franchisor has made no warranty or representation that all Franchise Agreements previously issued or issued after this Franchise Agreement by Franchisor do or will contain terms substantially similar to those contained in this Franchise Agreement. Franchisor may, in Franchisor's reasonable business judgment and Franchisor's sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Franchise Agreements previously executed or executed after the Effective Date with other ACE Sushi Bar franchisees in a non-uniform manner.

20.4 ~~20.7~~ **Entity Information.** Franchisee represents and warrants that the information set forth in **Attachment E** which is attached hereto and by this reference made a part hereof, is accurate and complete in all material respects. Franchisee shall notify Franchisor in writing within ten (10) days of any change in the information set forth in **Attachment E**, and shall submit to Franchisor a revised **Attachment E**, certified by Franchisee as true, correct and complete and upon acceptance thereof by Franchisor shall be attached to this Agreement as **Attachment E**. Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee. Franchisee shall conduct no business other than the business contemplated hereunder. The entity documents of Franchisee shall recite that the issuance and transfer of any interest therein is subject to the restrictions set forth in this Agreement.

20.5 ~~20.8~~ **Additional Documents.** Each of the parties agrees to execute, acknowledge and deliver to the other party and to procure the execution, acknowledgment and delivery to the other party of any additional documents or instruments which either party may reasonably require to fully effectuate and carry out the provisions of this Agreement.

20.6 ~~20.9~~ **Force Majeure.** Neither party will be in default in the performance of its obligations under this Agreement if such performance is prevented or delayed due to Force Majeure. "**Force Majeure**" means any event that is reasonably unforeseeable as of the date of this Agreement and that is beyond the reasonable control, directly or indirectly, of Franchisee, the effects of which could not reasonably be prevented or avoided by Franchisee with the exercise of commercially reasonable efforts and due diligence and which event does not result from Franchisee's fault or negligence or the fault or negligence of its agents, employees or subcontractors and which event causes Franchisee to be delayed, in whole or in part, or unable to partially or wholly perform its obligations under this Agreement and subject to the satisfaction of the foregoing criteria, shall include: (a) acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); (b) strikes, lockouts or other industrial disturbances; (c) war, terrorist acts, riot, or other civil disturbance; (d) unilateral governmental action impacting restaurants generally; and (e) epidemics, transportation shortages, inadequate supply of labor, material or energy, or Franchisee foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency. In the event of the occurrence of an event constituting Force Majeure, Franchisee shall notify Franchisor in writing within ten (10) days after commencement of the Force Majeure of the specific nature and extent of the Force Majeure, and how it has impacted Franchisee's performance hereunder. The particular time period to which the event of Force Majeure applies shall be extended by an amount of time equal to the time period during which the Force Majeure shall have existed. Franchisee shall continue to provide Franchisor with updates and all information as may be requested by Franchisor, including Franchisee's progress and diligence in responding to and overcoming the Force Majeure.

20.7 ~~20.10~~ **Counterparts and Electronic Copies.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be

ACKNOWLEDGMENT ADDENDUM TO AREA DEVELOPMENT AGREEMENT

DO NOT SIGN IF THE FRANCHISEE IS A MARYLAND OR WASHINGTON RESIDENT OR IF THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN THE STATE OF MARYLAND OR THE STATE OF WASHINGTON.

As Developer knows, Developer and Franchisor are entering into an Area Development Agreement for the development and operation of ACE Sushi Bars. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to Developer that Franchisor has not authorized or that may be untrue, inaccurate or misleading, and to be certain that Developer understands the limitations on claims that may be made by Developer by reason of the offer and sale of the franchise and operation of Developer's business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations*.

1. Did Developer receive a copy of Franchisor's Disclosure Document (and all exhibits and attachments) at least 14 calendar days prior to signing the Area Development Agreement? Check one: () Yes () No. If no, please comment: _____
2. Has Developer studied and reviewed carefully Franchisor's Disclosure Document and Area Development Agreement? Check one: () Yes () No. If no, please comment: _____
3. Did Developer understand all the information contained in both the Disclosure Document and Area Development Agreement? Check one: () Yes () No. If no, please comment: _____
4. Was any oral, written or visual claim or representation made to Developer that contradicted the disclosures in the Disclosure Document? Check one: () Yes () No. If yes, please state in detail the oral, written or visual claim or representation: _____
5. Except as stated in Item 19, did any employee or other person speaking on behalf of ACE Sushi Franchise Corporation make any oral, written or visual claim, statement, promise or representation to Developer that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any ACE Sushi Bar location or business, or the likelihood of success at Developer's franchised business? Check one: () Yes () No. If yes, please state in detail the oral, written or visual claim or representation: _____
6. Did any employee or other person speaking on behalf of ACE Sushi Franchise Corporation make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document. Check one: () Yes () No. If yes, please comment: _____
7. Does Developer understand that the success or failure of the development and operation of Developer's Stores will depend in large part upon Developer's skills and experience, Developer's business acumen, Developer's location, the local market for products under ACE Sushi Franchise

Corporation's trademarks, interest rates, the economy, inflation, the number of employees Developer hires and their compensation, competition and other economic and business factors? Further, does Developer understand that the economic and business factors that exist at the time Developer signs Developer's Area Development Agreement may change? Check one () Yes () No. If no, please comment: _____

DEVELOPER UNDERSTANDS THAT ITS ANSWERS ARE IMPORTANT TO FRANCHISOR AND THAT FRANCHISOR WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, DEVELOPER IS REPRESENTING THAT DEVELOPER HAS CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

~~This addendum does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.~~

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, EACH OF ITS PRINCIPAL OWNERS MUST EXECUTE THIS ACKNOWLEDGMENT.

Signed: _____

Signed: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

Signed: _____

Signed: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

Franchisor: ACE Sushi Franchise Corporation

By: _____

Its: _____

CALIFORNIA
ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection & Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION at www.dfpi.ca.gov.

1. The following language is added to the “Special Risks to Consider About *This Franchise*” page:

Ace Sushi Bars will be located in grocery stores, supermarkets and other locations (“Stores”) owned and operated by third-party operators who have entered into agreements with AMG to provide the sushi products for sale at the stores. You will have no control over the stores’ operating hours, operations, customer traffic, advertising or other aspects of the stores’ operations; however, these factors will impact the franchised business.

The owners of the stores may terminate their agreement with AMG at any time, and generally on only 30 – 60 days’ notice. Termination of that agreement may result in the expiration of the term of your franchise agreement.

~~The possible success of your Ace Sushi Bar may be dependent upon the location or area you choose as well as other factors. These factors, along with your own business ability in operating your ace sushi bar(s) and your financial and other resources are components that most likely to determine your potential success.~~

~~There may be other risks concerning this franchise.~~

2. The following language is added to the end of Item 3 of the Disclosure Document:

Neither we nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

3. The following language is added to the end of Item 5 of the Disclosure Document:

“Payment of all initial fees payable under the Franchise Agreement, Initial Training Agreement and/or Area Development Agreement is deferred until Ace Sushi Franchise Corporation has satisfied its pre-opening obligations to you under the Franchise Agreement, Initial Training Agreement and/or Area Development Agreement and your Ace Sushi business opens to the public.”

4. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

5. California Business and Professions Code Sections 20034 through 20043 provides rights to franchisees concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

7. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

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

9. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20050.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

10. ~~The following language is added to the end of Item 19 of the Disclosure Document:~~ California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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

11. 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.

**ADDENDUM TO ACE SUSHI FRANCHISE CORPORATION FRANCHISE AGREEMENT
(State of California)**

THIS ADDENDUM is entered into as of _____, 20____ between Ace Sushi Franchise Corporation, a California corporation ("Company"), and _____, a _____ ("Franchisee"), with reference to the following:

1. Company and Franchisee have entered into an Ace Sushi Franchise Corporation Franchise Agreement dated as of _____, 20____, (the "Franchise Agreement").
2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that to amend the Franchise Agreement as follows:

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 5.1 thereof, Franchisee shall pay the Initial Franchise Fee to Company when Company has fulfilled its initial obligations to Franchisee and Franchisee's Ace Sushi business opens to the public.

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.

Except as set forth herein, the Franchise Agreement shall be valid and enforceable between the parties in accordance with its terms.

"Company"

Ace Sushi Franchise Corporation

Date of Execution

Name: _____
Its: _____

"Franchisee"

Date of Execution

[] an individual;
[] a _____ general partnership;
[] a _____ limited partnership;
[] a _____ limited liability company;
[] a _____ corporation

Name: _____

ILLINOIS
ADDENDUM TO DISCLOSURE DOCUMENT

Illinois law governs the Franchise Agreement.

Payment of Initial Franchise and Development Fees will be deferred until Franchisor has met its initial obligations, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or ~~acknowledgement~~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~~franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the franchisor and its affiliates.

**ILLINOIS
ADDENDUM TO INITIAL TRAINING AGREEMENT**

The undersigned hereby acknowledge and agree that, notwithstanding anything to the contrary set forth in the Initial Training Agreement:

Illinois law governs the Initial Training Agreement.

Payment of the Initial Training Fee will be deferred until Franchisor has met its initial obligations, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or ~~acknowledgement~~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.

FRANCHISOR:

ACE SUSHI FRANCHISE CORPORATION,
A California corporation

By: _____,
_____, 20__

Its: _____

FRANCHISEE:

_____, 20__

**ILLINOIS
ADDENDUM TO FRANCHISE AGREEMENT**

The undersigned hereby acknowledge and agree that, notwithstanding anything to the contrary set forth in the Franchise Agreement:

Illinois law governs the Franchise Agreement.

Payment of the Initial Franchise Fee will be deferred until Franchisor has met its initial obligations, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

Franchisee's rights upon Termination and Non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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FRANCHISOR:

ACE SUSHI FRANCHISE CORPORATION,
A California corporation

By: _____
_____, 20__

Its: _____

FRANCHISEE:

By: _____
_____, 20__

Its: _____

**ILLINOIS
ADDENDUM TO AREA DEVELOPMENT AGREEMENT**

The undersigned hereby acknowledge and agree that, notwithstanding anything to the contrary set forth in the Area Development Agreement:

Illinois law governs the Area Development Agreement.

Payment of the Development Fee will be deferred until Franchisor has met its initial obligations, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

Franchisees' rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or ~~acknowledgement~~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~~franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISOR:

ACE SUSHI FRANCHISE CORPORATION,
A California corporation

By: _____, 20__

Its: _____

FRANCHISEE:

By: _____, 20__

Its: _____

MARYLAND
ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. The following language is added to the end of Item 5 of the Disclosure Document:

"All fees paid to the franchisor by the franchisee shall be *deferred* pending satisfaction of the franchisor's pre-opening obligations to the franchisee. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens."

Notwithstanding anything to the contrary in Item 11, an accounting (a statement of income and expenditures for the prior fiscal year) of the Marketing Fund will be provided to you if you request such accounting in writing not later than 120 days after the end of our fiscal year.

2. The "Summary" section of Item 17(c) entitled **Requirements for you to renew or extend** and the "Summary" section of Item 17(l) entitled **Our approval of transfer** are amended by adding the following:

Any general release you sign shall not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law.

3. The "Summary" section of Item 17(v) entitled **Choice of Forum** is amended by adding the following:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions of the Franchise Agreement, Initial Training Agreement, Satellite Store Addendum, Conversion Agreement or Franchise Compliance Certificate which require a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. The "Summary" section of Item 17(w) entitled Choice of Law is amended by adding the following: "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND
ADDENDUM TO AGREEMENTS

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (as amended), the Initial Training Agreement and Franchise Agreement are amended as follows:

1. Any provision requiring Franchisee to sign a general release of any and all claims against Franchisor shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Any provision requiring Franchisee to bring an action against Franchisor in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions which require a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

5. The Marketing Fund is not audited. An accounting (a statement of income and expenditures for the prior fiscal year) of the Marketing Fund will be provided to Franchisee if Franchisee requests such accounting in writing not later than 120 days after the end of Franchisor's fiscal year.

6. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 5.1 thereof, all fees paid to the franchisor by the franchisee shall be deferred pending satisfaction of the franchisor's pre-opening obligations to the franchisee.

7. Notwithstanding anything to the contrary set forth in the Initial Training Agreement, and in particular Section 2 thereof, all fees paid to the franchisor by the franchisee shall be *deferred* pending satisfaction of the franchisor's pre-opening obligations to the franchisee.

8. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

FRANCHISOR:

ACE SUSHI FRANCHISE CORPORATION,
A California corporation

FRANCHISEE:

By: _____

Its: _____

Dated: _____, 20__

By: _____

Its: _____

Dated: _____, 20__

MARYLAND

ADDENDUM TO AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (as amended), the Area Development Agreement is amended as follows:

1. Any provision requiring Developer to sign a general release of any and all claims against Franchisor shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Any provision requiring Developer to bring an action against Franchisor in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. Developer may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective Developer to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions which require a prospective Developer to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

5. Notwithstanding anything to the contrary set forth in the Area Development Agreement, and in particular Section 2 thereof, all fees paid to the franchisor by the franchisee shall be *deferred* pending satisfaction of the franchisor's pre-opening obligations to the franchisee. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming

reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

|

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

FRANCHISOR:

ACE SUSHI FRANCHISE CORPORATION,
A California corporation

By: _____, 20__

Its: _____

DEVELOPER:

_____, 20__

requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document or agreements can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

C. **Releases**

Minn. Rule 2860.4400D prohibits us from requiring a franchisee to assent to a general release. A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.

D. **Injunctive Relief**

Minn. Rule 2860.4400J prohibits us from requiring a franchisee to consent to a franchisor obtaining injunctive relief. We may seek injunctive relief. In addition, a court will determine if a bond is required.

E. With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Section 80C.17, Subd. 5, which requires that no action may be commenced more than three years after the cause of action accrues.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

MINNESOTA
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT ("**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated _____, by and between Ace Sushi Franchise Corporation a California corporation, as Franchisor, and _____, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Agreement can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

3. Notwithstanding anything to the contrary set forth in the Franchise Agreement, any general release the Franchisee is required to assent to shall not apply to any liability Franchisor may have under the Minnesota Franchise Act.

4. Minn. Rule 2860.4400J prohibits us from requiring a franchisee to consent to a franchisor obtaining injunctive relief. We may seek injunctive relief. In addition, a court will determine if a bond is required.

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum.

6. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

WASHINGTON
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM is entered into as of _____, 20____ between Ace Sushi Franchise Corporation, a California corporation ("Company"), and _____, a _____ ("Franchisee"), with reference to the following:

1. Company and Franchisee have entered into an Ace Sushi Franchise Corporation Franchise Agreement dated as of _____, 20____, (the "Franchise Agreement").

2. The parties wish to modify the Franchise Agreement, upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree that to amend the Franchise Agreement as follows:

1. Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular Section 5.1 thereof, Franchisee shall pay the Initial Franchise Fee to Company when Company has fulfilled its initial obligations to Franchisee and Franchisee's Ace Sushi business opens to the public.

2. Section 13.4 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

13.4 Payment of Franchisor's Costs. Franchisee shall pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor prior or subsequent to a termination of this Agreement including, without limitation, all actual damages Franchisor or Franchisor's affiliates incur as a result of Franchisee's failure to comply with the terms of this Agreement and all costs and expenses Franchisor or Franchisor's affiliates incur to ensure continuation of business operations at the Main Sushi Bar, including, without limitation, the costs of all transportation, lodging, meals, training materials and wages for Franchisor's personnel and to obtain injunctive or other relief for the enforcement of any provisions of this Section 13. Franchisor and Franchisor's affiliates shall have the right to deduct and offset such amounts from any funds due to Franchisee under this Agreement. Franchisor and Franchisor's affiliates shall further have the right to take possession of all useable inventory, tools, equipment and supplies located at the Main Sushi Bar and each Satellite Location, if applicable, and shall apply Franchisee's costs for the same against any funds due to Franchisee under this Agreement. Alternatively, Franchisor may, in Franchisor's sole discretion, supervise the transfer of all useable inventory, tools, equipment and supplies to another franchisee at a reasonable fee to be determined by Franchisor and paid by Franchisee.

3. Section ~~20.3~~16.5 of the Franchise Agreement is hereby ~~deleted~~amended and ~~replaced with~~ the following language is added:

~~"Franchisee acknowledges that Franchisee has read this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors and counsel of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement."~~

"Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's negligence, willful mis-conduct, strict liability, or fraud."

4. Performance Criteria will not apply to Washington franchisees if not supplied to the franchisee prior to signing the Franchise Agreement.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Not Registered
Illinois	Pending
Indiana	Pending April 25, 2024
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending June 5, 2024
Rhode Island	May 9, 2024
South Dakota	April 25, 2024
Virginia	Pending May 30, 2024
Washington	See Separate FDD
Wisconsin	April 25, 2024

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 provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Ace Sushi Franchise Corporation offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Several states, including New York, require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Several states, including Michigan and Oregon, require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever comes first.

If Ace Sushi Franchise Corporation does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency identified on **Exhibit A**.

The franchisor is Ace Sushi Franchise Corporation, located at 22771 S Western Avenue, Torrance, California 90501.

The name, principal business address and telephone number of each Franchise Seller offering the Franchise: Angela Swe and Brian Tan, 22771 S Western Avenue, Torrance, California 90501 (310) 327-2223.

Issuance Date: April 24, 2024

We authorize the agents listed in **Exhibit A** to receive service of process for us.

I have received a Disclosure Document dated April 24, 2024. This Disclosure Document includes the following Exhibits:

- A Agents for Service of Process & State Administrators**
- B Initial Training Agreement**
- C Franchise Agreement and Attachments**
 - C1 – Hot Food Addendum**
- D Satellite Store Addendum**
- E Area Development Agreement**
 - E1 – Acknowledgment Addendum**
- F Addendum to Area Development Agreement**
- G State-Specific Addenda**
- H Candidate Confidentiality Agreement**
- I List of Franchisees**
- J List of Terminated Franchisees**
- K Financial Statements**
- L Franchise Application**
- M Sushi Robot Purchase Agreement**
- N Receipts**

DATED: _____
SIGNED: _____
NAME: _____
E-MAIL: _____

ADDRESS: _____
PHONE: _____

Please sign this copy of the Receipt, date your signature, and return it to: Chris Chin, 22771 S Western Avenue, Torrance, California 90501, 310-327-2223.

RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Ace Sushi Franchise Corporation offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Several states, including New York, require that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Several states, including Michigan and Oregon, require that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever comes first.

If Ace Sushi Franchise Corporation does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency identified on **Exhibit A**.

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- J List of Terminated Franchisees**
- K Financial Statements**
- L Franchise Application**
- M Sushi Robot Purchase Agreement**
- N Receipts**

DATED: _____

SIGNED: _____

NAME: _____

E-MAIL: _____

ADDRESS: _____

PHONE: _____

Keep this copy for your records. This disclosure document may be available in several formats including on paper, on a CD, in pdf format or on our website: www.acesushi.com