



FRANCHISE DISCLOSURE
DOCUMENT

Mai Franchising, LLC
A Delaware limited liability company
1500 JFK Blvd #725
Philadelphia, PA 19102
Tel (844) 624-3663
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www.maifranchising.com

The franchisee will operate a Mai sushi bar specializing in pre-packaged and made-to-order sushi, Japanese food, soups, hot and cold rice, hot and cold noodle bowls, hot and cold vegetable bowls and other food items. The franchisee may be given the opportunity to operate one or more Mai satellite sushi bars.

The total investment necessary to begin operation of a new Mai sushi bar is from \$44,050 to \$114,500. This includes between \$13,000 and \$38,000 that must be paid to the franchisor or an affiliate. The total investment necessary to begin operation of a new Mai satellite sushi bar is from \$5,900 to \$18,750. This includes between \$4,150 and \$14,500 that must be paid to the franchisor or an affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Marilyn Din, 1500 JFK Blvd #725, Philadelphia, Pennsylvania 19102, telephone number (844) 624-3663.

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

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

There may also be laws on franchising in your state. Ask your state agencies about them. Issuance date: October 17, 2019

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor or franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEDIATION OR LITIGATION ONLY IN THE COMMONWEALTH OF PENNSYLVANIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN THE COMMONWEALTH OF PENNSYLVANIA THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT PENNSYLVANIA LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE YOU WITH THE SAME PROTECTIONS AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. IF YOU BUY THIS FRANCHISE, YOU WILL OPERATE A SUSHI BAR FROM RETAIL SPACE DESIGNATED IN A CONTRACT BETWEEN FRANCHISOR AND A THIRD PARTY, NOT YOU. IF FOR ANY REASON, THE CONTRACT FOR THE RETAIL SPACE EXPIRES OR IS TERMINATED, FRANCHISOR CAN TERMINATE YOUR FRANCHISE AGREEMENT AND CLOSE THE BUSINESS WITHOUT ANY COMPENSATION TO YOU.

4. YOU WILL NOT RECEIVE DIRECT PAYMENTS FROM CUSTOMERS FOR THE SALE OF PRODUCTS FROM YOUR FRANCHISED BUSINESS. CUSTOMERS WILL PAY THE RETAIL OPERATOR DIRECTLY, WHO WILL THEN DEDUCT ITS RETAIL COMMISSION, WHICH RANGES BETWEEN 10% AND 27% FROM GROSS SALES. AFTER THE RETAIL OPERATOR RETAINS ITS RETAIL COMMISSION, THE BALANCE WILL BE REMITTED TO THE FRANCHISOR WHO WILL DEDUCT ITS ROYALTY RATE. THE ROYALTY RATE IS A PERCENTAGE EQUAL TO FORTY PERCENT LESS THE RETAIL COMMISSION RATE. FINALLY, THE FRANCHISOR WILL DEDUCT FROM FRANCHISE COMMISSIONS OTHER

CHARGES DUE TO THE FRANCHISOR OR AN AFFILIATE BEFORE REMITTING THE BALANCE TO YOU.

5. IF YOU BUY THIS FRANCHISE, FRANCHISOR CAN REQUIRE YOU TO OPERATE 1 OR MORE SATELLITE FRANCHISES WITHIN A 40-MILE RADIUS OF YOUR MAIN SUSHI BAR, AND THE RETAIL VENDOR CAN REQUIRE YOU TO RELOCATE TO ANOTHER LOCATION AT YOUR OWN EXPENSE.

6. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN IF 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.

7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: See following page

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