

FRANCHISE DISCLOSURE DOCUMENT**NIKKO FRANCHISE INC.****dba Nikko**

A California Corporation
13168 Sandoval Street
Santa Fe Springs, California 90670
(562) 941-6080

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URL: www.necsushi.com



As a Nikko franchisee, you will operate a retail food location (selling authorized products) as a separate department within a supermarket, grocery store, or other facility (such as a university or corporate building) that is owned by a third party.

The total investment necessary to begin operation of a Nikko franchised business is \$35,000 to \$50,000. This includes \$21,000 to \$29,000 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate relating to 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 ~~Kazuhiro Arakawa~~ [Ryoji Kevin Kimura](#) at Nikko Franchise Inc., 13168 Sandoval Street, Santa Fe Springs, California 90670; telephone (562) 941-6080.

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

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

Issued: **April 30, 2018** (amended ~~January 11~~ [February 8, 2019](#)).

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ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language, this disclosure document uses “we” or “us” to mean Nikko Franchise Inc. “You” means the individual or entity buying the Nikko franchise, and (in the case of an entity buying the franchise) all persons owning 20% or more of the franchisee entity (“Principal Equity Owners”).

The Franchisor, Parents and Affiliates

We are the franchisor for the Nikko system. Our principal business address is 13168 Sandoval Street, Santa Fe Springs, California 90670.

Our parent entity is Nikko Enterprise Corporation (“NEC”), whose principal business address is 13168 Sandoval Street, Santa Fe Springs, California 90670.

NEC provides our franchisees with the necessary equipment, proprietary food ingredients and other products necessary to prepare Nikko menu items. Otherwise, we are not controlled by, controlling, or under common control with any other entity that that provides goods or services to our franchisees.

Our affiliate entity Muginoho International, Inc. (“MI”), whose principal business address is 20695 South Western Avenue, Suite 120, Torrance, California 90501, has been offering “Beard Papa’s” cream puff franchises since December 2004. Otherwise, neither NEC nor any other company we are controlled by, we control, or is under common control with us, offers franchises in any line of business.

Predecessors

We have no predecessor.

Name Used by the Franchisor

We conduct business under the name “Nikko”. We do not intend to use any other name to conduct business.

Agent for Service of Process

Our agent for service of process is ~~Ryoji Kevin Kimura~~~~Kazuhiro Arakawa~~, 13168 Sandoval Street, Santa Fe Springs, California 90670.

Business Organization Used by the Franchisor

We are a corporation organized in California on April 2, 2018.

The Franchisor’s Business

We act solely as a franchisor of Nikko franchises. We began franchising in September 2018 in states other than California. We do not operate businesses of the type being franchised and we do not engage in other business activities.

The Business the Franchisee Will Conduct

The Nikko franchise is a license to independently own and operate a retail “full service” retail food kiosk and/or delivery location (collectively “Outlet”) as a separate department within supermarkets, grocery stores, and other facilities (such as universities and corporate settings) that are owned by third parties (“Host Stores”). Our parent entity NEC has executed a written agreement with Jimbo’s Naturally (our initial Host Store in California) allowing NEC, us and/or Nikko franchisees to operate retail sushi bar outlets (“Sushi Bars”) or delivery outlets (“Delivery Locations”) within a Jimbo’s Naturally store. The Sushi Bar (within a Jimbo’s Naturally or other Host Store selected by us) will have a display case (typically measuring 4 to 6 feet) and a prep area where you will prepare and package for retail sale, high-quality raw and cooked sushi and other authorized products (collectively, “Nikko Products”) using our trademarks (“Marks”) on labels affixed to packaging and displayed elsewhere. The Delivery Location (within a Jimbo’s Naturally or other Host Store selected by us) will have a prep table and area where you will prepare and package Nikko Products for retail sale and delivery to customers within a reasonable proximity to the delivery location.

Payments by customers for their purchases are made directly to the Host Stores through their cash registers. These purchases are then recorded by the Host Stores who retain a portion, and then reported and forwarded to us before you receive your share of payments for these purchases.

General Market for Franchised Products and Services

There is a well-developed and existing market in the United States for sushi and ramen at standalone restaurants, sushi retail outlets in food courts, and in departments of larger facilities such as grocery stores. You will sell Nikko Products mainly to customers or visitors of the facilities in which your Outlet is located.

The market for Nikko Products is all individuals within a reasonable proximity to the Outlet. This type of business is fully developed, does not involve sales primarily to a certain group and is not seasonal.

Industry Specific Laws or Regulations

You will need a business license and reseller’s permit and you must comply with federal, state and local laws applicable to the operation and licensing of our type of business, including obtaining all applicable health permits and inspections and approvals by municipal, county or state health departments that regulate food handling and food service operations. Your Nikko Outlet may also be required to meet applicable municipal, county, state and federal building codes and handicap access codes, including compliance with the Americans with Disabilities Act of 1990, as amended, or similar state laws or legislation.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service. State and local agencies may inspect retail food service providers to ensure that they comply with these laws and regulations.

The Federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particles,

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