

FRANCHISE DISCLOSURE DOCUMENT



Atomic Wings Franchisor Inc.

a New Jersey corporation
5010 Branchville Road
College Park, Maryland 20740
(917) 284-2910
info@atomicwings.com
www.atomicwings.com

As an “Atomic Wings” area representative, you will solicit potential purchasers for our restaurant franchises and provide development and ongoing franchise support services to standard Atomic Wings Restaurant, as well as multi-unit operator agreements in your defined territory. Each franchisee of an “Atomic Wings” franchise will license directly from us the right to operate a quick service restaurant in a casual environment under the mark “Atomic Wings” that provides on-premises dining as well as carry-out and delivery services (“Franchised Restaurant”). The Franchised Restaurants offer Buffalo-style chicken wings that are hormone free, antibiotic free, and halal served in varying degrees of spiciness; appetizers; burgers; sandwiches; chili; soups; Mexican food; and desserts in accordance with specified recipes and procedures (“Menu Items”) which may be changed by us from time to time. With our prior written approval, the Franchised Restaurants may offer additional menu items like gyros, falafel and chicken over rice and if permitted by applicable law, may serve beer and wine.

The total investment necessary to begin operation of an Atomic Wings area representative business is \$119,750 to \$332,500. This includes \$100,000 and \$150,000 that must be paid to the franchisor or its 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 the 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 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 Zak Omar at 5010 Branchville Road, College Park, Maryland, 20740, and (917)284-2910.

The terms of your contract will govern your franchise relationship. Do not 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, DC, 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: April 29, 2023, amended August 31, 2023

How to Use this Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information .

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former area representatives. You can find their names and contact information in Item 20 or Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Atomic Wings business in my area?	Item 12 and the "territory" provisions in the area representative agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an Atomic Wings area representative?	Item 20 or Exhibit C list current and former area representatives. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The area representative agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the area representative agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your area representative agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The area representative agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use agency information in Exhibit E.

Your state also may have laws that require special disclosures or amendments be made to your area representative agreement. If so, you should check the State Addenda. See the Table of Contents for the location of the State Addenda.

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The area representative agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Maryland. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Maryland than in your own state.
2. **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.
3. **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.
4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

- (a) A prohibition on the right of a franchisee to join an association of franchises.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Katharyn Barron
Michigan Department of Attorney General
525 W. Ottawa Street, 1st Floor
Lansing, Michigan 48933
(517) 335-7567

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 B – Area Representative Agreement
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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The franchisor is Atomic Wings Franchisor Inc. (referred to in this Disclosure Document as “we”, “us”, or “our”). We were formed as a New Jersey corporation on July 10, 2006, and our principal place of business is 5010 Branchville Road, College Park, Maryland, 20740. We do business under our corporate name and the Marks as described below. In this Disclosure Document, we refer to the person or entity that will be signing the Area Representative Agreement (defined below) as “you”, “your”, or “area representative” which includes all owners and partners, if you are a corporation, partnership or other entity.

We are a franchising company which promotes and sells franchises for the operation of restaurants known as “Atomic Wings” (“Restaurant”). We began offering area representative franchises in August 2016. We have never offered franchises in any other line of business and have not conducted business in any other line of business. We do not own or operate a business of the type being franchised. Our agents for service of process are listed in Exhibit E.

Our prior CEO, Mr. Lippin granted a license to sell Atomic Wings branded products to a restaurant located at 179 W 4th Street, New York, New York, 10014. Our prior CEO and Partner, Isaac Joseph, reacquired a franchise location at 184 1st Avenue, New York, New York, 10009, and after a temporary closing, operated it from June 2016 through January 2017.

We have never offered franchises in any other line of business and have not conducted business in any other line of business. In this Disclosure Document we offer franchises for Atomic Wings area representative opportunities only. We offer franchise and multi-unit operator agreement opportunities in a separate Disclosure Document. We previously offered Fractional Franchise and Express opportunities, but we stopped offering these concepts in March 2017.

Our Parents, Predecessors and Affiliates

We have no predecessors, parents or affiliates.

Area Representative Agreement

In this Disclosure Document we offer qualified applicants the right to become an “Atomic Wings” area representative (“Area Representative”), within a defined geographic area (the “Development Area”). If you qualify to be an Area Representative, you will sign our Area Representative Agreement (“ARA”) which is attached to this Disclosure Document as Exhibit B. The business licensed to an Area Representative is referred to as the “AR Business”.

You will advertise for new franchisees on our behalf and develop and assist franchisees of ours who are operating within the Development Area, and will use our business systems, formats, methods, specifications, standards, operating procedures, operating assistance, and Proprietary Marks. You are not authorized to grant franchises, negotiate sales, or to sign Franchise Agreements with franchisees. New franchisees will sign individual Franchise Agreements with us and not you. You will share in a portion of some of the fees paid to us. In addition, you may, in our discretion, share in certain expenses we incur to enforce or defend Franchise Agreements or begin eviction proceedings against franchisees in the Development Area.

You will: (a) be responsible for developing a certain number of Franchised Restaurants within the Development Area and within a specific timeframe, and therefore must solicit, recruit, screen and interview prospective franchisees for us (“Solicitation Services”); (b) help us identify and secure sites for Restaurants (“Site Services”); (c) provide additional assistance and support to franchisees upon opening their Restaurants; and (d) conduct inspections of franchised Restaurants at our request (“Support Services”).

You will receive 50% of the initial franchise fees paid to us by a franchisee who buys a Franchised Restaurant in your Development Area, after deduction for any fees or commissions paid to sales brokers or sales agents and subject to the following conditions: (1) you collect preliminary financial and background information, pre-qualify the franchisee using our criteria, and present us with the applicant; (2) both we and the franchisee sign the Franchise Agreement and the franchisee pays us the entire initial franchise fee; (3) the sale is for a new Restaurant and is not a resale of an existing Franchised Restaurant by another franchisee; (4) there are no outstanding sale contingencies, such as initial franchise fees that must be paid into an escrow account; and (5) you are in compliance with the ARA, including that you are current with your development schedule.

You will receive 50% of the aggregate royalty fees we receive from franchisees whose Franchised Restaurants are located in the Development Area for performing Support Services in compliance with the ARA. If you fail to perform Support Services for any franchisee in your Development Area, we may terminate your ARA or we may reduce the percentage of royalty fees to which you would otherwise be entitled. You will also receive 30% of any transfer fees related to Franchised Restaurants located within the Development Area; however, you are not entitled to any share of transfer fees related to Franchised Restaurants that you or your affiliates own and transfer or that you or your affiliates purchase. You will not receive any portion of the marketing and advertising fees or any other fees that we collect from franchisees, whether inside or outside the Development Area. You are permitted, but are not required, to own, operate and maintain Franchised Restaurants within the Development Area, which will count toward satisfaction of your development schedule. For any Franchised Restaurant you own and operate in the Development Area, you will receive 50% of the initial franchise fees paid to us by you and 50% of the royalty fees paid to us by you.

While we rely on you to present us with those applicants whom you pre-qualify using our criteria, we make the final decision on whether we will sell a franchise to the candidates you present. If we approve the candidate, we and the candidate will sign a Franchise Agreement, and you are not a party to that contract.

Your failure to meet the development schedule is considered a default under the ARA. As a result of this default, we have the right to terminate the ARA, or we may allow you to continue to operate under the ARA and continue to perform your obligations under the ARA as it relates to any Restaurants that are open and operating or are under construction. If we allow you to continue to provide services to any open and operating or under construction Restaurants, you will not, however, retain any right to the Development Area or to conduct Solicitation Services and Site Services.

Market and Competition

The market for restaurants featuring buffalo-style chicken wings and related products is well-established. People of all ages consume the products offered by Atomic Wings restaurants on a year-round basis. In each market, you will compete with “mom and pop” restaurants, as well as national and regional restaurant chains, including Buffalo Wild Wings, Wing Zone, Wing Stop and Buffalo’s Southwest Café. Some of our competitors have longer operating histories than ours. This market is fairly developed, and the goods and services offered are not seasonal in nature.

You will compete with other franchisors, area representatives, sales brokers and others offering quick-service restaurant franchises. The market for quality quick-service restaurants in general is well developed and intensely competitive.

Industry Regulations

You must comply with the FTC Rule and franchise registration and disclosure laws in various states. The Disclosure Document must be registered with the various authorities before the offer or sale of any franchise in that particular state, and the state may require that you register as a subfranchisor or franchise broker. The franchisor must be registered in a franchise registration state before the area representative may offer franchises for sale. We will provide you with an electronic copy of our applicable Disclosure Document, which you will use to sell franchises for us.

You must deliver an approved Disclosure Document to each potential franchisee and multi-unit operator prospect before any franchise or multi-unit operator sale and must comply with the requirements of federal and state franchise laws. You and your officers, directors, managers and employees are not our agents and may not contractually obligate us unless we specifically authorize you to do so in writing. Area Representatives do not offer franchises or multi-unit operator opportunities for sale in their territories, but instead, their officers and sales employees operate as our salespersons. Accordingly, in most states, you do not separately register a Disclosure Document. Instead, you deliver a salesman disclosure form along with our Disclosure Document to each prospective franchisee or multi-unit operator. If your state requires that you must separately register as a broker or seller of franchises, we will assist you in preparing your broker application or Disclosure Document, but you must pay the entire cost of preparing your broker application or Disclosure Document and registering as a broker or a subfranchisor.

In addition to complying with federal and state franchising laws, you must comply with the following industry-specific regulations: (a) federal immigration laws, tax laws, unemployment and workers' compensation laws, employment and discrimination laws, disability laws, environmental laws and product labeling laws; and (b) federal, state and local health, building and zoning codes. The details of federal, state, county and local laws and regulations vary from place to place and you must make sure that you are familiar with these laws.

Other Related Business Activities

The area representative will also offer multi-unit franchises. Under a multi-unit operator agreement, the multi-unit operator commits to develop and operate multiple Restaurants in a specific geographic area and according to a negotiated minimum performance schedule

ITEM 2 **BUSINESS EXPERIENCE**

CEO – Zaki Omar

Mr. Omar has served as our CEO since January 2017. He is also the President of the Capital Brands Group in Hyattsville, Maryland, since December 2011. From August 2010 to June 2014, he held the title of Global Account Representative with Zensar in New York, New York. Mr. Omar has been a Dunkin Donuts franchisee since June 2007 in College Park, Maryland.

President – Rafey Ray Omar

Mr. Omar has served as our President since January 2017. He also holds the title of CEO with Capital Brands Group in Odenton, Maryland, since January 2010. Mr. Omar has been a Dunkin Donuts franchisee since June 2007 in College Park, Maryland.

Vice President of Development & Area Representative – Michael Domico

Mr. Domico has been our Vice President of Development since July 2022, and he has been an Area Representative for the State of Missouri and parts of Kansas since July 2022. Mr. Domico has been a franchisee with Firehouse Subs in Maryland Heights, Missouri, since May 2013, and was an Area Representative with Firehouse Subs for the State of Missouri from January 2013 to December 2021.

Vice President of Operations & Area Representative - Michael Harmon

Mr. Harmon has been our Vice President of Operations since May 2022 and has been an Area Representative for the State of Indiana with us since November 2021 and for the State of Ohio since January 2023. From November 2010 through the present, Mr. Harmon has been a franchisee with Firehouse Subs and currently owns and operates eight Firehouse Subs restaurants, all in Indiana.

Area Representative - Richard Gordon

Mr. Gordon has been an Area Representative for the States of Arizona and Nevada since April 2020. From November 2018 to the present, he has been President of RG Marketing Group, Inc. in Las Vegas, Nevada. From February 2016 to the present, Mr. Gordon has been a Consultant with Master Franchise Investments in Las Vegas, Nevada, and he has been President of G&G Building Services Inc., JV Building Services located in Cucamonga, California, from January 2015 to the present.

Area Representative - Rajiv Vyas

Mr. Vyas has been an Area Representative for the State of Tennessee since July 2022. He has been a franchisee with Subway in Lebanon, Tennessee, since December 2016.

Area Representative - Gaurang Patel

Mr. Patel has been an Area Representative for the State of Tennessee since July 2022. He has been a Subway franchisee in Berry Hill, Tennessee, since April 2021 and has been the owner of Legacy Wine and Spirits in Smyrna, Tennessee, since March 2013.

Area Representative - Kavita Venkatesh

Ms. Venkatesh has been an Area Representative for parts of the State of Illinois since September 2022. She has been a franchisee with Subway in Schaumburg, Illinois, since February 2015.

Area Representative - Ronald Harris

Mr. Harris has been an Area Representative for the State of Minnesota since November 2022. He was an Area Representative with Firehouse Subs for the State of Minnesota from December 2011 through January 2022.

Area Representative – Jalal Kapadia

Mr. Kapadia has been an Area Representative in Houston, Texas, since February 2022. He has owned a Hartz Chicken restaurant in Houston, Texas, since 2020, and has owned two supermarkets in Houston, Texas, since 2016.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

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

ITEM 5 INITIAL FEES

Area Representative Agreement: If you qualify to become an Area Representative, you will sign our ARA and pay us a lump sum, non-refundable area representative rights fee between \$100,000 and \$150,000. The amount of the area representative rights fee will be negotiated between us and will be determined based upon, in part, the size of the Development Area, the number of Restaurant franchises that you commit to sell in the Development Area and the number of Restaurant franchises you will provide services to on our behalf.

There are no other purchases from or payments to us or any affiliate of ours that you must make before your AR Business opens.

ITEM 6 OTHER FEES

Column 1 Type of fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Transfer Fee	Generally \$7,500 (or such greater amount as is necessary to reimburse us for our reasonable costs and expenses incurred in reviewing and documenting the transfer, including legal and accounting fees)	With request for our consent to transfer	No fee is imposed for a one-time transfer to a corporate entity you form for the convenience of ownership.
Renewal Fee	\$7,500	Before renewal	Payable to renew the ARA

Column 1 Type of fee⁽¹⁾	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Insurance	Premiums and our costs and expenses plus 10% administrative fee	When billed	Due only if you fail to maintain insurance and we (at our option) obtain insurance on your behalf.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the AR Business, or for costs associated with defending claims that you used the Marks in an unauthorized manner.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	If you default under your agreement with us, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement.
Area Representative Advertising	\$12,000	Must be spent annually	You must conduct advertising in your Development Area to aid in the solicitation of franchise sales.

Notes:

- (1) Except as otherwise noted in this Item 6, all fees are imposed and collected by and payable to us. Except as noted above, all fees are non-refundable and currently are uniformly imposed.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Area Representative Rights Fee ⁽¹⁾	\$100,000 to \$150,000	Lump Sum	On signing ARA	Us
Laptop Computer	\$500 to \$2,500	As Arranged	As Incurred	Suppliers
Telephone, Fax Machine and Office Supplies	\$500 to \$1,500	As Arranged	As Incurred	Suppliers
Rent – 3 Months ⁽²⁾	\$0 to \$15,000	As Arranged	As Arranged	Landlord

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Security Deposit	\$0 to \$10,000	As Arranged	As Arranged	Landlord, Utility Companies
Leasehold Improvements	\$0 to \$50,000	As Arranged	As Arranged	Landlord
Furniture and Fixtures ⁽³⁾	\$1,000 to \$5,000	As Arranged	As Arranged	Suppliers
Insurance	\$2,000 to \$3,000	As Arranged	As Arranged	Insurance Companies
Advertising – 3 Months	\$4,000	As Arranged	As Arranged	Suppliers
Travel and Living Expenses to Attend Training ⁽⁴⁾	\$0 to \$10,000	As Arranged	As Arranged	Airline, Hotel, Restaurants, Etc.
Vehicle ⁽⁵⁾	\$10,000 to \$60,000	As Arranged	As Arranged	Suppliers
Filing Fees ⁽⁶⁾	\$100 to \$1,500	As Arranged	As Arranged	State Authority
Professional Fees	\$650 to \$15,000	As Arranged	As Arranged	Attorney, Accountant
Additional Funds-3 Months ⁽⁷⁾	\$1,000 to \$5,000	As Arranged	As Arranged	Various
TOTAL	\$119,750 to \$332,500			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

Notes:

1. **Area Representative Rights Fee.** The area representative rights fee is discussed in Item 5.
2. **Rent.** The low end of our estimate assumes you will operate the business from a home-based office. The high end of our estimate assumes that you will lease an office in an executive style office suite that has approximately 300 to 500 square feet of space.
3. **Furniture and Fixtures.** You will need a desk, filing cabinet and office chairs.
4. **Travel and Living Expenses to Attend Training.** These are the estimates to attend our training program for Area Representatives.

5. **Vehicle.** We anticipate that you will need a vehicle to visit prospective franchisees, view potential sites and to oversee the build-out of franchisee Restaurants. Our estimate includes three months of expenses for gas, maintenance and vehicle payments.
6. **Filing Fees.** You may need to register as a sales broker in the state where your Development Area is located.
7. **Additional Funds – 3 Months.** This is our estimate of your expenses for the initial period of your business, including supplies, repairs and maintenance if necessary, bank charges, state tax and license fees, and other miscellaneous items. Your actual cost will depend on factors such as your management skill, experience and business acumen and local economic conditions. We relied on our founder's experience to derive our estimates of these additional funds.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease and install all fixtures, furnishings, equipment (including laptop, smart phone and office equipment), décor items, signs and related items we require, all of which must conform to the standards and specifications in our confidential operations manual ("Manual") or otherwise in writing, unless you have first obtained our written consent to do otherwise. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice in writing (such as email, bulletins or changes to the Manual) of any changes in the standards and specifications.

You must obtain all equipment (including laptop, smart phone and office equipment) and other products used at the AR Business solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications. We have the right to periodically change our approved suppliers, and we have the right to negotiate price and other terms with our approved suppliers for the benefit of the System. A complete list of our approved products and suppliers will be included in the Manual and is subject to change over time. There might be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be an approved supplier. We will provide you notice in the Manual or otherwise in writing (such as via email) of any changes to the lists of approved products and approved suppliers. There are no goods, supplies, fixtures, equipment, inventory, or real estate for the AR Business that you currently must buy or lease from us (or an affiliate) or designated supplier. None of our officers has an ownership interest in any approved supplier relevant to an AR Business. During the fiscal year ended December 31, 2022, we and our affiliates did not earn any revenue from the sale of products to our area representatives.

You must deliver a copy of our FDD for the standard and multi-unit franchise opportunities to prospective candidates. We will provide you with an electronic copy of that FDD.

We estimate that purchases and leases of services and products either from us or our designated suppliers, or according to our specifications, will represent less than 25% of your total purchases and leases of services and products to establish and operate your AR Business.

We do not negotiate purchase arrangements with suppliers for the benefit of Area Representatives. If you own an Atomic Wings franchise you must purchase Atomic Wings sauces from Sysco or an approved Atomic Wings Supplier. We do not provide material benefits to you based on your use of designated or approved suppliers. There are no purchasing or distribution cooperatives for Area Representatives. When determining whether to grant new or additional Area Representative franchises, we consider many factors, including compliance with the above-mentioned requirements.

All advertising and promotional materials you wish to use to promote the standard and multi-unit franchise opportunities must be approved by us before the materials may be used and may need to be registered with a state agency before the ad can be run.

We do not anticipate reviewing or approving the location of your AR Business, whether you operate from home, from an executive style office suite or from an Atomic Wings Restaurant that you own.

Before you open your AR Business, you must obtain the insurance coverages we require. Our current insurance requirements are described below. We may modify our insurance requirements during the term of your ARA, and any modifications will be communicated to you in our Manual or otherwise in writing. This insurance coverage must be maintained during the term of the ARA and must be obtained from a responsible, duly licensed carrier or carriers acceptable to us. All insurance must be on an “occurrence” basis. You must provide us with a certificate of insurance showing that you have obtained the required insurance coverages no later than 15 days before your AR Business opens and then upon renewal of each policy.

You must carry the following insurance related to your AR Business: (1) errors and omissions coverage of no less than \$1,000,000; and if you have or will have employees, (2) worker’s compensation and employer’s liability insurance in statutory amounts, unemployment insurance and state disability insurance as required by the governing law for your employees.

We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We have the right to change our insurance requirements during the term of your ARA, including the types of coverage and the amounts of coverage, and you must comply with those changes. If you do not obtain the insurance coverages that we require we may, but are not obligated to, obtain insurance on your behalf and you must reimburse our expenses related to obtaining insurance for you, together with a 10% administrative fee.

For each Atomic Wings Restaurant you own and operate, you must also carry the insurance policies that we require under the Franchise Agreement for the Restaurant.

ITEM 9

FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Area Representative Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not applicable	Items 8 and 11
b. Pre-opening purchases/leases	Not applicable	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Section 1	Items 8 and 11
d. Initial and ongoing training	Section 3	Item 11
e. Opening	Not applicable	Item 11
f. Fees	Sections 1 and 4	Items 5 and 6

Obligation	Section in Area Representative Agreement	Disclosure Document Item
g. Compliance with standards and policies/operating manual	Section 5	Items 11 and 14
h. Trademarks and proprietary information	Section 6	Items 11, 13 and 14
i. Restrictions on products/services offered	Not applicable	Item 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Sections 1 and 5	Item 12
l. Ongoing product/service purchases	Not applicable	Item 8
m. Maintenance, appearance and remodeling requirements	Section 5	Not applicable
n. Insurance	Section 5	Items 7 and 8
o. Advertising	Section 7	Items 6, 8 and 11
p. Indemnification	Section 14	Item 6
q. Owner's participation/management/staffing	Section 5	Item 15
r. Records and reports	Not applicable	Not applicable
s. Inspections and audits	Section 5	Not applicable
t. Transfer	Section 8	Items 6 and 17
u. Renewal	Section 2	Items 6 and 17
v. Post-termination obligations	Section 12	Item 17
w. Non-competition covenants	Section 10	Item 17
x. Dispute resolution	Section 22	Item 17

ITEM 10 **FINANCING**

We do not offer direct or indirect financing. We do not guarantee your notes, leases or other obligations.

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

Except as listed below, Atomic Wings Franchisor Inc., is not required to provide you with any assistance.

Pre-Opening Obligations

Before you begin operating under the ARA, we will:

1. Grant you the right to solicit, develop, service and coordinate a specific number of Restaurants at locations we approve within your Development Area, provided that you are in full compliance with the terms and conditions contained in the ARA, including the development schedule and your obligation to supervise a specific number of Restaurants, and that you are in full compliance with all of your obligations under any Franchise Agreements for Restaurants owned by you in the Development Area. (ARA – Section 1.)

2. Train, or have our sales agent train, you and up to two additional people in how to solicit franchise sales and pre-qualify prospective franchisees, how to provide on-going operational assistance to the franchisees located with your Development Area, and other aspects of conducting your business as an Area Representative, beyond that of how to operate a Restaurant. (ARA – Section 3.4) This training is separate from and in addition to our initial training program for franchisees. You must complete both training sessions to our satisfaction.

3. Loan to you our Manual. (ARA – Section 3.7)

Continuing Obligations: While you are operating under the ARA, we will review all applications for franchises that you forward to us (ARA – Section 3) and if you are in compliance with the ARA (including compliance with your development schedule), we will pay to you your share of initial franchise fees, royalty fees and transfer fees for franchisees in the Development Area. (ARA – Article 4.) We may also periodically inspect your operations and review your sales techniques.

Area Representative Advertising: You must spend a minimum of \$12,000 each year on advertising and you must use the methods we have approved, including on-line, print and other methods to solicit the sale of franchises. Any advertising you conduct must have our prior written approval and may need to be registered with a state agency before the ad may run. Before any advertising may be used, you must submit it to us for approval if it has not been approved by us in the prior six months. You must also provide us with verification of the advertising you have conducted. Upon full satisfaction of your development schedule, you will have no further obligation to expend any amount for marketing of your Area Representative business within the Development Area.

We do not anticipate forming an advertising fund for Area Representatives. For any Restaurants you own and operate, you must participate in the Advertising Fund as required of all franchisees.

We do not anticipate forming or approving the formation of any advertising cooperatives for Area Representatives. There are currently no cooperatives in the System.

Website / Intranet / Social Media: We or one or more of our designees may establish a website or series of websites for the System to advertise, market and promote Atomic Wings Restaurants and the products and services they offer, the Atomic Wings Restaurant franchise and/or area representative rights opportunity, and/or for any other purposes that we determine are appropriate for Atomic Wings Restaurants (collectively, the “System Website”). If we include information about your AR Business on the System Website, you agree to give us the information and materials that we periodically request concerning the AR Business and otherwise participate in the System Website in the manner that we periodically specify. By posting or submitting to us information or materials for the System Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe upon any third party’s

rights. You understand and acknowledge that you are not permitted to establish your own website or “microsite” to promote our franchise opportunity.

We own all intellectual property and other rights in the System Website and all information it contains, including the domain name or uniform resource locator (“URL”) for the System Website, the log of “hits” by visitors, and any personal or business data that visitors (including you and your personnel) supply. We may implement and periodically modify System Standards relating to the System Website and, at our option, may discontinue the System Website, or any services offered through the System Website, at any time.

All advertising, marketing and promotional materials that you develop for the AR Business must contain notices of the System Website’s URL in the manner we periodically designate. You may not develop, maintain or authorize any other website, other online presence or other electronic medium that mentions or describes the AR Business, the System or displays any of the Marks without our prior approval. We do not restrict the use of internet or web page advertising within or outside of your Development Area, but the advertising content must be approved by us before it is used. Nothing limits our right to maintain websites other than the System Website or to offer and sell products and services under the Marks from the System Website, another website or otherwise over the internet without payment or other obligation.

You are strictly prohibited from establishing your own website related to the Proprietary Marks or our System without our prior written consent, which we do not have to provide. You are not permitted to promote your AR Business or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your AR Business’ operation, including prohibitions on your and the AR Business’s employees posting or blogging comments about the AR Business or the System, other than on a website established or authorized by us (“social media” includes personal blogs, common social networks like Facebook and MySpace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We have the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any System Website we establish and maintain, including any and all material you may furnish to us as provided above.

We will have the right to establish a website or other electronic system providing private and secure communications (such as an intranet) between us, our franchisees, area representatives, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign.

Advisory Council: We have the right to establish an advisory council comprised of area representatives. If we choose to establish an advisory council, its members will include area representatives and our representatives. The area representatives may be chosen by us or elected by other area representatives in the System. If you participate in an advisory council you must pay any costs you incur related to your participation, such as travel and living expenses to attend meetings. If established, the advisory council will act in an advisory capacity only and will not have decision making authority. We have the right to form, change, merge or dissolve any advisory council at any time.

Training: If you are an Area Representative, then in addition to the training you must attend and satisfactorily complete as a franchisee, you and up to two additional people will attend our Area Representative training at our headquarters or at a training site designated by us. The length of time each person will spend at this training will vary based on the individual's previous experience. We may have Area Representatives that do not require this specific training. If we determine that you or your personnel must attend the Area Representative training program, then you and your personnel must satisfactorily complete to our satisfaction the training no later than two weeks before you begin operating as our Area Representative. Area Representative training will include how to solicit franchise sales, how to provide on-going operational assistance to the franchisees located within the Development Area, and other aspects of conducting your business beyond that of how to operate an Atomic Wings Restaurant.

There is no set schedule for the Area Representative training program, which depends on the number of new Area Representatives entering the System. We may designate that a third party provide the Area Representative training program. The length of time each person will spend at this training will vary based on the individual's previous experience. There is no additional fee for the Area Representative training program, but you must pay for your trainees' expenses while attending training, including travel, lodging, meals and wages, if you attend the training program.

TRAINING PROGRAM – AREA REPRESENTATIVES

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
How to solicit franchise sales, how to provide on-going operational assistance to the franchisees located with your Development Area	Will vary, based on previous experience of individual being trained	0	New York, NY

Our Area Representative training program will be conducted by Zaki Omar, Ray Omar, and other authorized Atomic Wings personnel. Our other management personnel are also periodically involved in training. The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is from 7 to over 14 years. We have the right to make changes in our training staff as we deem necessary and advisable without prior notice. The instructional materials used in the training program consists primarily of our Manual and marketing and promotion materials, but we may supplement with any other materials we believe will be beneficial to our area representatives in the training process.

There are currently no additional training courses or refresher courses that are required for Area Representatives. We do not anticipate requiring any additional training courses or any refresher courses for Area Representatives.

Site Selection and Opening: You may operate the AR Business from a home-based office, if permitted by your local ordinances, from an Atomic Wings Restaurant that you own, or you may choose to lease space in an executive style suite of offices. If you choose to lease space, we estimate that you will need between 300 and 500 square feet of space. We do not anticipate reviewing or approving the location for your AR Business.

We estimate that the time from when the ARA is signed and you commence operations to be approximately 30 to 90 days. This time may be shorter or longer depending on the time necessary to obtain a site by lease (if you choose to lease space), to obtain financing, to obtain the permits and licenses for the

construction and operation of the AR Business, to complete the development of the AR Business, including decorating, purchasing and installing furniture, and to complete preparation for operating the AR Business, including purchasing equipment and supplies. You must open the AR Business and begin business within three months after the ARA is signed, unless you obtain a written extension of this time period from us. Ask Harold about this.

Computer and Point of Sale System: You must have a mobile telephone, a business telephone with two lines, an operating fax machine, email address and a laptop computer with current versions of Windows, Microsoft Office and other software required by us. The mobile phone number, two business phone numbers, the fax number and email address must be given to each franchisee in your Development Area and to us. Your laptop computer will provide you with the following functions: word processing, email and calendars.

You must at all times have a highspeed internet connection. We do not expect to have independent electronic access to the information contained on your computer system, but we have the right to require independent access at any time. If we choose to have independent access to your computer system, the types of information we may access and download includes all information relating to prospective franchisees and existing franchisees.

We do not currently designate the type of computer you must have, but it must be a laptop computer. We have the right to designate the type of computer you must have for your AR Business. We expect that the computer system will cost from \$500 to \$2,500. We do not require you to have a maintenance contract for your laptop computer, and we are not responsible for providing you with any upgrades, updates or maintenance for your laptop computer.

We may require you to update and/or upgrade all or a portion of your computer during the term of your ARA, at your expense. The ARA does not limit our ability to require you to update and/or upgrade your computer system or the cost of any update and/or upgrade.

Operations Manual: You must comply with all of the specifications, procedures, and standards set out in our Manual. The Table of Contents for our Manual is attached to this Disclosure Document as Exhibit D. Our Manual contains approximately 423 pages.

ITEM 12

TERRITORY

Under the ARA we grant you the right to solicit, service and coordinate a number of Atomic Wings Restaurants in the Development Area that is specified in the development schedule in the ARA. The Development Area is typically described in terms of municipal or county boundaries. This is your protected territory. The actual size of the Development Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for Restaurants in the Development Area for you to meet your development schedule. You are solely responsible for all of your obligations under the ARA, including the responsibility to locate and prepare a sufficient number of suitable sites and we have no obligation to approve sites which do not meet our criteria for you to meet the development schedule.

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

During the term of the ARA, and as long as you are in full compliance with all of the terms and conditions of the ARA, we will not own or operate or license others to own or operate as an area representative in the Development Area.

We will retain the right to solicit Atomic Wings franchisees both inside and outside your Development Area. We may recruit prospective franchisees and sell franchises for locations in your Development Area, but you will still earn a portion of the initial franchise fee for franchises that we sell in your Development Area. Although we are under no obligation to do so, we intend to turn over to you all of the sales leads that we receive from prospects looking to acquire an Atomic Wings franchise for a location in your Development Area so that you can pre-qualify the candidate. Because we may not approve a franchisee's location until after we sign the Franchise Agreement, it is possible that you could pre-qualify a franchisee who ultimately selects a site outside of your Development Area and in another Area Representative's Development Area. In that case, you would earn a portion of the initial franchise fee for the sale of that franchise, but the Area Representative in whose area the franchisee opens the Restaurant would receive a portion of the royalty fees and any transfer fees paid on account of that franchisee.

To maintain your rights under the ARA and to the Development Area, there must be open and in operation the cumulative number of Restaurants stated on the development schedule by the dates agreed upon in the development schedule. If you fail to meet the development schedule, we have the right to terminate the ARA, or we may allow you to continue to operate under the ARA and continue to perform your obligations under the ARA as it relates to any Restaurants that are open and operating or are under construction.

We have the right to use alternative methods of distribution within the Development Area under our principal trademarks or different trademarks. There is nothing that limits our right to maintain websites or to offer and sell products and services from a system website, another website or otherwise over the internet. We are not required to pay you any compensation if we accept orders from inside the Development Area.

You are not permitted to market outside of the Development Area and you do not have the right to use other channels of distributions such as internet, catalog sales, telemarketing or direct marketing without our permission. You are strictly prohibited from establishing your own website related to the Proprietary Marks or our System without our prior written consent. You are also prohibited from promoting your AR Business on social and networking websites, including, but not limited to, Facebook, LinkedIn, MySpace or Twitter, without our prior written consent.

We and our affiliates may establish other franchised or company outlets under the Proprietary Marks and/or under other marks that may compete with your Development Area. We and our affiliates may merchandise and distribute goods and services identified by the Proprietary Marks through methods or channels of distribution.

In addition, upon completion of the development schedule, your development rights under the ARA with respect to soliciting or developing franchises in the Development Area will terminate and we will have the right to operate and to grant to others development rights and franchises to develop and operate Restaurants within the Development Area. Your rights and obligations to service the franchisees within the Development Area will continue until the ARA is terminated or expires, according to the terms of the ARA. This right will be subject only to the territorial rights under the franchise agreements signed by you and other franchisees for Restaurants in the Development Area. The Development Area may not be altered or relocated unless we mutually agree to do so. You are not granted any other option, right of first refusal or similar right to acquire additional Restaurants in your Development Area under the ARA.

There are no minimum sales goals, market penetration or other contingency that you must meet to keep the exclusivity of your Development Area, except that you must meet your development schedule.

ITEM 13 **TRADEMARKS**

The ARA grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us, including the Marks described in Item 1 and below. These Marks may be used only in the manner we authorize and only for the operation of your AR Business.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

We have registered the following trademarks with the United States Patent and Trademark Office (“USPTO”):

Mark	Registration Date	Registration Number	Register
ATOMIC WINGS	12/26/2006	3,189,464	Principal
	02/19/2019	5,678,565	Principal

We have applied for registration of the following trademark with the USPTO:

Mark	Filing Date	Serial Number	Register
	2/20/2023	97/802,470	Principal

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

We intend to file all affidavits and other documents required to maintain our interest in and to the Marks.

You must follow our rules when you use these Marks. You cannot use the Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of any unauthorized products or services or in any manner not authorized in writing by us.

There are no current effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement actions or other material litigation pending concerning the Marks.

There are no agreements currently in effect which significantly limit our right to use or license the use of the Marks in any manner material to the franchise.

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in the state or states where your Development Area will be located. You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your principals are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks. You must sign any and all documents, and do what may, in our counsel's opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity (including any affiliate) having an interest in the Marks.

You cannot register any of the Marks now or in the future owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as internet domain names. We retain the sole right to advertise the system on the internet and to create, operate, maintain and modify, or discontinue using of a website using the Marks. You may access our website. Except as we may authorize in writing in advance, however, you cannot: (a) link or frame our website; (b) conduct any business or offer to sell or advertise any products or services on the worldwide web; and (c) create or register any internet domain name in connection with your franchise.

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your principals in the proceeding and use of the Marks is in full compliance with the terms of the ARA.

Except as provided above, we are not obligated by the ARA to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

If it becomes advisable at any time in our sole discretion, we may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System. You must comply with our directions within a reasonable period of time after receiving notice. We will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.

The license to use the Marks granted in the ARA is non-exclusive to you. We have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to franchisees and area representatives;

2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and

3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights: We do not have an ownership interest in any patents or copyrights that are material to the operation of your franchised business.

Confidential Operations Manual: You must operate the AR Business in accordance with the standards and procedures specified in the Manual. One copy of the Manual will be loaned to you by us for the term of the ARA.

You must treat the Manual and any other manuals we create or approve for use in your operation of the Franchised Business, and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Manual remains our sole property and must be kept in a secure place on the premises of the Franchised Business.

We may revise the contents of the Manual and you must comply with each new or changed standard. You must also make sure that the Manual is kept current at all times. If there is a dispute regarding the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

Confidential Information: We claim proprietary rights in certain of our recipes which are included in the Manual and which are our trade secrets. You and each of your owners are prohibited, during and after the term of your Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of your Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business that may be communicated to you or any of your owners or that you may learn about, including these trade secrets. You and each of your owners may divulge this confidential information only to your employees who must have access to it to operate the Franchised Business. Neither you nor your owners are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manual, recipes, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

You must have any of your personnel who have received or will have access to confidential information sign the Confidentiality and Non-Competition Agreement included as an attachment to the Area Representative Agreement. We will be a third-party beneficiary of these covenants with the independent right to enforce them.

If you, your owners or employees develop any new concept, process or improvement in the operation or promotion of the Franchised Business, you must promptly notify us and give us all necessary

information, free of charge. You, your owners and employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL
OPERATION OF THE FRANCHISE BUSINESS

Under the ARA, you must designate people acceptable to us to act as field representatives once there are the requisite number of Restaurants located within your Development Area. Until that time, you should personally perform all Area Representative functions. If your relationship with a field representative terminates, you must promptly designate a replacement acceptable to us who will, at your expense and subject to our then-current charges, satisfactorily complete training. You must hire and maintain the number and level of management personnel needed for the conduct of business under the ARA and adequate management and supervisory personnel for all Restaurants developed under the ARA. You must make sure that personnel are properly trained to perform their duties.

As described in Item 14, we may require you to obtain confidentiality and/or non-competition agreements from certain of your employees including any management and other personnel who will have access to our proprietary and confidential information. We will be a third-party beneficiary of each agreement with the independent right to enforce the agreement's terms. If your AR Business is owned by an entity, all owners of the entity must personally sign the Area Representative as a "Principal". If you are a married individual, your spouse must sign our Spouse Guaranty, which is attached to our Area Representative Agreement as Attachment 2.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Unless we otherwise consent in writing, you are restricted to providing the following services on our behalf in your Development Area: (1) Solicitation Services, (2) Site Services, and (3) Support Services. You will perform these services in accordance with our standards and specifications which will be provided to you in the Manual and other written directives we may give you. We may, at any time, change, delete, add to or modify any of our standards and specifications. These changes, deletions, additions or modifications, which will be uniform for all Area Representatives, may require additional expenditures by you. To protect our common interests, you must operate your AR Business in strict compliance with the ARA, the Manual, and the directives and other written materials we publish or provide to you.

You must only solicit prospective franchisees for standard franchises as well as for multi-unit operators that we have approved for sale, must only offer the services that we specify, must not deviate from our standards and specifications without our written consent, and must discontinue offering for sale any franchises, or providing services, that we disapprove of in writing. We may change or add to the types of franchises you are authorized to solicit prospective franchisees for and to whom you may provide services. There are no limits on our right to make these changes.

You must operate your AR Business in strict conformity with all applicable federal, state, and local constitutions, statutes, regulations, ordinances, and case law. These constitutions, statutes, regulations, ordinances, and laws vary from jurisdiction to jurisdiction.

As long as the Restaurant franchise to be sold is to be located in your Development Area, you may solicit prospective franchisees from anywhere, even if the prospective franchisee lives or works in another Area Representative's development area. Other Area Representatives may solicit prospective franchisees

for their development areas from anywhere, even if the prospective franchisee resides in your Development Area.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE AREA REPRESENTATIVE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Area Representative Agreement	Summary
a. Length of the area representative agreement term	1	10 years
b. Renewal or extension of the term	1	Renew for an additional consecutive 10-year term with an option for a third consecutive 10-year term
c. Requirements for area representative to renew or extend	2	Conditions include providing us with at least six months prior notice; not in default of the ARA; not be in default under any agreement with us or our affiliates; sign our then-current ARA, which may contain materially different terms from the current agreement; sign a general release; complete any additional training we require, pay us a renewal fee
d. Termination by area representative	Not applicable	The Agreement does not provide for this, but you may seek to terminate on any grounds available to you at law.
e. Termination by franchisor without cause	8	We or the purchaser of the Atomic Wings System may, at any time, elect to purchase your ongoing commissions and terminate the Area Representative Agreement for an amount equal to five times your commissions from the last 12 months.
f. Termination by franchisor with cause	11	We can terminate if you commit any one of several listed violations
g. “Cause” defined – curable defaults	11	Any default that is deemed to be curable, and not included as a non-curable default
h. “Cause” defined – non-curable defaults	11	Unauthorized transfer of ARA, become insolvent or make a general assignment for the benefit of creditors, bankruptcy or bankruptcy petition; filing and consenting of bill in equity or other proceeding or for appointment of

Provision	Section in Area Representative Agreement	Summary
		receiver or other custodian for you or your business or assets; if you are dissolved; if execution is levied against your business or property, if suit to foreclose any lien or mortgage against your business premises or equipment, or if your real or personal property is sold after levy by any sheriff, marshal or constable; if you are convicted of a felony, crime involving moral turpitude or other crime or offense which has an adverse effect on your business, the System, Proprietary Marks, or the goodwill associated with the Proprietary Marks; uncured defaults; repeated defaults.
i. Area representative's obligations on termination/ non-renewal	12	Stop operating Franchised Business(s); stop providing services or assistance to System franchisees; stop using the Proprietary Marks, any confidential methods, procedures and techniques, signs, equipment, advertising materials, stationery, forms, and other articles which display the Proprietary Marks of the Franchised Business; cancel any assumed name or registration which contain the Marks and provide evidence within 30 days after termination; may not use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks in the future; may not falsely suggest or represent association or connection with us; pay all damages, costs, and expenses incurred by us as a result of default or in obtaining injunctive or other relief; turn over all materials including manuals, records, files, instructions, correspondence, etc. and materials relating to operating the business, and will not retain any copy or records.
j. Assignment of contract by franchisor	8	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the ARA.
k. "Transfer" by area representative – defined	8	You have the right, with our consent to transfer subject to certain conditions.
l. Franchisor approval of transfer by area representative	8	We have the right to approve all transfers, our consent will not to be unreasonably withheld

Provision	Section in Area Representative Agreement	Summary
m. Conditions for franchisor approval of transfer	8	You have the right, with our consent to transfer subject to the following conditions: no sale during the first year of the ARA; transferee/assignee must meet our then-current financial and educational requirements; transferee/assignee must attend and complete our training class; all accounts of both transferee/assignee must be paid in full before assignment; you must train transferee/assignee for two months before transfer and for two months after transfer (in addition to completing training); you pay transfer fee; transferee/assignee signs then-current ARA.
n. Franchisor's right of first refusal to acquire area representative's business	8	We have a right of first refusal to acquire your business on the same terms being offered by a third party
o. Franchisor's option to purchase area representative's business	8	At any time after your first year in business, we have the right to repurchase the development rights granted to you and take back the Development Area. We or the purchaser of the Atomic Wings System may, at any time, elect to purchase your ongoing commissions and terminate the Area Representative Agreement for an amount equal to five times your commissions from the last 12 months.
p. Death or disability of area representative	8	Interest must be transferred to an approved party within 12 months
q. Non-competition covenants during the term of the franchise	10	Cannot divert business or operate a competing business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	10	No competing business for two years and within 20 miles of any Restaurant in the System.
s. Modification of the agreement	23	No modifications except by mutual agreement of the parties. Revisions to the ARA will not unreasonably affect your obligations, including economic requirements under the ARA.

Provision	Section in Area Representative Agreement	Summary
t. Integration/merger clause	19	Only the terms of the ARA and other related written agreements are binding (subject to state law). Any representations or promises outside the disclosure document and ARA may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and amendments.
u. Dispute resolution by arbitration or mediation	22	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated in Prince George's County, Maryland (subject to state law)
v. Choice of forum	22	Prince George's County, Maryland, (subject to state law)
w. Choice of law	21	The ARA is to be interpreted, governed and construed under Maryland law (subject to state law)

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is any reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Atomic Wings Franchisor Inc. does 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 the corporate office at 5010 Branchville Road, College Park, Maryland, 20740, or (917) 284-2910, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2020-2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Area Representatives	2020	0	1	+1
	2021	1	1	0
	2022	1	7	+6
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	0	1	+1
	2021	1	1	0
	2022	1	7	+6

Table No. 2
Transfers of Outlets from Area Representatives to New Owners (other than the Franchisor)
For years 2020-2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Area Representatives
For years 2020-2022

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termi- nations	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Illinois	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Indiana	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Minnesota	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Missouri	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Nevada	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Texas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Total	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	6	0	0	0	0	7

Table No. 4
Status of Company-Owned Outlets
For years 2020-2022

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
None	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2022

Column 1 State	Column 2 Area Representative Agreements Signed But Outlet Not Open	Column 3 Projected New Area Representatives In The Next Fiscal Year	Column 4 Projected New Company- Owned Outlets In The Next Fiscal Year
California	0	2	0
Ohio	0	1	
Texas	0	1	0
Total	0	4	0

A list of the names of all area representatives and the addresses and telephone numbers of the franchises will be provided in Exhibit C to this disclosure document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every area representative who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the ARA during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit C to this disclosure document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Atomic Wings System.

There are no trademark-specific organizations formed by our franchisees that are associated with the Atomic Wings System.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A are our audited financial statements for the fiscal years ended December 31, 2022, December 31, 2021, and December 31, 2020, and our interim audited financial statements for the period January 1, 2023, through June 30, 2023.

Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

- | | | |
|----|-------------------------------|--------------------------------------|
| 1. | Area Representative Agreement | Exhibit B |
| 2. | Form of General Release | Exhibit F |
| 3. | Acknowledgment Statement | Exhibit H, as permitted by state law |

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS



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Atomic Wings Franchisor Inc

Financial Statements

June 30, 2023 and December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the members of
Atomic Wings Franchisor Inc.
College Park, Maryland

Opinion

We have audited the accompanying financial statements of Atomic Wings Franchisor Inc. (an S Corporation) (the "Company"), which comprise the balance sheets as of June 30, 2023 and December 31, 2022, and the related statements of changes in retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atomic Wings Franchisor Inc. as of June 30, 2023, and December 31, 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further



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described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Atomic Wings Franchisor Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Atomic Wings Franchisor Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute



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assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Atomic Wings Franchisor Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



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- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Atomic Wings Franchisor Inc. ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



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Mario Silva - CPA
SILVA'S FINANCIAL SERVICES, LLC
NY license #095984

August 21, 2023



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ATOMIC WINGS FRANCHISOR INC
Balance Sheets
June 30, 2023 and December 31, 2022

Assets

	06/30/2023	12/31/2022
Current Assets		
Cash Equivalent	\$ 100,817.11	\$ 19,381.90
Total Current Assets	\$ 100,817.11	\$ 19,381.90
Property and Equipment		
Office Furniture & Fixtures	\$ 5,939.57	\$ 5,939.57
Accumulated Depreciation	\$ (5,634.86)	\$ (5,634.86)
Leasehold Improvements	\$ 60,175.37	\$ -
Total Property and Equipment	\$ 60,480.08	\$ 304.71
Other Assets		
Organization Cost	\$ 123,719.00	\$ 123,719.00
Accum. Amortization cost	\$ (123,719.00)	\$ (123,719.00)
Total Other Assets	\$ -	\$ -
Total Assets	\$ 161,297.19	\$ 19,686.61

See Independent Auditors' Report and accompanying notes to the financial statements.



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Liabilities and Members' Capital

	06/30/2023	12/31/2022
Liabilities		
Long-Term Liabilities		
AFG WC LLC - Line of Credit	\$ 39,307.70	\$ -
EIDL Loan	\$ 53,500.00	\$ 53,500.00
Total Long-Term Liabilities	\$ 92,807.70	\$ 53,500.00
Equity		
Common stock	\$ 25,000.00	\$ 25,000.00
Additional Paid in Capital	\$ 802,796.39	\$ 683,362.76
Retained Earnings	\$ (742,176.15)	\$ (291,082.00)
Shareholder Distributions	\$ (68,879.90)	\$ (245,281.80)
Net Income	\$ 51,749.15	\$ (205,812.35)
Total Capital	\$ 68,489.49	\$ (33,813.39)
Total Liabilities & Equity	\$ 161,297.19	\$ 19,686.61

See Independent Auditors' Report and accompanying notes to the financial statements.



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ATOMIC WINGS FRANCHISOR INC.

Statements of Operations

For the Years Ended June 30, 2023 and December 31, 2022

	06/30/2023	12/31/2022
Revenues	\$ 495,213.11	\$ 906,471.90
Restaurant Supplies	\$ 20,095.99	\$ 115,094.47
Gross Profit	\$ 475,117.12	\$ 791,377.43
Selling General and Administrative Expenses	\$ 423,367.97	\$ 896,137.41
Net Operating Income	\$ 51,749.15	\$ (104,759.98)
Other Expenses	\$ -	\$ 101,052.37
Net Income (Loss)	\$ 51,749.15	\$ (205,812.35)

See Independent Auditors' Report and accompanying notes to the financial statements.



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ATOMIC WINGS FRANCHISOR INC.
Statements of Changes in Retained Earnings
For the Years Ended June 30, 2023 December 31, 2022
and 2021

Retained Earnings, December 31, 2021	\$ (217,073.00)
---	------------------------

Net Income	9,211.83
------------	----------

Shareholder Distributions	<u>(83,220.85)</u>
---------------------------	--------------------

Retained Earnings, December 31, 2022	\$ (-291,082.02)
---	-------------------------

Net Income	(205,812.33)
------------	--------------

Shareholder Distributions	<u>(245,281.80)</u>
---------------------------	---------------------

Retained Earnings, June 30, 2023	\$ (742,176.15)
---	------------------------



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ATOMIC WINGS FRANCHISOR INC.

Statements of Cash Flows

For the Years Ended June 30, 2023 December 31, 2022

	6/30/2023	2022
OPERATING ACTIVITIES		
Net Income	\$ 51,749.15	\$(205,812.35)
Adjustments to reconcile Net Income to Net Cash provided by operations:		
Net cash provided by operating activities	\$ 51,749.15	\$(205,812.35)
INVESTING ACTIVITIES		
Furniture and Equipment:Accumulated Depreciation	\$ -	\$ 202.84
Organization Cost:Accumulated Amortization	\$ -	\$ -
Leasehold Improvements	\$ (60,175.37)	\$ -
Net cash provided by investing activities	\$ (60,175.37)	\$ 202.84
FINANCING ACTIVITIES		
AFG WC LLC - Line of Credit	\$ 39,307.70	\$ -
EIDL Loan	\$ -	\$ (2,900.00)
PPP Loan	\$ -	\$ (7,000.00)
Additional Paid-in Capital	\$ 119,433.63	\$ 474,126.76
Retained Earnings	\$(245,281.80)	\$ (83,220.83)
Shareholder Distributions	\$ 176,401.90	\$(162,060.95)
Net cash provided by financing activities	\$ 89,861.43	\$ 218,944.98
Net cash increase for period	\$ 81,435.21	\$ 13,335.47
Cash at beginning of period	\$ 19,381.90	\$ 6,046.43
Cash at end of period	\$ 100,817.11	\$ 19,381.90



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ATOMIC WINGS FRANCHISOR INC.

(An S Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

1. Operations

Nature of Business and Organization Structure

Atomic Wings Franchisor Inc. (the Company) was organized in the state of New Jersey on July 12, 2006. The Company currently has fourteen franchisees it collects royalties from. Atomic Wings Franchisor Inc. principal operation is the sale of franchises of restaurants called, "Atomic Wings", which offer buffalo style chicken wing products as the menu focal point.

The Company generates revenue from three primary sources: (i) royalty income and franchise fees associated with franchised restaurants; (ii) other income including fees for the licensing of the Company's brands for products sold in certain retail channels; and, (iii) Area Development fees on the sale of exclusive rights to individuals to develop and sale franchises on a specific territory.

As of June 30, 2023, and December 31, 2022, the company had 1,398,810 shares issued and outstanding.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements.



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These accounting policies conform to U.S. generally accepted accounting principles ("GAAP") and have been consistently applied in preparation of the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and time deposits. For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments with original maturities of ninety days or less when purchased to be cash equivalents.

Concentrations of Credit Risk

To June 30, 2023 and December 31, 2022 all customer contracts and monthly royalty fees were collected and there are no accounts receivable, there is no credit risk for Atomic Wings Franchisor Inc.

Property and Equipment

Property and equipment are stated at cost. Major renewals, additions and betterments are charged to the property accounts while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed in the year incurred.

Depreciation on the property and equipment are primarily calculated on the straight-line method over the estimated useful lives of the assets.



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	<u>Life in Years</u>
Office and other equipment	3-5
Furniture and fixtures	5-7

Implementation of New Revenue Recognition Guidance

In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended by subsequent ASUs (collectively, “ASC 606”), which amends the existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods or services. The Company adopted this ASU effective January 1, 2020 using the modified retrospective method. The Company analyzed the cumulative effect of initially applying the new revenue standard to all contracts not yet completed or substantially completed as of January 1, 2020 and determined it resulted in an immaterial change to beginning retained earnings. There was no adjustment made to beginning retained earnings. Detailed disclosures regarding the adoption and other revenue recognition disclosures can be found in Note 4 and 5.

Income Taxes

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S Corporation are taxed on their



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proportionate share of the Company's taxable income; therefore, no provision or liability for federal income taxes has been included in these financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain tax position that more likelier than not would be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Company and has concluded that as of June 30, 2023 and December 31, 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company currently has no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years beginning prior to 2018.

Advertising

Advertising costs are expensed in the year incurred. Advertising expenses were approximately \$141,775.31 and \$177,593.96 for the years ended June 30, 2023 and December 31, 2022, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and



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liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through June 30, 2023, which is the date the financial statements were available to be issued. Subsequent events requiring disclosure in the financial statements for the year ended December 31, 2022, are disclosed in Note 12.

3. Cash and Cash Equivalents

There are no risks on the corporate bank. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents because the bank accounts are maintained in a large financial institution.

4. Revenue Recognition

Under revenue guidance in accordance with GAAP, revenue is recognized in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation.

Domestically, the Company sells individual franchises or rights to operate in the form of a Franchise Agreement that grants the right to develop restaurants in designated areas. The



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franchise agreements typically require the franchisee to pay initial nonrefundable franchise fees prior to opening the respective restaurants and continuing fees, or royalty income, on a monthly basis based upon a percentage of franchisee gross sales. The initial term of domestic franchise agreements is typically 5 years. Prior to the end of the franchise term or as otherwise provided by the Company, a franchisee may elect to renew the term of a franchise agreement and, if approved, will typically pay a renewal fee upon execution of the renewal term.

Upon adoption of the new revenue guidance the timing of recognition of initial franchise fees, including master license, and renewal and transfer fees were not materially affected.

Since the Company determined that the obligations are delivered at a "point in time" rather than over a period of time, these fees are being recognized upon either opening of the respective restaurant, when a renewal agreement becomes effective, or upon transfer of a franchise agreement.

The new guidance generally requires these fees to be recognized over the term of the related franchise license for the respective restaurant or at a point in time. Therefore, the new guidance did not materially impact the recognition of franchise fees. Additionally, royalty income is recognized as sales occur, which was not materially impacted by the new guidance.

The Company determined that the franchise license granted for each individual restaurant within an arrangement represents a single performance obligation. The Company considers personnel training, site location assistance and pre-



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opening assistance as highly interrelated and brand specific with the granting of the franchise license. As such, all franchisors' obligations end when the right is transferred. Therefore, initial franchise fees and market entry fees for each arrangement are allocated to each individual restaurant and recognized at a point in time, usually at the date of the restaurant opening, as "franchise revenue".

Royalty income is also recognized over the term of the respective franchise agreement based on the royalties earned each period as the underlying sales occur, and are recorded within franchise revenues. Renewal fees are generally recognized over the renewal term for the respective restaurant from the start of the renewal period. Fees received or receivable that are expected to be recognized as revenue within one year are classified as current deferred revenue in the balance sheets. In applying the five-step model, the Company made significant judgement in identifying the promised good or services in their contract with franchisees. The Company has applied the sales based royalty exemption which permits exclusion of variable consideration in the form of sales based royalties from the disclosure of remaining performance obligations.

Disaggregation of Revenue—All revenues earned by the Company were through the transfer of services at a point in time for franchise fees and as the underlying sales occur for royalty income.



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The following presents the Company's revenues disaggregated by revenue sources:

	06/30/2023	2022
Income		
Area Development Fees	255,000.00	600,000.00
Initial Franchise Fee	56,000.00	129,000.00
Rebate Income	40,853.60	57,756.82
Royalty Income	143,359.51	119,715.08
Total Income	\$ 495,213.11	\$ 906,471.90

Effect of Adopting ASC Topic 606—As discussed in Note 2, no adjustment to beginning 2020 retained earnings was recorded as a result of adoption of ASC 606 due to changes in the methods and/or timing of revenue recognition for uncompleted contracts. The difference in the results between application of the new standard on contracts and what results would have been if such contracts had been reported using the accounting standards previously in effect for such contracts, was not material.

5. Contract Assets and Liabilities

Contract assets includes amounts due from franchise fees, advertising fees, and other products. As of June 30, 2023 and December 31, 2022, there were no contract assets included on the balance sheet. Liabilities include amounts owed for Atomic Wings Franchisor Inc. operation. As of June 30, 2023 and December 31, 2022, there were \$92,807.70 and \$53,500.00 of liabilities included on the balance sheet, respectively.

6. Accounts Receivable

Accounts receivable are recorded at the invoice amount, do not bear interest and are net of any allowances for doubtful accounts.



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The allowance for doubtful accounts is management's best estimates of the amount of probable credit losses in the existing accounts receivable and is determined based on a review of those accounts that are greater than 90 days in arrears. To June 30, 2023, all customer contracts and monthly royalty fees were collected and there are no accounts receivables.

7. Property and Equipment, Net

Property and equipment as of June 30, 2023 and December 31, 2022, consists of the following:

	06/30/2023	2022
Fixed Assets		
Furniture and Equipment	5,939.57	5,939.57
Accumulated Depreciation	-5,634.86	-5,634.86
Total Furniture and Equipment	\$ 304.71	\$ 304.71
Leasehold Improvements	60,175.37	-
Total Fixed Assets	\$ 60,480.08	\$ 304.71

Depreciation expense was \$0.00 and \$202.84 for the years ended June 30, 2023 and December 31, 2022, respectively.

8. Capital Stock

In June 2022, the company issued 223.810 additional shares for 1,398.810 issued and outstanding shares. Additional Paid-in Capital was \$802,796.39 and \$683,362.76 as of June 30, 2023, and December 31, 2022, respectively.



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9. Franchising

Master franchise agreements provide for the development of franchise businesses within a defined geographic territory.

Master franchise agreements grant the franchisee the right to establish and operate franchised businesses and to locate, train, and provide support to other franchisees within the defined geographic territory. The Company's master franchise agreements do not have benchmarks for the number of businesses to be opened and operational. Master franchises generate 2.5% royalties based on gross revenues from all franchises within their designated area. The Company remits the master franchise royalties from the 5% royalties assessed on gross revenue; accordingly, for franchises with a master franchise, the Company realizes 2.5% royalties on gross revenues.

Franchise fee revenue from individual and master franchise sales is recognized when substantially all services related to the sale have been performed.

For individual franchise sales, substantial performance is satisfied when the owner is trained and the franchise is operational. For master franchise sales, substantial performance is satisfied when the owner is trained. Because the Company's master franchises do not require a designated number of franchise businesses to be established, substantial performance is satisfied when the owner is trained.



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As territory is assigned to each franchise sold, the Company may reach the point where existing markets become saturated and initial franchising revenue declines. Unless new markets are entered into, franchise revenues after market saturation will come primarily from continuing and renewal fees for existing franchises.

As June 30, 2023, all franchise fee revenue had been collected; initial franchise fees had been collected. As December 31, 2022, all franchise fee revenue had been collected; initial franchise fees had been collected. There were not deferred revenue.

The below summary of sold and operational individual and master franchises is cumulative through the end of the applicable period. Cumulative information on the number of franchises as December 31 is as follows:

	<u>06/30/2023</u>	<u>2022</u>
<u>Individual Franchises</u>		
Sold	3	4
Operational	18	14
<u>Master Franchises</u>		
Sold	4	5
Operational	5	0

10. Related Party Transactions

Management Fees

One of the owners performs services for the company and receives management fees and commissions on some of the sales of the franchises recorded as "Compensation of Officer".



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During the years ended June 30, 2023 and December 31, 2022, the shareholder received \$34,660.80 and \$139,725.58 respectively.

11. Commitments and Contingencies

Lease Commitments

The Company leases office space under a non-cancelable operating lease with monthly payments of \$4,860.00 plus CAM. The Company recognizes rental expense for scheduled rent increases on a straight-line basis over the term of the lease. The difference between rent expense recorded and the amount paid is credited or charged to "deferred rent", which is included in other current assets or accrued expenses in the accompanying balance sheets.

The total rental expense was \$24,144.65 and \$57,978.66 for the fiscal years ended June 30, 2023 and December 31, 2022, and is included in operating expenses in the accompanying statements of operations.

12. Subsequent Events

The Company has evaluated subsequent events through June 30, 2023, the date the financial statements were available to be issued. Management believes that the long-term outlook for its operations moving forward is positive based on the actions taken and the overall efforts and advancements that have been made.



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Atomic Wings Franchisor Inc

Financial Statements

December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the members of
Atomic Wings Franchisor Inc.
College Park, Maryland

Opinion

We have audited the accompanying financial statements of Atomic Wings Franchisor Inc. (an S Corporation) (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of changes in retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atomic Wings Franchisor Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Atomic Wings Franchisor Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 13 to the financial statements, the Company had negative working capital and an accumulated deficit as of December 31, 2022. This condition raises substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Atomic Wings Franchisor Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of



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Atomic Wings Franchisor Inc. internal control.
Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Atomic Wings Franchisor Inc. ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



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Mario Silva - CPA
SILVA'S FINANCIAL SERVICES, LLC
NY license #095984

April 28, 2023

ATOMIC WINGS FRANCHISOR INC

Balance Sheets

December 31, 2022 and 2021

Assets

	2022	2021
Current Assets		
Bank Accounts		
Chase Checking (3465)	19,381.90	6,046.43
Total Bank Accounts	\$ 19,381.90	\$ 6,046.43
Total Current Assets	\$ 19,381.90	\$ 6,046.43
Fixed Assets		
Furniture and Equipment	5,939.57	5,939.57
Accumulated Depreciation	(5,634.86)	(5,432.02)
Total Furniture and Equipment	\$ 304.71	\$ 507.55
Total Fixed Assets	\$ 304.71	\$ 507.55
Other Assets		
Organization Cost	123,719.00	123,719.00
Accumulated Amortization	(123,719.00)	(123,719.00)
Total Organization Cost	\$ 0.00	\$ 0.00
Total Other Assets	\$ 0.00	\$ 0.00
TOTAL ASSETS	\$ 19,686.61	\$ 6,553.98

See Independent Auditors' Report and accompanying notes to the financial statements.



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Liabilities and Members' Capital

	2022	2021
Liabilities		
Long-Term Liabilities		
EIDL LOAN	53,500.00	56,400.00
PPP LOAN	0.00	7,000.00
Total Long-Term Liabilities	\$ 53,500.00	\$ 63,400.00
Total Liabilities	\$ 53,500.00	\$ 63,400.00
Equity		
Common Stock	25,000.00	25,000.00
Additional Paid in Capital	683,362.76	209,236.00
Retained Earnings	(291,082.00)	(217,073.00)
Shareholder Distributions	(245,281.80)	(83,220.85)
Net Income	(205,812.35)	9,211.83
Total Equity	\$ (33,813.39)	\$ (56,846.02)
TOTAL LIABILITIES AND EQUITY	\$ 19,686.61	\$ 6,553.98

See Independent Auditors' Report and accompanying notes to the financial statements.

ATOMIC WINGS FRANCHISOR INC.
Statements of Operations
For the Years Ended December 31, 2022 and 2021

	2022	2021
Revenues	\$ 906,471.90	\$ 434,343.35
Restaurant Supplies	\$ 115,094.47	\$ 30,125.02
Gross Profit	\$ 791,377.43	\$ 404,218.33
Selling General and Administrative Expenses	\$ 896,137.41	\$ 402,756.50
Net Operating Income	\$ (104,759.98)	\$ 1,461.83
Other Expenses	\$ 101,052.37	\$ -
Other Income	\$ -	\$ 7,750.00
Net Income (Loss)	\$ (205,812.35)	\$ 9,211.83

See Independent Auditors' Report and accompanying notes to the financial statements.

ATOMIC WINGS FRANCHISOR INC.
Statements of Changes in Retained Earnings
For the Years Ended December 31, 2022 and 2021

Retained Earnings, December 31, 2020	\$ (217.073,01)
---	------------------------

Net Income	9.211,83
------------	----------

Member Draws	<u>(83.220,85)</u>
--------------	--------------------

Retained Earnings, December 31, 2021	\$ (291.082,00)
---	------------------------

Net Income	(205.812,35)
------------	--------------

Member Draws	<u>(245.281,80)</u>
--------------	---------------------

Retained Earnings, December 31, 2022	\$ (742.176,15)
---	------------------------

ATOMIC WINGS FRANCHISOR INC.

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING ACTIVITIES		
Net Income	(205.812,35)	9.211,83
Adjustments to reconcile Net Income to Net Cash provided by operations:		
Intercept EFT Reserve	0,00	300,00
Brand Fund Fee (Brand Fund Fee) (deleted):Brand Fund Fee - Incoming (Brand Fund Fee - Incoming)	0,00	(193.255,50)
Brand Fund Fee (Brand Fund Fee) (deleted):Brand Fund Fee - Outgoing (Brand Fund Fee - Outgoing)	0,00	184.797,90
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	\$ 0,00	(\$ 8.157,60)
Net cash provided by operating activities	(\$205.812,35)	\$ 1.054,23
INVESTING ACTIVITIES		
Furniture and Equipment:Accumulated Depreciation	202,84	202,34
Organization Cost:Accumulated Amortization	0,00	6.872,58
Net cash provided by investing activities	\$ 202,84	\$ 7.074,92
FINANCING ACTIVITIES		
EIDL Loan	(2.900,00)	0,00
PPP Loan	(7.000,00)	(750,00)
Capital Contribution	474.126,76	0,00
Retained Earnings	(83.220,83)	(80.372,82)
Shareholder Distributions	(162.060,95)	(2.848,02)
Net cash provided by financing activities	\$ 218.944,98	(\$83.970,84)
Net cash increase for period	\$ 13.335,47	\$(75.841,69)
Cash at beginning of period	6.046,43	81.888,12
Cash at end of period	\$ 19.381,90	\$ 6.046,43

ATOMIC WINGS FRANCHISOR INC.
(An S Corporation)

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

1. Operations

Nature of Business and Organization Structure

Atomic Wings Franchisor Inc. (the Company) was organized in the state of New Jersey in July 12, 2006. The Company currently has fourteen franchisees it collects royalties from. Atomic Wings Franchisor Inc. principal operation is the sale of franchises of restaurants called, "Atomic Wings", which offer buffalo style chicken wing products as the menu focal point.

The Company generates revenue from three primary sources: (i) royalty income and franchise fees associated with franchised restaurants; (ii) other income including fees for the licensing of the Company's brands for products sold in certain retail channels; and, (iii) Area Development fees on the sale of exclusive rights to individuals to develop and sale franchises on a specific territory.

As of December 31, 2021, the company had 1,175 shares issued and outstanding. During 2022, 223.810 additional shares were issued for a total of 1,398.810 shares issued and outstanding.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements.

These accounting policies conform to U.S. generally accepted accounting principles ("GAAP") and have been consistently applied in preparation of the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and time deposits. For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments with original maturities of ninety days or less when purchased to be cash equivalents.

Concentrations of Credit Risk

To December 31, 2022 and 2021, all customer contracts and monthly royalty fees were collected and there are no accounts receivable, there is no credit risk for Atomic Wings Franchisor Inc.

Property and Equipment

Property and equipment are stated at cost. Major renewals, additions and betterments are charged to the property accounts while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed in the year incurred.

Depreciation on the property and equipment are primarily calculated on the straight-line method over the estimated useful lives of the assets.

	<u>Life in Years</u>
Office and other equipment	3-5
Furniture and fixtures	5-7

Implementation of New Revenue Recognition Guidance

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606), as amended by subsequent ASUs (collectively, "ASC 606"), which amends the existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods or services. The Company adopted this ASU effective January 1, 2020 using the modified retrospective method. The Company analyzed the cumulative effect of initially applying the new revenue standard to all contracts not yet completed or substantially completed as of January 1, 2020 and determined it resulted in an immaterial change to beginning retained earnings. There was no adjustment made to beginning retained earnings. Detailed disclosures regarding the adoption and other revenue recognition disclosures can be found in Note 4 and 5.

Income Taxes

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S Corporation are taxed on their

proportionate share of the Company's taxable income; therefore, no provision or liability for federal income taxes has been included in these financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain tax position that more

likely than not would be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Company and has concluded that as of December 31, 2022 and 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company currently has no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years beginning prior to 2018.

Advertising

Advertising costs are expensed in the year incurred. Advertising expenses were approximately \$177,593.96 and \$64,361.19 for the years ended December 31, 2022, and 2021, respectively. The significant increase is mainly due to an expansion strategy set in motion during 2022.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and

liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through April 28, 2023, which is the date the financial statements were available to be issued. Subsequent events requiring disclosure in the financial statements for the year ended December 31, 2021 are disclosed in Note 14.

3. Cash and Cash Equivalents

There are no risks on the corporate bank. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents because the bank accounts are maintained in a large financial institution.

4. Revenue Recognition

Under revenue guidance in accordance with GAAP, revenue is recognized in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation.

Domestically, the Company sells individual franchises or rights to operate in the form of a Franchise Agreement that grants the right to develop restaurants in designated areas. The



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franchise agreements typically require the franchisee to pay initial nonrefundable franchise fees prior to opening the respective restaurants and continuing fees, or royalty income, on a monthly basis based upon a percentage of franchisee gross sales. The initial term of domestic franchise agreements is typically 5 years. Prior to the end of the franchise term or as

otherwise provided by the Company, a franchisee may elect to renew the term of a franchise agreement and, if approved, will typically pay a renewal fee upon execution of the renewal term.

Upon adoption of the new revenue guidance the timing of recognition of initial franchise fees, including master license, and renewal and transfer fees were not materially affected.

Since the Company determined that the obligations are delivered at a "point in time" rather than over a period of time, these fees are being recognized upon either opening of the respective restaurant, when a renewal agreement becomes effective, or upon transfer of a franchise agreement.

The new guidance generally requires these fees to be recognized over the term of the related franchise license for the respective restaurant or at a point in time. Therefore, the new guidance did not materially impact the recognition of franchise fees. Additionally, royalty income is recognized as sales occur, which was not materially impacted by the new guidance.

The Company determined that the franchise license granted for each individual restaurant within an arrangement represents a single performance obligation. The Company considers personnel training, site location assistance and pre-



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opening assistance as highly interrelated and brand specific with the granting of the franchise license. As such, all franchisors' obligations end when the right is transferred. Therefore, initial franchise fees and market entry fees for each arrangement are allocated to each individual restaurant and recognized at a point in time, usually at the date of the restaurant opening, as "franchise revenue".

Royalty income is also recognized over the term of the respective franchise agreement based on the royalties earned each period as the underlying sales occur, and are recorded within franchise revenues. Renewal fees are generally recognized over the renewal term for the respective restaurant from the start of the renewal period. Fees received or receivable that are expected to be recognized as revenue within one year are classified as current deferred revenue in the balance sheets. In applying the five-step model, the Company made significant judgement in identifying the promised good or services in their contract with franchisees. The Company has applied the sales based royalty exemption which permits exclusion of variable consideration in the form of sales based royalties from the disclosure of remaining performance obligations.

Disaggregation of Revenue—All revenues earned by the Company were through the transfer of services at a point in time for franchise fees and as the underlying sales occur for royalty income.

The following presents the Company's revenues disaggregated by revenue sources:

	2022	2021
Income		
Area Development Fees	600,000.00	150,000.00
Initial Franchise Fee	129,000.00	55,000.00
Rebate Income	57,756.82	87,717.35
Royalty Income	119,715.08	141,626.00
Total Income	\$ 906,471.90	\$ 434,343.35

Effect of Adopting ASC Topic 606—As discussed in Note 2, no adjustment to beginning 2020 retained earnings was recorded as a result of adoption of ASC 606 due to changes in the methods and/or timing of revenue recognition for uncompleted contracts. The difference in the results between application of the new standard on contracts and what results would have been if such contracts had been reported using the accounting standards previously in effect for such contracts, was not material.

5. Contract Assets and Liabilities

Contract assets includes amounts due from franchise fees, advertising fees, and other products. As of December 31, 2022 and 2021, there were no contract assets included on the balance sheet. Liabilities include amounts owed for Atomic Wings Franchisor Inc. operation. As of December 31, 2022 and 2021, there were \$53,500.00 and \$63,400.00 of liabilities included on the balance sheet, respectively.



6. Accounts Receivable

Accounts receivable are recorded at the invoice amount, do not bear interest and are net of any allowances for doubtful accounts. The allowance for doubtful accounts is management's best estimates of the amount of probable credit losses in the existing accounts receivable and is determined based on a review of those accounts that are greater than 90 days in arrears. To December 31, 2022 all customer contracts and monthly royalty fees were collected and there are no accounts receivables.

7. Property and Equipment, Net

Property and equipment as of December 31, 2022 and 2021 consists of the following:

	2022	2021
Fixed Assets		
Furniture and Equipment	5,939.57	5,939.57
Accumulated Depreciation	-5,634.86	-5,432.02
Total Furniture and Equipment	\$ 304.71	\$ 507.55
Total Fixed Assets	\$ 304.71	\$ 507.55

Depreciation expense was \$202.84 and \$202.34 for the years ended December 31, 2022 and 2021, respectively.

8. Payroll Protection Program Loan

In May 2020, the Company applied for, and was granted, a loan in the amount of \$7,750.00 from the Payroll Protection Program through the Coronavirus Aid, Relief and Economic Security Act, also known as the CARES Act. The loan is payable over a two-year period and accrues interest at 1%. The



Company applied for the forgiveness of the loan with the Small Business Administration (“SBA”) after a covered period of 24 weeks, which was based on the Company maintaining or quickly rehiring employees and maintaining salary levels. Repayment of the loan was deferred for ten months, commencing at the end of the covered period. The forgiveness could be reduced if full-time headcounts decline, or if salaries and wages decrease. Management used the proceeds of this loan for payroll costs, rent expense and other operating costs, in accordance with the loan agreement. During 2021, the loan was forgiven in the amount of \$7,750.00.

9. Capital Stock

In June 2022, the company issued 223.810 additional shares for 1,398.810 issued and outstanding shares. The total contribution of capital for the new stock was 431,000 USD. Additional Paid-in Capital was \$683,362.76 and \$209,236.00 as of December 31, 2022 and 2021 respectively.

10. Franchising

Master franchise agreements provide for the development of franchise businesses within a defined geographic territory.

Master franchise agreements grant the franchisee the right to establish and operate franchised businesses and to locate, train, and provide support to other franchisees within the defined geographic territory. The Company’s master franchise agreements do not have benchmarks for the number of businesses to be opened and operational. Master franchises generate 2.5% royalties based on gross revenues from all franchises within their designated area. The Company remits



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the master franchise royalties from the 5% royalties assessed on gross revenue; accordingly, for franchises with a master franchise, the Company realizes 2.5% royalties on gross revenues.

Franchise fee revenue from individual and master franchise sales is recognized when substantially all services related to the sale have been performed.

For individual franchise sales, substantial performance is satisfied when the owner is trained and the franchise is operational. For master franchise sales, substantial

performance is satisfied when the owner is trained. Because the Company's master franchises do not require a designated number of franchise businesses to be established, substantial performance is satisfied when the owner is trained.

As territory is assigned to each franchise sold, the Company may reach the point where existing markets become saturated and initial franchising revenue declines. Unless new markets are entered into, franchise revenues after market saturation will come primarily from continuing and renewal fees for existing franchises.

As December 31, 2022, all franchise fee revenue had been collected; initial franchise fees had been collected. As December 31, 2021, all franchise fee revenue had been collected; initial franchise fees had been collected. There were not deferred revenue.

The below summary of sold and operational individual and master franchises is cumulative through the end of the

applicable period. Cumulative information on the number of franchises as December 31 is as follows:

	Year End 2022	Year End 2021
<u>Individual Franchises</u>		
Sold	4	5
Operational	14	9
<u>Master Franchises</u>		
Sold	5	0
Operational	0	0

11. Related Party Transactions

Management Fees

One of the owners performs services for the company and receives management fees and commissions on some of the sales of the franchises recorded as "Compensation of Officer". During the years ended December 31, 2022 and 2021, the shareholder received \$139,725.58 and \$30,000.00 respectively. The increase was due to the expansion program in place, which led to significantly more duties assumed by the shareholder.

12. Commitments and Contingencies

Lease Commitments

The Company leases office space under a non-cancelable operating lease with monthly payments of \$4,860.00 plus CAM. The Company recognizes rental expense for scheduled rent increases on a straight-line basis over the term of the lease. The difference between rent expense recorded and the

amount paid is credited or charged to “deferred rent”, which is included in other current assets or accrued expenses in the accompanying balance sheets.

The total rental expense was \$57,978.66 and \$5,900.00 for the fiscal years ended December 31, 2022 and 2020 respectively, and is included in operating expenses in the accompanying statements of operations.

13. Going Concern

As shown in the accompanying financial statements, the Company incurred losses from operations of \$205,812.35 during the year ended December 31, 2022. Furthermore, as of December 31, 2022 and 2021, the Company's total liabilities exceeded its total assets by \$33,813.39 and \$56,846.02, respectively. Those factors create a substantial doubt about the Company's ability to continue as a going concern for the year following the date the financial statements are available to be issued.

Management of the Company has evaluated these conditions and has proposed a plan to increase revenues as follows: 10 new locations that expect to be opened during 2023, 2 more

Area Development agreements have been signed; rebate and royalties income will grow as the new locations are opened. Additionally, all the significantly large expenses in 2022 are not recurring in nature, so operating expenses will be lower. Officer Compensation will be capped at \$150,000.00 and Shareholder Distributions will be closely managed. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

14. Subsequent Events

The Company has evaluated subsequent events through April 28, 2022, the date the financial statements were available to be issued. Management believes that the long-term outlook on its operations moving forward is positive based on the actions taken and the overall efforts and advancements that have been made.



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Atomic Wings Franchisor Inc

Financial Statements

December 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the members of
Atomic Wings Franchisor Inc
New York,

We have audited the accompanying balance sheet of Atomic Wings Franchisor Inc as of December 31, 2021, and the related consolidated statements of income, and cash flow for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of the internal control relevant, to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Atomic Wings Franchisor Inc as of December 31, 2021, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole.

Mario Silva - CPA
SILVA'S FINANCIAL SERVICES, LLC
NY license #095984

March 26, 2022



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ATOMIC WINGS FRANCHISOR INC

Balance Sheets

December 31, 2021 and 2020

Assets

	Year End 12/31/2021	Year End 12/31/2020
Current Assets		
Cash Equivalent	6,046.43	81,888.12
Other Current Assets	-	300.00
Total Current Assets	6,046.43	82,188.12
Property and Equipment		
Office Furniture & Fixtures	5,939.57	5,939.57
Accumulated Depreciation	- 5,432.02	- 5,229.68
Total Property and Equipment	507.55	709.89
Other Assets		
Organization Cost	123,719.00	123,719.00
Accum. Amortization cost	-123,719.00	- 116,846.42
Total Other Assets	-	6,872.58
Total Assets	6,553.98	89,770.59

See Independent Auditors' Report and accompanying notes to the financial statements.



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Liabilities and Members' Capital

	Year End 12/31/2021	Year End 12/31/2020
Current Liabilities		
Accounts Payable	-	-
Other current Liabilities	-	8,457.60
Total Current Liabilities	-	8,457.60
Long-Term Liabilities		
EIDL Loan	56,400.00	56,400.00
PPP Loan	7,000.00	7,750.00
Total Long-Term Liabilities	63,400.00	64,150.00
Capital		
Common stock-no par value 200 shares authorized, 100 shares issued and outstanding)	25,000.00	25,000.00
Additional Paid in Capital	209,236.00	209,236.00
Retained Earnings	-217,073.00	- 218,656.18
Members Draws	- 83,220.85	- 80,372.65
Net Income	9,211.83	81,955.82
Total Capital	- 56,846.02	17,162.99
Total Liabilities & Capital	6,553.98	89,770.59

See Independent Auditors' Report and accompanying notes to the financial statements.



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ATOMIC WINGS FRANCHISOR INC.

Statements of Operations

For the Years Ended December 31, 2021 and 2020

	Year End 12/31/2021	Year End 12/31/2020
Income		
Area Development Fees	150,000.00	0.00
Franchise Income	141,626.00	202,107.92
Initial Franchise Fee	55,000.00	132,500.00
Rebate Income	87,717.35	78,414.15
PPP-Forgiveness	7,750.00	0.00
Total Income	\$ 442,093.35	\$413,022.07
Cost of Goods Sold		
Food Purchases	30,125.02	30,041.48
Total Cost of Goods Sold	\$ 30,125.02	\$ 30,041.48
Gross Profit	\$ 411,968.33	\$382,980.59
Expenses		
Advertising and Promotion	64,361.19	83,299.45
Amortization Expense	6,872.58	8,247.93
Auto Expenses	17,231.07	21,080.14
Bank Service Charges	1,221.47	1,008.45
Commission Expense	99,555.67	0.00
Compensation of Officer	30,000.00	30,000.00
Computer and Internet Expenses	4,566.57	2,466.50
Contractors	2,458.08	0.00
Depreciation Expense	202.34	315.08
Insurance Expense	19,281.39	7,226.00
Interest Expense	1,334.16	551.51
Legal and Professional Fees	58,536.61	66,052.68
License and Permit	0.00	550.00
Meals and Entertainment	13,144.73	19,340.19
Office Expense	2,037.00	0.00
Office Supplies	9,152.35	5,266.60
Postage and Delivery	595.60	2,186.07
Product Development	24,419.91	5,357.50
Rent Expense	5,600.00	33,993.54
Repairs and Maintenance	10,334.90	2,021.08
Taxes	2,004.00	732.65
Telephone Expense	2,894.84	2,524.06
Travel Expense	21,073.91	5,928.07
Utilities	5,878.13	2,877.27
Total Expenses	\$ 402,756.50	\$301,024.77
Net Income	\$ 9,211.83	\$ 81,955.82

See Independent Auditors' Report and accompanying notes to the financial statements.



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Atomic Wings Franchisor Inc

Statement of Changes in Retained Earnings

For the Years Ended December 31, 2021 and 2020

Retained Earnings, December 31, 2019	-\$	218,656.18
Net Income		81,955.82
Member Draws		<u>-80,372.65</u>
Retained Earnings, December 31, 2020	-\$	217,073.01
Net Income		9,211.83
Member Draws		<u>-83,220.85</u>
Retained Earnings, December 31, 2021	-\$	291,082.03



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Atomic Wings Franchisor Inc

Statement of Cash Flows

For the Years Ended December 31, 2021 and 2020

	Year End 2021	Year End 2020
OPERATING ACTIVITIES		
Net Income	9,211.83	81,955.82
Adjustments to reconcile Net Income to Net Cash provided by operations:		
Intercept EFT Reserve	300.00	0.00
Brand Fund Fee (Brand Fund Fee) (deleted):Brand Fund Fee - Incoming (Brand Fund Fee - Incoming)	-193,255.50	0.00
Brand Fund Fee (Brand Fund Fee) (deleted):Brand Fund Fee - Outgoing (Brand Fund Fee - Outgoing)	184,797.90	0.00
Accounts Payable	0.00	-900.00
Total Adjustments to reconcile Net Income to Net Cash provided by operations:	<u>-\$ 8,157.60</u>	<u>-\$ 900.00</u>
Net cash provided by operating activities	\$ 1,054.23	\$ 81,055.82
INVESTING ACTIVITIES		
Furniture and Equipment:Accumulated Depreciation	202.34	315.08
Organization Cost:Accumulated Amortization	<u>6,872.58</u>	<u>8,247.93</u>
Net cash provided by investing activities	\$ 7,074.92	\$ 8,563.01
FINANCING ACTIVITIES		
EIDL Loan	0.00	56,400.00
PPP Loan	-750.00	7,750.00
Additional Paid in Capital	0.00	-0.19
Retained Earnings	-80,372.82	-108,123.26
Shareholder Distributions	-2,848.02	27,751.61
Shareholder Distributions:DONATION	<u>0.00</u>	<u>0.00</u>
Net cash provided by financing activities	<u>-\$83,970.84</u>	<u>-\$16,221.84</u>
Net cash increase for period	-\$75,841.69	\$73,396.99
Cash at beginning of period	<u>81,888.12</u>	<u>8,491.13</u>
Cash at end of period	\$ 6,046.43	\$81,888.12



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ATOMIC WINGS FRANCHISOR INC.

(An S Corporation)

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Business Activity

Atomic Wings Franchisor Inc. (“the Company”) was incorporated in the State of New Jersey on July 12, 2006. Its principal operation is the sale of franchises of restaurants called, “Atomic Wings”, which offer buffalo-style chicken wing products as the menu focal point. The company derives income from franchise fees and royalties from franchisees.

Basis of Accounting

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Property and Equipment

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets which are five years for automobiles, three to ten years for computer and office equipment, seven years for furniture and fixtures, and the term of the lease for leasehold improvements.

The Company reviews long-lived assets and all intangible assets for impairment whenever events or changes in circumstance indicate that the carrying amount of such assets may not be recoverable. Any long-lived assets held for disposal are reported at the lower of their carrying amount or fair value less cost to sell.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates



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and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results could differ from the estimates and assumptions used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of determining the value of accounts receivable and estimating depreciation.

Guidance Adopted

On May 28, 2014, the FASB issued ASU 2014-09 regarding ASC Topic 606, "Revenue from Contracts with Customers" ("ASC 606"). This standard provides principles for recognizing revenue for the transfer of promised goods or services to customers with the consideration to which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB approved a one-year delay of the effective date of this new revenue recognition standard. The Company has adopted this standard as of January 1, 2020. Refer to Note 2 of the accompanying financial statements for a description of the impact of the adopted guidance.

Note 2 – Revenue Recognition

The Company adopted ASC 606 using the modified retrospective method for those contracts which were not substantially completed as of the transition date. The reported results for the fiscal year ended December 31, 2021 reflect the application of the guidance of ASC 606 while the reported results for the fiscal year ended December 31, 2021 were prepared under the guidance of ASC 605. There was no material impact to any of the line items within the Company's Financial Statements as a result of applying ASC 606 for the fiscal year ended December 31, 2021. Revenue is recognized when services have occurred and the amount of revenue is measurable. Revenue from the sale of products is recognized when there is persuasive evidence of an arrangement and the product has been accepted by the customer (franchisee). Initial franchise fees are recognized upon finalization of the franchise agreement and completion of services required under the operations agreement related to the opening of a franchise. Master (area) franchise fees are recognized upon execution of the franchise agreement and the master franchise attaining the ability to open and sell franchises within the designated area. The company recognizes royalty fees monthly, as earned. Subcontractor revenue is recognized when the services have occurred. As the Company completes



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its performance obligations which are identified below, it has an unconditional right to consideration as outlined in the Company's contracts. Generally, the Company's accounts receivable are expected to be collected in 30 days in accordance with the underlying payment terms. For many of the Company's services. The Company has the ability to influence contractual fees with customers and possesses the financial risk of loss in certain contractual obligations. These factors indicate the Company is the principal and, as such, it is required to recognize revenue gross and service partner vendor fees in the operating expense in the Company's income statements.

Arrangements with Multiple Performance Obligations

The Company typically has one performance obligation; however, it also provides the customer with an option to acquire additional services. The Company offers multiple services under its franchises lines. The Company typically provides a list offering franchises from which the customer may choose to purchase. The price of each franchise is separate and distinct and provides a separate and distinct value to the customer. Pricing is generally consistent for each franchise irrespective of the other services or quantities requested by the customer. Also, Company has different obligations with the customers as follows: Site selection, on-site location evaluation, prototype design plans, confidential operations manual, Visits and evaluations, advertising and promotional materials, management and operations advice, products for resale, approved suppliers initial training program and advertising cooperatives.

Contract Balances

To December 12/31/2021, all customer contracts and monthly royalty fees were collected and there are no accounts receivable.

Income Taxes

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S Corporation. In lieu of corporation income taxes, the shareholders of an S Corporation are taxed on their proportionate share of the Company's taxable income; therefore, no provision or liability for federal income taxes has been included in these financial statements.



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Note 2 – Property and Equipment

Property and equipment at December 31 consist of the following:

	Year End 12/31/2021	Year End 12/31/2020
Property and Equipment		
Office Furniture & Fixtures	5,939.57	5,939.57
Accumulated Depreciation	- 5,432.02	- 5,229.68
Total Property and Equipment	507.55	709.89

Note 3 – Other Assets

Other Assets at December 31 consist of the following:

	Year End 12/31/2021	Year End 12/31/2020
Other Assets		
Organization Cost	123,719.00	123,719.00
Accum. Amortization cost	- 123,719.00	- 116,846.42
Total Other Assets	-	6,872.58

Note 4 – Current Liabilities

Current Liabilities at December 31 consist of the following:

	Year End 12/31/2021	Year End 12/31/2020
Current Liabilities		
Accounts Payable	-	-
Other current Liabilities	-	8,457.60
Total Current Liabilities	-	8,457.60



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Note 5 – Long-Term Liabilities

Long-Term Liabilities at December 31 consist of the following:

	Year End 12/31/2021	Year End 12/31/2020
Long-Term Liabilities		
EIDL Loan	56,400.00	56,400.00
PPP Loan	7,000.00	7,750.00
Total Long-Term Liabilities	63,400.00	64,150.00

Note 7 – Capital

Capital at December 31 consist of the following:

	Year End 12/31/2021	Year End 12/31/2020
Capital		
Common stock-no par value 200 shares authorized, 100 shares issued and outstanding)	25,000.00	25,000.00
Additional Paid in Capital	209,236.00	209,236.00
Retained Earnings	- 217,073.00	- 218,656.18
Members Draws	- 83,220.85	- 80,372.65
Net Income	9,211.83	81,955.82
Total Capital	- 56,846.02	17,162.99
Total Liabilities & Capital	6,553.98	89,770.59

Note 7 - Franchising

Master franchise agreements provide for the development of franchise businesses within a defined geographic territory. Master franchise agreements grant the franchisee the right to establish and operate franchised businesses and to locate, train, and provide support to other franchisees within the defined geographic territory. The Company's master franchise agreements do not have benchmarks for the number of businesses to be opened and operational. Master franchises generate 2.5% royalties based on gross revenues from all franchises within their designated area. The Company remits the master franchise royalties from the 5% royalties assessed on gross revenue; accordingly, for franchises with a master franchise, the Company realizes 2.5% royalties on gross revenues.



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Franchise fee revenue from individual and master franchise sales is recognized when substantially all services related to the sale have been performed.

For individual franchise sales, substantial performance is satisfied when the owner is trained and the franchise is operational. For master franchise sales, substantial performance is satisfied when the owner is trained. Because the Company's master franchises do not require a designated number of franchise businesses to be established, substantial performance is satisfied when the owner is trained.

As territory is assigned to each franchise sold, the Company may reach the point where existing markets become saturated and initial franchising revenue declines. Unless new markets are entered into, franchise revenues after market saturation will come primarily from continuing and renewal fees for existing franchises.

As December 31, 2021, all franchise fee revenue had been collected; initial franchise fees had been collected. As December 31, 2019, all franchise fee revenue had been collected; initial franchise fees had been collected. There were not deferred revenue.

The below summary of sold and operational individual and master franchises is cumulative through the end of the applicable period. Cumulative information on the number of franchises as December 31 is as follows:

	Year End 2021	Year End 2020
<u>Individual Franchises</u>		
Sold	5	3
Operational	9	10
<u>Master Franchises</u>		
Sold	0	1
Operational	0	1

Note 8 – Management's Acceptance of the Financial Statements

Management has evaluated subsequent events through March 26, 2022, the date for which the financial statements were made available for issuance. Management accepted the financial statements and did not identify any events subsequent to December 31, 2021.



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Note 9 – Subsequent Event

There were no subsequent events.



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EXHIBIT B TO THE DISCLOSURE DOCUMENT

AREA REPRESENTATIVE AGREEMENT

ATOMIC WINGS FRANCHISOR INC.
AREA REPRESENTATIVE AGREEMENT

AREA REPRESENTATIVE

DATE OF AGREEMENT

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ATOMIC WINGS FRANCHISOR INC
AREA REPRESENTATIVE AGREEMENT

THIS AGREEMENT, entered into on _____, by and between the franchisor Atomic Wings Franchisor Inc., a New Jersey corporation, with its principal address at 5010 Branchville Road, College Park, Maryland, 20740 (herein referred to as “we”, “us” or “our”) and _____, a(n) _____, whose principal address is _____, and _____’s principal(s) _____, an individual residing at _____, and _____, an individual residing at _____ (“Principal(s)”), who will act as the area representative under this Agreement. _____ and Principal(s) shall be collectively referred to in this Agreement as “you” or “your”.

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, we have developed and own a unique and distinctive system (hereinafter “System”) relating to the establishment and operation of a quick service restaurant in a casual environment under the mark “Atomic Wings” that provides on-premises dining as well as carry-out and delivery services (the “Franchised Restaurant”). The Franchised Restaurants offer Buffalo-style chicken wings that are Halal and are hormone and antibiotic free, served in varying degrees of spiciness, appetizers, burgers, sandwiches, chili, soups, Mexican food, desserts in accordance with specified recipes and procedures (“Menu Items”) of which may be changed by us from time to time With prior written approval, the Franchised Restaurant may offer the additional menu items of gyros, falafel and chicken over rice and if permitted by applicable law, may serve beer and wine;

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items, uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, we identify the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks “Atomic Wings” and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as “Marks” or “Proprietary Marks”);

WHEREAS, we continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System’s high standards of quality, appearance and service;

WHEREAS, we grant to qualified persons the right to become an “Atomic Wings” area representative who will be advertising for new franchisees and developing and assisting franchisees of ours who are operating within the area representative’s assigned area and utilizing our business systems, formats, methods, specifications, standards, operating procedures, operating assistance, and Marks;

WHEREAS, you acknowledge that you have read this Agreement and our Franchise Disclosure Document and acknowledge that you understand the importance of our high standards of quality and service and the necessity of operating the business franchised hereunder in conformity with our standards and specifications;

WHEREAS, you desire to serve as our area representative in the territory designated herein, wish to be licensed to use the Marks and wish to receive the training and other assistance provided by us in connection with the operation of the area representative franchise (hereinafter the “AR Business”). You understand that by acting as our area representative you shall have responsibility for marketing our franchise opportunity, soliciting and pre-qualifying prospective franchisees, selling franchises, assisting franchisees with locating and developing sites, and assisting franchisees with Franchised Restaurant openings;

WHEREAS, you understand and acknowledge the importance of our high uniform standards of quality, service, and appearance and the importance of ensuring the maintenance of those high standards by all franchisees of ours in the territory described herein; and

WHEREAS, you understand and acknowledge the importance of assisting franchisees serviced by you to provide quality services and to fully conform to our policies and procedures as stated in our Confidential Operations Manuals.

NOW, THEREFORE, the parties in consideration of the undertakings and commitments of each party to the other party stated herein, hereby mutually agree as follows:

SECTION 1

APPOINTMENT AND INITIAL FEE

1.1 We hereby grant to you, upon the terms and conditions herein contained, the right to serve as our area representative within the territory described in Attachment 1 annexed hereto (hereinafter referred to as the “Development Area”), and a non-exclusive license to use in connection therewith the Marks and System, as they may be changed, improved, and further developed from time to time.

1.2 You hereby undertake the obligation to diligently screen and evaluate individuals to become franchisees of ours at locations within the Development Area, and to undertake our field responsibilities for development and service prescribed herein to franchisees which operate Franchised Restaurants, as defined in Section 1.9 hereof, in the Development Area. You shall not be permitted to solicit or screen individuals outside of the Development Area. You may only undertake our field responsibilities for franchise solicitation and service. You understand and acknowledge that you do not have any authority to negotiate terms with any prospective franchisee or to execute any agreements, including franchise agreements, on our behalf or in our name.

1.3 During the term of this Agreement, you shall be responsible for the following duties and obligations:

(a) You shall achieve an annual cumulative growth target for new Franchised Restaurants in the Development Area, which will require you to be responsible for your own marketing, advertising, public relations, hiring of brokers or other means of successfully recruiting franchisees into the System, coordinating discovery days for prospective franchisees and handing out materials provided by us;

(b) You shall assist prospective franchisees with conducting a market analysis, site analysis, request to us for site approval, competitive analysis and other tasks that we may require you to complete; and

(c) You shall assist franchisees in the marketing and promotion of their Franchised Restaurants according to the guidelines, specifications and strategies established by us using marketing and promotional materials approved by us.

Your failure to meet any of the obligations listed in this Section 1.3 shall be deemed a default of this Agreement and you will have thirty (30) days to cure such default.

1.4 During the term of this Agreement, and provided there is no uncured default hereunder, we agree that we will not license any other area representative for the Development Area.

1.5 You shall be entitled, as provided under Section 4.1 hereof, to receive compensation from us for each Franchised Restaurant sold by us under the System in the Development Area during the term of this Agreement, including Franchised Restaurants we sell to you or your affiliate within the Development Area.

1.6 You shall be obligated to present us with potential franchisees in the time and manner described in Section 5.5 below. You shall screen and propose franchisees to open Atomic Wings Restaurant franchises in the Development Area only.

1.7 Provided you are not in default of any of your obligations hereunder, we shall not, during the term of this Agreement, own or operate or license others to own or operate as an area representative in the Development Area; however, we shall retain the right to (i) solicit Atomic Wings franchisees both inside and outside your Development Area and (ii) use the Marks in any advertising or promotion pursuant to the provisions of Section 6.1 hereof.

1.8 Upon execution of this Agreement, you shall pay an Area Representative Rights Fee of _____ Dollars (\$ _____), which fee shall be deemed fully earned and non-refundable.

1.9 For purposes of this Agreement, the terms listed below have the meanings that follow them. Other terms used in this Agreement are defined and construed in the context in which they occur.

1.9.1 “**Competitive Business**” – A service business other than an Atomic Wings Restaurant which (a) offers chicken wings as its primary menu items, or (b) grants or has granted franchises or licenses or establishes or has established joint ventures for the development and/or operation of a business described in the foregoing clause (a).

1.9.2 “**Atomic Wings Restaurant**”, “**Franchised Restaurant**” or “**Restaurant**” – A food service business that: (a) offers the products and services authorized by us to be provided, including chicken wings as its primary menu item; (b) meets our standards and specifications; (c) operates using the Marks and the System; and (d) is either operated by us or our affiliates or pursuant to a valid license from us.

SECTION 2

TERM AND RENEWAL

2.1 Except as otherwise provided, the term of this Agreement shall be for ten (10) years from the date of its execution.

2.2 You may, at your option, renew this Agreement for an additional consecutive ten (10) year term, with an option for a third (3rd) consecutive ten (10) year term, provided that prior to the end of the applicable term the following conditions are met:

(a) You have given us written notice of your election to renew not less than six (6) months or more than twelve (12) months prior to the end of the then-current term.

(b) You are not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you and us or our subsidiaries or affiliates, and have complied with all of the terms and conditions of such agreements during the terms thereof.

(c) You shall have executed upon renewal our then-current form of renewal Area Representative Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, excluding a compensation rate and method of computing same; but shall contain an additional development schedule and minimum qualifications for proposing qualified prospective franchisees to us.

(d) You shall execute a general release, in a form prescribed by us, of any and all claims against us, our subsidiaries or affiliates, and our respective officers, shareholders, directors, agents, and employees.

(e) You shall comply with our then-current qualification and training requirements, including, without limitation, any training requirements specifically designed for renewing area representatives. For any training required by this Section, we shall provide and pay for the instructors, training facilities, and training materials; you must pay for all other expenses incurred in training including, without limitation, the costs of travel, room, board, and wages (for employees required to attend).

(f) You shall pay to us a renewal fee of Seven Thousand Five Hundred Dollars (\$7,500) upon execution of the renewal Agreement.

SECTION 3

OUR DUTIES

In addition to the other obligations and duties stated in this Agreement, we agree as follows:

3.1 Unless we waive this requirement based on previous experience, we or our designated agent shall provide an initial training program to be conducted at our headquarters or at a location designated by us for you and up to two (2) additional trainees, and shall make available such other subsequent training programs to your core team as we deem appropriate. All training provided by us shall be subject to the terms stated in Section 5 of this Agreement, and shall be at such times and places as may be designated by us. This training is in addition to the initial training required under any per unit franchise agreement you must sign with us for a Franchised Restaurant you own.

3.2 We shall provide you, at no cost, with one (1) copy of our Disclosure Document required by the Federal Trade Commission and, if applicable, the laws of the state(s) within the Development Area. If requested by us, you shall at your expense provide such assistance as we deem necessary in order to develop or adapt the Disclosure Document for use in the state(s) in which the Development Area is located. We shall also make available to you certain materials for promoting the sale of franchises to prospective franchisees. These materials may include advertising layouts, brochures, and other materials. You may, at your own expense, use your own sales materials if you have obtained our prior written approval from us for such materials, as provided in Section 7 below.

3.3 We shall use our commercially reasonable efforts to promptly process all applications made by prospective franchisees and forwarded to us by you and shall not unreasonably withhold our approval of any prospective franchisee, provided such prospect meets the educational, professional, managerial, business, financial, and other qualifications as we may from time to time prescribe for new franchisees.

NOTHING IN THIS AGREEMENT SHALL BE INTERPRETED TO PROVIDE YOU WITH THE POWER OR AUTHORITY TO NEGOTIATE CONTRACT TERMS WITH ANY PROSPECTIVE FRANCHISEE, TO GRANT FRANCHISES, OR TO EXECUTE ANY FRANCHISE AGREEMENTS WITH FRANCHISEES ON OUR BEHALF. WE SHALL HAVE THE OPTION, IN OUR SOLE DISCRETION, TO APPROVE OR DENY A FRANCHISE TO ANY PROSPECTS PROPOSED TO US BY YOU, AND WE WILL HAVE THE SOLE AUTHORITY TO EXECUTE FRANCHISE AGREEMENTS WITH FRANCHISEES.

We shall have the right to conduct our relationship with prospective franchisees and franchisees, and to operate our business, as we deem appropriate, and whether or not you agree with our decisions (including but not limited to the right to decide whether or not to approve a party to become a franchisee, accept a proposed site, accept a proposed lease for approved premises, amend or revise the terms of a franchise agreement, increase or decrease the obligations of us or a franchisee under a franchise agreement, require a franchisee to meet all of the provisions of a franchise agreement, terminate a franchise agreement, permit a franchisee to transfer its rights to a buyer, and/or permit a franchisee to renew).

3.4 We shall provide the entire initial training program to each new System franchisee. The entire training program shall be held at our headquarters or at such other place as may be designated by us in writing; and we shall pay only for the instructors, training facilities, and training materials.

3.5 We shall continue our efforts to maintain high standards of quality professionalism and service of the AR Business, and to that end may conduct inspections of any business premises operated hereunder by you and closely monitor your promotional efforts and service efforts, which may include, without limitation, contacting prospective and existing franchisees and monitoring sales presentations by you and your personnel.

3.6 We shall not, by virtue of any approvals, advice, or services provided to any System franchisee, assume responsibility for or liability to you, System franchisee, or any third parties to which we would not otherwise be subject. However, we will not be excused for our breaches of this Agreement or our willful misconduct.

3.7 We shall provide you with a detailed Confidential Operations Manual and other items that will form the foundation for the establishment of each Atomic Wings Restaurant to be located within the Development Area. In addition, we shall provide consulting services, at no additional cost, to support you in formulating preliminary plans for the construction of each Atomic Wings Restaurant, its layout, drawings, furnishing details and designs for the interior of each Atomic Wings Restaurant. We will also assist you in sourcing equipment and operating supplies for the Atomic Wings Restaurants.

SECTION 4

COMPENSATION PAYABLE TO YOU

4.1 In consideration of soliciting, screening and submitting to us during the term of this Agreement applications for prospective franchisees in connection with the grant of a franchise to be located in the Development Area, you shall be entitled, for as long as, but only as long as, this Agreement remains in effect and you are not in default hereunder, to an amount equal to fifty percent (50%) of the initial franchise fees, after deduction of any fees or commissions paid to sales brokers or sales agents, paid by each System franchisee who purchases a franchise from us in the Development Area, irrespective of where the lead originates, subject to the following conditions: (i) you collect preliminary financial and background information, pre-qualify the franchisee using our criteria, and present us with the applicant; (ii) both we and the franchisee sign the franchise agreement and the franchisee pays the entire initial franchise

fee to us; (iii) the sale is for a new Atomic Wings Restaurant and is not a resale of an existing Atomic Wings Restaurant by another franchisee; (iv) there are no outstanding sale contingencies, such as the initial franchise fee being paid into an escrow account; and (v) you are in compliance with this Agreement including, but not limited to, compliance with the Development Schedule attached hereto as Attachment 5.

4.2 In consideration for undertaking our field responsibilities for developing and servicing all franchisees who operate Atomic Wings Restaurants in the Development Area during the term of this Agreement, you shall be paid (i) a continuing fee equal to fifty percent (50%) of the aggregate Royalty Fees paid by franchisees and actually received by us and (ii) thirty percent (30%) of any transfer fees actually received by us for any Franchised Restaurant transfer located in the Development Area for services rendered by you to said Restaurant, provided **that you will not receive a share** of any transfer fee paid for a Franchised Restaurant transfer in which you or your affiliate is a transferring party (whether you or your affiliate is the transferor or the transferee). You further acknowledge and agree that you **will not receive a share** of any other fees or sums paid to us by franchisees in your Development Area, including but not limited to, Marketing Fund fees and contributions. You understand and acknowledge that if you fail to provide support services to each Restaurant in the Development Area according to our standards, we have the right to terminate this Agreement or we may reduce your portion of the royalty fees paid to us by franchisees in the Development Area.

4.3 We shall collect all initial franchise fees and royalty fees owed pursuant to the franchise agreements between us and System franchisees located within the Development Area and provide you with a monthly report by the twentieth (20th) day of each month on the amounts collected during the preceding month, along with the payments due to you from such amounts. We shall have sole discretion as to the terms and conditions of collections from System franchisees, including the right to defer or refund initial franchise fees. In no event shall any such deferred payments become payable to you by us until and unless such fees are paid to us by System franchisees. In the event we refund amounts collected or if a franchisee for any reason owes amounts to us, we shall have the right, as we deem appropriate, to either deduct from any payments due to you your portion of any amount so refunded or any amount owed to us, or to require you to remit any such portion of the refunded amount or other amounts to us immediately upon request. We shall have no liability to you for payments under this Section 4.3 in the event that any System franchisee, for any reason, fails to pay any fee owed to us.

4.4 For any Restaurant you own and operate in the Development Area, you shall be entitled to fifty percent (50%) of the initial franchise fees paid by you to us and fifty percent (50%) of the royalties paid to us for such Restaurant.

4.5 All amounts payable pursuant to Section 4 shall be made in U.S. dollars and payment shall be made by way of electronic funds transfer to you at the address stated herein or by such other means and at such other place as may be designated in writing.

4.6 You understand and acknowledge that you are not entitled to any portion of any administrative fees, rebates or other payments made to us by approved suppliers for purchases made by franchisees in your Development Area.

SECTION 5

YOUR DUTIES

5.1 You understand and acknowledge that every detail of the AR Business is important to you, us, other area representatives and System franchisees in order to develop and maintain high and uniform operating standards, to increase the demand for System franchisees and the demand for services and products sold by System franchisees, and to protect our reputation and goodwill. You further understand

and acknowledge that your primary obligations pursuant to this Agreement include growth of the System within the Development Area through solicitation of franchise sales, site selection assistance to franchisees and inspections of Atomic Wings restaurants. In dealing with prospective franchisees, you shall:

(a) Know, understand and comply with all applicable federal, state, and local laws, rules, and regulations governing the advertising, promotion, and sale of franchises, including, without limitation, those relating to franchise registration, disclosure, and unfair or deceptive practices. In particular and without limiting the foregoing, you shall strictly adhere to our instructions and neither you nor your employees shall make any statement, projection, or other description of potential earnings, costs, or profits to any third party unless it is disclosed in Item 19 in the Disclosure Document, otherwise you assume full responsibility;

(b) Deliver to each prospective franchisee, at or before the time required by law, a copy of our then-current Disclosure Document, and obtain from each prospective franchisee and promptly furnish to us the original, signed acknowledgment of receipt therefor;

(c) Not permit any employee to engage in the promotion of Atomic Wings Restaurant franchises unless we have given our prior written consent to such person's involvement, and, upon our request, you shall immediately discontinue the involvement of any person in the solicitation of prospective franchisees;

(d) Promptly provide us (or our counsel) with such information and materials as we may reasonably request in order to enable us to comply with laws regulating the offer and sale of franchises and/or the franchise relationship;

(e) Unless so directed in writing by us, you shall not prepare, modify, or register with any government or quasi-government authority any document in connection with the offer and sale of Atomic Wings Restaurant franchises.

5.2 Unless we waive this requirement based on previous experience, you and up to two (2) additional persons shall attend and complete, to our satisfaction, our initial training program, and you, your manager or other employees, as we may designate, shall attend and complete, to our satisfaction, such other training sessions as we may reasonably require from time to time. The initial training program must be satisfactorily completed at least two (2) weeks prior to your opening your Area Representative business. For any training session we shall only pay for the instructors, training facilities, and training materials, and you shall pay for all other expenses incurred by you, your manager or other employees, including, without limitation, the costs of travel, room, board, and wages.

5.3 If you are a corporation or limited liability company, you shall comply with the following requirements throughout the term of this Agreement:

(a) You shall furnish us with your Articles of Incorporation, Bylaws, Articles of Formation, Operating Agreement, other governing documents, and any other documents we may reasonably request, and any amendments thereto.

(b) You shall confine your activities, and shall at all times provide proof that your activities are confined, exclusively to operating the area representative business franchised herein.

(c) You shall maintain stop transfer instructions against the transfer on your records of any equity securities, and each certificate shall at all times have conspicuously endorsed upon its face a statement in a form satisfactory to us that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments or transfers by this Agreement.

(d) You shall maintain and send to us annually a current list of all owners of record and all beneficial owners of any class of voting interests of you and shall furnish the list to us upon request.

5.4 If you are a partnership, you shall comply with the following requirements throughout the term of this Agreement:

(a) You shall furnish us with your partnership agreement, as well as such other documents as we may reasonably request, and any amendments thereto.

(b) You shall prepare and furnish to us, upon request, a list of all general and limited partners in the partnership.

5.5 You shall do the following:

(a) Be responsible for achieving or exceed your performance requirements and all activities involved in the development and servicing of Atomic Wings Restaurants including, but not limited to: (i) advertising for prospects for Atomic Wings Restaurant franchises; (ii) providing all prospects with information about us on a timely basis in conformity with our policies as established and modified from time to time in accordance with Federal, State and Local laws and regulations; (iii) assisting in selection and/or evaluation of sites; (iv) assisting with Atomic Wings Restaurant openings; and (v) inspecting Atomic Wings Restaurants. It is your responsibility to meet your performance requirements. You must also turn over to us complete files on all new franchisee with all of the required signatures, releases, etc.

(b) Assist us in the enforcement of all provisions of any franchise agreement for any Restaurant established in the Development Area.

(c) Develop and open the number of Atomic Wings Restaurants stated in the Development Schedule annexed hereto as Attachment 5. For the purpose of this Agreement, a unit shall be considered an operating Atomic Wings Restaurant only if it is a franchised Atomic Wings Restaurant within the Development Area that is in compliance with the terms of its franchise agreement. You shall be in default of this Agreement if you fall behind the Development Schedule.

(d) Conduct your AR Business in strict compliance with all applicable Federal, State and Local laws, ordinances and regulations, including, but not limited to, applicable franchise and business opportunity laws, and obtain, at your own expense, all necessary permits and licenses for the operation of your AR Business and maintain same in good standing.

(e) Devote your full time and commercially reasonable efforts to the development of the Development Area.

(f) Monitor the installation of equipment into Atomic Wings Restaurants established in the Development Area which meets our standards for design, construction, appearance and function as specified in our Manual.

(g) Bear all costs of developing prospective franchisees into Atomic Wings Restaurant operations except training expenses at our home office (unless and until such training responsibilities have been transferred to you), such as by providing additional training to the franchisee subsequent to the completion by the franchisee of our training course and obtain full acknowledgments and releases from your franchisees that you have met the requirements in the Disclosure Document.

(h) Assist franchisees in the selection of locations for Atomic Wings Restaurants in accordance with the guidelines established by us, which locations shall be approved by us.

(i) Provide advertising advice to franchisees in accordance with the guidelines established by us.

(j) Confirm that, prior to opening, each franchised Atomic Wings Restaurant in your Development Area meets our standards. You shall not authorize any franchised Atomic Wings Restaurant to open for business unless and until the franchisee and Restaurant satisfy our guidelines for doing so.

(k) Provide to each Atomic Wings franchisee in your Development Area, at your expense, a qualified and trained field representative who shall be present at the opening of each franchised Atomic Wings Restaurant in the Development Area and give additional training to franchisees and their employees in accordance with the standards established by us. You must be a “graduate” of the Area Representative training program in addition to passing typical franchise training.

(l) Inspect all Atomic Wings Restaurants in the Development Area at least twice per year and report to us on evaluation forms supplied by us regarding products sold, equipment utilized and/or appearance of the unit.

(m) Assure that each Atomic Wings Restaurant operating within the Development Area purchases directly from us or our designated supplier all products and supplies designated or required by us. You must report any default to the franchisee and to us immediately, and failure to do so will be a default of this Agreement. A franchisee in default of the obligation to use all required products and supplies that are purchased from our designated suppliers, and who has not cured such default, may result in sanctions imposed by us against you, including loss of revenue splits, until such time as the default has been cured.

(n) Have a mobile telephone, a business telephone, an operating fax machine, email address and a laptop computer with current versions of Windows, Microsoft Office and other software required by us. The mobile phone number, the business phone number, the fax number and email address must be given to each franchisee in the Development Area and to us.

(o) Refrain from making misrepresentations to us and our franchisees and from conducting yourself or your business in a manner likely to impair the reputation, business or profitability of us, our employees or officers, or any Atomic Wings Restaurant franchisee.

(p) Shall not solicit or accept any kickback or payment or share in the profits from any vendor on sales to franchisees.

(q) Conduct your business in such a way as to maintain a high degree of satisfaction by the franchisees with your work. You must return all franchisee phone calls within twenty-four (24) hours and you must personally meet with each franchisee at the franchisee’s Atomic Wings Restaurants every three (3) months to discuss the franchisee’s business. This meeting is in addition to the quarterly inspections, but may take place directly before or after an Atomic Wings Restaurant inspection.

(r) Maintain the accounts of all Atomic Wings Restaurant franchises fully or partially owned by you in perfect status (no unpaid balances) with us and all of our affiliates, and further agree that the Atomic Wings Restaurants will participate in our electronic funds transfer program. We shall have the right to offset any monies owed to you against any obligation of yours to us or our affiliates, including monies due to us based upon the operations of Atomic Wings Restaurants only partially owned by you.

(s) Submit to us, after each visit to each Atomic Wings Restaurant, a written report on such form as we may prescribe, which describes, without limitation, the following information: (i) any apparent deficiencies and problems concerning the uniformity and quality of service provided at the Atomic Wings Restaurant, (ii) any apparent opportunities for the Atomic Wings Restaurant to improve its performance; (iii) any apparent deviations from our operating procedures, standards, and specifications; and/or (iv) any apparent violations of applicable laws, rules, or regulations.

(t) At our request, you shall provide us with reasonable assistance in the collection of delinquent accounts from franchisees.

5.6 You shall be permitted, but not required, to own, operate and maintain Restaurants within the Development Area, which will count toward satisfaction of your Development Schedule. You must pay us the initial franchise fee when you sign the franchise agreement(s). If you choose to own and operate Atomic Wings Restaurants in the Development Area, you shall be required to remit the Royalty Fee, as that term is defined in your franchise agreement(s), and other fees required by such franchise agreement(s).

5.7 It is your responsibility to meet or exceed the performance requirements of your Development Schedule and maintain your aggregate number of Restaurants at all times. If a Restaurant closes, it will not be counted in your Development Schedule. You are responsible for any and all functions relating to recruiting new franchisees to meet that performance requirement.

5.8 You shall grant us and our agents the right to enter any Atomic Wings Restaurant and/or the office of the AR Business operated by you for the purposes of conducting inspections and monitoring your operations, and shall cooperate fully with our representatives in such steps as may be necessary to immediately correct any deficiencies detected during such inspections or monitoring.

5.9 During the term of this Agreement, you shall maintain in force under policies of insurance issued by licensed insurers approved by us insurance coverage as we from time to time require. This insurance coverage is in addition to the insurance you are required to maintain as a franchisee under your franchise agreement. Such insurance coverage will include:

(a) errors and omissions coverage, under one or more policies of insurance containing minimum liability coverage prescribed by us from time to time, but in no event in an amount less than One Million Dollars (\$1,000,000) aggregate; and

(b) worker's compensation and employer's liability insurance in statutory amounts, unemployment insurance and state disability insurance as required by governing law for your employees.

5.10 You shall also maintain such additional insurance as is necessary to comply with all legal requirements concerning insurance. We may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances.

5.11 The insurance policies required herein shall:

(a) name us as an additional named insured and contain a waiver of all subrogation rights against us, our affiliates, and our and their successors and assigns;

(b) provide for thirty (30) days' prior written notice to us of any material modification, cancellation, or expiration of such policy;

(c) provide that the coverage applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;

(d) contain no provision which in any way limits or reduces coverage for you in the event of a claim by any one or more of the parties indemnified under this Agreement;

(e) be primary to and without right of contribution from any other insurance purchased by the parties indemnified under this Agreement; and

(f) extend to and provide indemnity for all obligations assumed by you hereunder and all other items for which you are required to indemnify us under this Agreement.

5.12 You shall provide us with a certificate of insurance for the policies as required hereunder and with a complete copy of each insurance policy no later than fifteen (15) days before your AR Business opens and, thereafter, prior to the expiration of the term of each insurance policy, you shall furnish us with a copy of each renewal or replacement insurance policy to be maintained by you for the immediately following term and evidence of the payment of the premium therefor. Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges shall be payable by you immediately upon notice together with a ten percent (10%) administrative fee. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

5.13 The maintenance of sufficient insurance coverage shall be your responsibility. Your obligations to maintain insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by us nor shall the maintenance of such insurance relieve you of any indemnification obligations under this Agreement.

5.14 You shall comply with all other requirements stated in this Agreement.

SECTION 6

PROPRIETARY MARKS

6.1 We represent with respect to the Marks that:

(a) We are the owner or the licensee of the owner of the Marks and we have the right to use and to license others to use the Marks.

(b) We have taken and will take all steps reasonably necessary to preserve and protect our and the owner's right to and interest in the Marks. All references herein to our right, title and interest in and to the Marks shall be deemed to include the owner's right, title and interest.

(c) We will permit you and other area representatives to use the Marks only in accordance with the System and the AR Business, and the standards and specifications thereto, which underlie the goodwill associated with any products or services symbolized by the Marks.

6.2 With respect to your licensed use of the Marks pursuant to this Agreement, you agree that:

(a) You shall use only the Marks designated by us, and shall use them only in the manner authorized and permitted by us.

(b) You shall use the Marks only for the operation of the business franchised hereunder or in advertising for the business conducted at or from such business.

(c) Unless otherwise authorized or required by us, you shall operate and advertise the business franchised hereafter only under the names “Atomic Wings” with such trademark registration symbol as is designated by us, and without prefix or suffix.

(d) During the term of this Agreement, you shall identify yourself as the independent owner of the AR Business in conjunction with any use of the Marks, including, but not limited to, advertisements and promotional pieces, as well as at such conspicuous locations at the offices used for the operation of the AR Business as we shall designate in writing. The identification shall be in the form which states your name, followed by the words ‘Area Representative of “Atomic Wings”’, or such other identification as shall be approved by us.

(e) Your rights to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of our rights.

(f) You shall not use the Marks to incur any obligation or indebtedness on our behalf.

(g) You shall not use the Marks as part of your corporate or other legal name or identification.

(h) You shall comply with our instructions in filing and maintaining requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by us or our counsel to obtain protection for the Marks or to maintain their continued validity and enforceability.

(i) In the event that you learn of any infringement or threatened infringement or piracy of any of the Marks, or any actual or intended common law passing-off by reason of imitation of, get-up or otherwise, or that any third party alleges or claims or intends to allege or claim that any of the Marks are liable to cause deception or confusion to the public, or that any third party alleges or claims or intends to allege or claim that any of the Marks infringe on its trade marks in any manner, you shall forthwith give notice thereof to us together with all such information with respect thereof as you may from time to time obtain. The parties undertake and agree to consult with each other with respect to how to respond to each infringement or violation. However, only we shall, in our absolute discretion, institute proceedings or defend proceedings as we shall deem advisable and you shall not, under any circumstances whatsoever, institute any legal proceedings relating to the Marks without first obtaining our prior written consent. In the event we undertake the defense or prosecution of any such legal proceedings, you agree to execute any and all documents and do such acts and things as may, in the opinion of our counsel, be necessary to carry out such defense or prosecution.

6.3 You expressly understand and acknowledge that:

(a) As between the parties hereto, we have the exclusive right and interest in and to the Marks and the goodwill associated with and symbolized by them.

(b) The Marks are valid and serve to identify the System and those who are franchised under the System.

(c) You shall not directly or indirectly contest the validity of, or our right to use or to license others to use, the Marks.

(d) Your use of the Marks pursuant to this Agreement does not give you any ownership interest or other interest in or to the Marks, except the non-exclusive license granted herein.

(e) Any and all goodwill arising from your use of the Marks in your operation of the AR Business shall inure solely and exclusively to us. No monetary amount shall be assigned as attributable to any goodwill associated with your operation of the AR Business or your use of the Marks.

(f) The rights and license of the Marks granted hereunder to you are nonexclusive and we thus have and retain the right among others:

(i) To grant other licenses for the Marks, in addition to those licenses already granted or to be granted to area representatives and franchisees;

(ii) To use the Marks in connection with selling products and services;

(iii) To develop and establish other Systems and franchised businesses for the same or similar Marks or any other proprietary marks, and to grant licenses or franchises thereto outside the Development Area without providing any rights therein to you.

(g) We reserve the right to substitute different Marks for use in identifying the AR Business and System and the businesses operating thereunder if we can no longer use or license the use of the Marks or if we believe that such a substitution is in the best interests of the System. In such event, you shall be required to conform your use of the Marks to the use of same by us. We shall have no obligation to reimburse you for any expenses you incur related to your compliance with any such change or substitution.

6.4 We or one or more of our designees may establish a website or series of websites for the System to advertise, market and promote Atomic Wings Restaurants and the products and services they offer, the Atomic Wings Restaurant franchise and/or area representative rights opportunity, and/or for any other purposes that we determine are appropriate for Atomic Wings Restaurants (collectively, the “System Website”). If we include information about your AR Business on the System Website, you agree to give us the information and materials that we periodically request concerning the AR Business and otherwise participate in the System Website in the manner that we periodically specify. By posting or submitting to us information or materials for the System Website, you are representing to us that the information and materials are accurate and not misleading and do not infringe upon any third party’s rights. You understand and acknowledge that you are not permitted to establish your own website or “microsite” to promote our franchise opportunity.

We shall own all intellectual property and other rights in the System Website and all information it contains, including the domain name or uniform resource locator (“URL”) for the System Website, the log of “hits” by visitors, and any personal or business data that visitors (including you and your personnel) supply. We may implement and periodically modify System standards relating to the System Website and, at our option, may discontinue the System Website, or any services offered through the System Website, at any time.

All advertising, marketing and promotional materials that you develop for your AR Business must contain notices of the URL of the System Website in the manner that we periodically designate. You may not develop, maintain or authorize any other website, other online presence or other electronic medium that mentions or describes the AR Business, the System or displays any of the Marks without our prior approval. We do not restrict the use of internet or web page advertising within or outside of your Development Area, but the advertising content must be approved by us before it is used.

Nothing in this Section 6.4 shall limit our right to maintain websites other than the System Website or to offer and sell products and services under the Marks from the System Website, another website or otherwise over the internet without payment or obligation of any kind to you.

You are strictly prohibited from establishing your own website related to the Proprietary Marks or our System without our prior written consent, which we do not have to provide. You are also prohibited from promoting your AR Business on social and networking websites, including, but not limited to, Facebook, LinkedIn, MySpace or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your AR Business' operation, including prohibitions on your and the AR Business' employees posting or blogging comments about the AR Business or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook and MySpace, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We have the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any System Website we establish and maintain, including any and all material you may furnish to us as provided above.

SECTION 7

ADVERTISING

7.1 The parties hereto recognize and acknowledge the value of advertising and promotion in locating and soliciting individuals to become franchisees, and the importance of consistency of such advertising and promotion to the furtherance of the goodwill and public image of the AR Business and the System.

7.2 You shall affix the Marks in the manner prescribed by us to all stationery, cards, signs, and other advertising materials used in connection with your operations hereunder.

7.3 All advertising by you in any medium shall be conducted in a dignified manner, shall conform to the standards and requirements prescribed by us, and shall comply with all applicable laws, rules, and regulations relating to the advertising of franchises. Not later than December 1st each year, you shall submit to us, for our review and approval, a proposed marketing plan for the following calendar year.

7.4 You shall submit to us (by mail, return receipt requested, by fax or by another approved method) for our prior written approval samples of all advertising and promotional plans and materials, and all other materials displaying the Marks, that you desire to use and that have not been prepared or previously approved by us in the prior six (6) months. Within fifteen (15) days from the date of receipt by us of such materials, we shall notify you whether such materials conform to the standards and requirements prescribed by us and whether such materials, in the opinion of our counsel, are required to be approved by or submitted to any government agency. If you are notified by us that the materials conform to our standards and requirements and are required to be approved or submitted, we will submit the materials and will advise when and if the materials are approved or disapproved or if the use of the materials otherwise become permissible under law, such as if notice of disapproval is not received from a governmental agency within a stated period of time prescribed by law.

7.5 You shall be required to expend a minimum of Twelve Thousand Dollars (\$12,000) each year for marketing the franchise opportunity within the Development Area using on-line, print and other

methods approved by us. You understand and acknowledge that the marketing expenditure required herein is solely for your operation of the AR Business and is in addition to any other marketing obligations you have in the franchise agreement(s) for the Franchised Restaurant(s) you own and operate in the Development Area. In addition to the annual marketing plan described above, you shall be required to submit on a form provided by us, a monthly report indicating the marketing schedule from the prior month and such other detail as we may require.

7.6 Upon full satisfaction of your Development Schedule, you will have no further obligation to expend any amount for marketing of your Area Representative business within the Development Area.

SECTION 8

TRANSFER OF INTEREST

8.1 We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of “Atomic Wings Franchisor Inc.” as Franchisor. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

8.2 You understand and acknowledge that the rights and obligations created by this Agreement are personal to you, and that we have granted such rights to you in reliance on the character, skills, aptitude, as well as the business, legal and financial capacity of you and your directors, officers and shareholders. Except as is hereinafter stated in this Section, you shall not, without our prior written consent, directly or indirectly, sell, assign, transfer, convey, donate, pledge, mortgage, charge, grant any security interest or otherwise encumber any interest in this Agreement or in the AR Business or in the right and license to use the System, the Manuals or the Marks. Any such purported action, whether occurring by operation of law or otherwise including any assignment by a trustee in bankruptcy, without our prior written consent shall be a material default hereunder and shall entitle us to immediately terminate this Agreement. In addition, you will not, during the term of this Agreement, without our prior written consent, participate in any corporate activity, issue or sell, or be a party to the issuance or sale of, any further shares or interest in the AR Business of any kind, or any other securities which would cause or may cause the present effective voting control of you to change.

8.3 With our prior written consent, which consent shall not be unreasonably withheld, you shall have the right to sell, assign and transfer your interest in this Agreement or the right and license granted herein, subject to the following conditions:

- (a) No sale can occur during the first year of this Agreement;

(b) The transferee/assignee must meet our then-current financial and educational requirements for our new area representatives;

(c) The transferee/assignee must attend and successfully complete our next area representative training class;

(d) All accounts of both transferee/assignee and you must be paid in full prior to assignment;

(e) You train the transferee/assignee for two (2) months prior to the transfer and for another two (2) months following the transfer (this is in addition to the transferee/assignee completing our training);

(f) You pay us, at closing, a transfer fee equal to Seven Thousand Five Hundred Dollars (\$7,500);

(g) You execute a general release, in a form prescribed by us, of any and all claims against us, our subsidiaries or affiliates, and our respective officers, shareholders, directors, agents, and employees; and

(h) The transferee/assignee executes our then-current form of Area Representative Agreement with a term equal to the term remaining hereunder at the time of transfer.

8.4 Any proposed sale, assignment and transfer pursuant to this Section must be a sale, assignment and transfer of all or a significant portion of your assets in respect of the business carried on by you pursuant to the terms of this Agreement, including, without limitation, the said right and license and all other assets of the said business and you shall not be entitled to sell same on an individual basis other than with our prior written consent.

8.5 Upon receipt of your application pursuant to Section 8.3 and notwithstanding the right to sell, assign and transfer granted you pursuant to the terms of this Section, we shall have the absolute right, to be exercised by notice in writing delivered to you within thirty (30) days of the date of the receipt of your application, to purchase the said right and license and other assets of yours proposed to be sold, assigned or transferred. If we shall exercise our right to purchase as provided herein, we shall complete the purchase upon the same terms and conditions set out in the said application.

8.6 In the event we do not exercise our right to purchase as set out in Section 8.5 hereof and do consent to the sale, assignment and transfer by you to the proposed purchaser, the sale, assignment and transfer shall be completed between you and the proposed purchaser upon the same terms and conditions as were set out in the said application submitted by you to us. Otherwise, you shall, before selling, assigning and transferring your said right and license and other assets, again make application to us in the manner as set out in this Section, and provisions of this Section shall apply *mutatis mutandis* and shall be repeated as often as you desire to complete any sale, assignment and transfer.

8.7 For the purposes of this Section, any sale, transfer or assignment of the issued and outstanding shares of the capital stock of or other beneficial interest in you, the effect of which, whether through one or several transactions, would result in a change of the effective control of you, shall, for the purposes thereof, be deemed to be a sale, assignment and transfer of all or a significant portion of all of your assets in respect of the business carried on by you pursuant to the provisions of this Agreement and, accordingly, all of the provisions of this Section shall apply, *mutatis mutandis*.

8.8 Upon your death or disability, or if you are a corporation, limited liability company, partnership, or other legal entity upon the death or disability of a Principal, all of such person's interest in this Agreement or such interest in you shall be transferred to a transferee approved by us. Such disposition of this Agreement or such interest in you, including, without limitation, transfer by bequest or inheritance, shall be completed within a reasonable time, not to exceed twelve (12) months from the date of death or disability, and shall be subject to terms and conditions substantially similar to those applicable to transfers contained in this Section 8. Failure to so transfer the interest in this Agreement or such interest in you within said period of time shall constitute a breach of this Agreement.

8.9 Buy Back Option. At any time we or, in the event of a purchase of the Atomic Wings System, the purchaser of the Atomic Wings System may elect to purchase your ongoing commissions and terminate this Agreement for an amount equal to five (5) times your commissions from the last twelve (12) months.

SECTION 9

CORPORATE REQUIREMENTS

9.1 If you are a corporation or limited liability company, you shall be the owner of all the voting stock of the corporation or all of the membership interests, as applicable, or, if you comprise more than one (1) individual, each such individual shall have the same proportionate ownership interest in the corporation or limited liability company as it holds in AR Business.

9.2 You shall furnish to us, upon execution of this Agreement, a list of all Principals, equity holders of record, and all persons having beneficial ownership interests in you indicating their holdings, as well as a list of your directors and officers or managers. You shall forthwith advise us in writing of any change in the Principals, stockholders, directors, officers, members and managers from time to time.

9.3 Principals shall remain personally liable for the performance of all obligations under this Agreement and are not released from any obligations to us.

9.4 If any Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty in the form attached as Attachment 2.

9.5 You shall maintain stop transfer instructions against the transfer on your records of any securities with voting rights and shall issue no such securities upon the face of which the following printed legend does not legibly and conspicuously appear:

"TRANSFER OF THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF AN AREA REPRESENTATIVE AGREEMENT WITH ATOMIC WINGS FRANCHISOR INC. DATED _____. REFERENCE IS MADE TO THE PROVISIONS OF SAID AREA REPRESENTATIVE AGREEMENT AND TO THE GOVERNING DOCUMENTS OF THIS ENTITY."

SECTION 10

COVENANTS

10.1 You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you (or if you are a corporation, limited liability company or partnership, a principal, member

or general partner of yours) or your fully-trained manager shall devote full time, energy, and commercially reasonable efforts to the management and operation of the AR Business.

10.2 You covenant that during the term of this Agreement you shall not, either directly or indirectly, for yourself, or in conjunction with others:

(a) Divert or attempt to divert any business or client of any franchised business operated under the System to any competitor or do any other act injurious or prejudicial to the goodwill associated with the System.

(b) Own, maintain, operate, affiliate with, or have an interest in any franchised or company-owned business or chain that is a Competitive Business (as defined in Section 1.9 above).

10.3 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous uninterrupted two (2) year period beginning with the expiration or termination of this Agreement, either directly or indirectly, own, maintain, operate, affiliate with, or have an interest in, any Competitive Business which is located within twenty (20) miles of the AR Business or any Atomic Wings Restaurant in the System.

10.4 Sections 10.2 and 10.3 shall not apply to ownership by you of an interest in any business operated under the System under a franchise granted by us, or of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly held company.

10.5 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 10.

10.6 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant described in Sections 10.2 and 10.3 of this Agreement, or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof; and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

10.7 You expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 10. You agree to pay all costs and expenses (including reasonable attorneys' fees and expenses) incurred by us in connection with the enforcement of this Section 10.

10.8 You shall require and obtain execution of covenants of confidentiality and non-competition as included as Attachment 3 hereof (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons: (1) all of your managers and any other personnel employed by you who have received or will receive training from us; (2) all officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of you, and of any entity directly or indirectly controlling you, if you are a corporate entity; and (3) the general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if you are a partnership. The covenants required by this Section 10 shall be in a form specified by us, including, without limitation, specific identification of us as a third-party beneficiary of such covenant with the independent right to enforce them.

SECTION 11

DEFAULT AND TERMINATION

11.1 You shall be in default under this Agreement, and all rights granted herein shall automatically terminate without notice to you, if you attempt to transfer this Agreement without complying with the terms of this Agreement, or if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; or if you are adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if suit to foreclose any lien or mortgage against your business premises or equipment is instituted against you and not dismissed within thirty (30) days; or if your real or personal property shall be sold after levy thereupon by any sheriff, marshal, or constable.

11.2 You shall be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon receipt of notice by you, upon the occurrence of any of the following events:

(a) If you (or an officer, director, shareholder or partner of yours) are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the AR Business, the System, the Marks, the goodwill associated therewith, or our interest therein; or

(b) If you, after curing a material default under this Agreement, commit the same default again within twelve (12) months, whether or not cured after notice; or

(c) If you repeatedly are in default under this Agreement for failure to comply substantially with any of the requirements imposed by this Agreement whether or not cured after notice; or

(d) If you commit any default under a franchise agreement between you and us and such default results in the termination of such franchise agreement.

11.3 Except as otherwise provided in Sections 11.1 and 11.2 of this Agreement, you shall have thirty (30) days after your receipt from us of a notice of termination within which to remedy any default hereunder and provide evidence to us. If any such default is not cured within that time, this Agreement shall terminate without further notice to you, effective immediately upon the expiration of the thirty (30) day period. You shall be in default hereunder for any failure to comply substantially with any of the requirements imposed by this Agreement, including the Development Schedule, or to carry out the terms of this Agreement in good faith.

11.4 Reimbursement of Costs. You shall reimburse us for all costs and expenses, including but not limited to attorneys' fees, incurred by us as a result of your default, including costs in connection with collection of any amounts owed to us and/or enforcement of our rights under this Agreement.

SECTION 12

OBLIGATIONS UPON TERMINATION OR EXPIRATION

12.1 Upon termination or expiration, this Agreement and all rights granted hereunder to you shall forthwith terminate; and, except to the extent permitted by any franchise agreement entered into by you:

(a) You shall immediately cease to operate the business licensed hereunder and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former area representative of ours. After such termination or expiration, you shall cease providing services or assistance to System franchisees located within the Development Area.

(b) You shall immediately and permanently cease to use, by advertising or in any manner whatsoever, any confidential methods, procedures, and techniques associated with the AR Business; the Marks “Atomic Wings” and all other marks and distinctive forms, slogans, signs, symbols, and devices associated with the System or the AR Business. In particular, you shall cease to use, without limitation, all signs, equipment, advertising materials, stationery, forms, and any other articles, which display the Marks associated with the AR Business.

(c) You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Marks “Atomic Wings” or any other service mark or trademark of ours, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

(d) You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Marks either in connection with such other business or the promotion thereof which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Marks; and you further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition.

(e) In the event of termination for any default of yours, you shall promptly pay all damages, costs, and expenses, including reasonable attorneys’ fees, incurred by us as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, fixtures, equipment, and inventory owned by you and at the premises used for the business licensed hereunder at the time of the default.

(f) You shall pay us all damages, costs, and expenses, including reasonable attorneys’ fees, incurred by us subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for enforcement of any provisions of this Section 12.

(g) You shall immediately turn over to us all materials including all manuals, records, files, instructions, correspondence, all materials related to operating the AR Business, including, without limitation, brochures, agreements, invoices, Disclosure Documents, and any and all other materials related to operating the AR Business hereunder in your possession and all copies thereof, including electronic copies (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, excepting only your copy of this Agreement and of any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law.

(h) The franchise agreement(s) you have executed for your Atomic Wings Restaurant(s) shall remain in full force and notwithstanding the termination of this Agreement.

(i) In the event you do not fulfill your obligations to develop Atomic Wings Restaurants under the Development Schedule, we have the right to terminate this Agreement with respect to your solicitation services only. We may permit you to continue operating under this Agreement with respect to support services for all Atomic Wings Restaurants that are under signed leases, under construction or open and operating within the Development Area, but you shall no longer have any rights with respect to offering new franchises within said Development Area. We, as a result of such default, shall have the right to open Atomic Wings Restaurants, sell franchises or grant area representative rights to any third party with respect to the undeveloped portion of the Development Area.

(j) You shall immediately and permanently forfeit all rights to earn any portion of initial franchise fees, royalty fees and/or transfer fees paid to us by franchisees in the Development Area.

SECTION 13

TAXES AND INDEBTEDNESS

13.1 You shall promptly pay, when due, all taxes levied or assessed by any federal, state or local tax authority and any and all other indebtedness incurred by you in the operation of the AR Business. You shall pay to us an amount equal to any sales tax, gross receipts tax or similar tax imposed on us with respect to any payments to us required under this Agreement, unless the tax is credited against income tax otherwise payable by us.

13.2 In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; provided, however, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the AR Business or any improvements thereon.

13.3 You shall comply with all federal, state, and local laws, rules and regulations, and shall timely obtain any and all permits, certificates, licenses and bonds necessary for the full and proper operation and management of the AR Business, including, without limitation, a license to do business and provide services, fictitious name registration, sales tax and other permits. Copies of all subsequent inspection reports, warnings, certificates and ratings issued by any governmental entity during the term of this Agreement in connection with the conduct of the AR Business which indicate your failure to meet or maintain the highest governmental standards or less than full compliance by you with any applicable law, rule or regulation shall be forwarded to us by you within three (3) days of your receipt thereof.

13.4 You shall notify us in writing within three (3) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the AR Business. Additionally, any and all consumer related complaints shall be answered by you within fifteen (15) days after receipt thereof or such shorter period of time as may be provided in said complaint. A copy of said answer shall be forwarded to us within three (3) days of the date that said answer is forwarded to the complainant.

SECTION 14

INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 (a) It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, that you shall be an independent contractor, and that nothing in this

Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever.

(b) During the term of this Agreement, you shall hold yourself out to the public as an independent contractor operating the AR Business pursuant to a license from us and as an authorized user of the System and the Marks. You agree to take such affirmative action as may be necessary to do so, including exhibiting to clients a sign provided by us in a conspicuous place on the premises of the AR Business.

(c) We shall not have the power to hire or fire your employees, and except as herein expressly provided, we may not control or have access to your funds or the expenditures thereof, or in any other way exercise dominion or control over the AR Business.

14.2 It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we shall in no event assume liability for or be deemed liable hereunder as a result of any such action or by reason of any act or omission of yours in your conduct of the AR Business or any claim or judgment arising therefrom against us. You agree at all times to defend, at your own cost, and to indemnify and hold harmless to the fullest extent permitted by law, us, our corporate parent, the corporate subsidiaries, affiliates, successors, assigns and designees of either entity, and the respective directors, officers, employees, agents, shareholders, designees, and representatives of each from all losses and expenses incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following: (a) your alleged infringement or any other violation of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; (b) your alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive of any industry standard; (c) libel, slander or any other form of defamation by you; (d) your alleged violation or breach of any warranty, representation, agreement or obligation in this Agreement; (e) any acts, errors or omissions of you or any of your agents, servants, employees, contractors, partners, proprietors, affiliates, or representatives, including, but not limited to, unauthorized disclosures to prospective franchisees; (f) latent or other defects in the AR Business, whether or not discoverable by us or you; (g) the inaccuracy, lack of authenticity or nondisclosure of any information by any client of the AR Business; (h) any services or products provided by you at, from or related to the operation at the AR Business; (i) any services or products provided by any affiliated or non-affiliated participating entity; (j) any action by any client of the AR Business; and (k) any damage to the property of you or us, our respective agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused wholly or in part through the active or passive negligence of us or any of our agents or employees, or resulted from any strict liability imposed on us or any of our agents or employees.

14.3 You shall conspicuously identify yourself and the AR Business in all dealings with your clients, contractors, suppliers, public officials and others, as an independent area representative of ours, and shall place such notice of independent ownership on all forms, business cards, stationery, advertising, signs and other materials and in such fashion as we may, in our sole and exclusive discretion, specify and require from time to time in our Manual (as same may be amended from time to time) or otherwise.

14.4 Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of Franchisor and Area Representative. We do not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this

Agreement, nor will we be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the AR Business franchised hereby.

SECTION 15

APPROVALS AND WAIVERS

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us therefor and such approval or consent shall be obtained in writing.

15.2 No failure of ours to exercise any power reserved to us by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants hereof affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any right hereunder or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by us of any payments due to us hereunder shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement.

15.3 You and we hereby waive any right to a jury trial with respect to this Agreement and/or any matters arising hereunder.

SECTION 16

NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified mail, return receipt requested, dispatched by overnight delivery envelope, or sent by facsimile to the respective parties at the addresses that appear in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice sent by certified mail shall be deemed to have been given at the date and time of mailing.

SECTION 17

RELEASE OF PRIOR CLAIMS

By executing this Agreement, you, individually and on behalf of your heirs, legal representatives, successors and assigns, and each assignee of this Agreement by accepting assignment of the same, hereby forever releases and discharges us and our officers, directors, employees, agents and servants, including our subsidiary and affiliated corporations, their respective officers, directors, employees, agents and servants, from any and all claims relating to or arising under any franchise agreement or any other agreement between the parties executed prior to the date of this Agreement including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities or antitrust laws of the United States or of any state or territory thereof.

SECTION 18

DISCLOSURE STATEMENT AND DISCLAIMER

18.1 You acknowledge, by your signature hereto, that you received from us a Federal Trade Commission Disclosure Document for the State in which the AR Business will be located or at your place of residence, as appropriate, at least fourteen (14) calendar days prior to the execution of this Agreement or any payment to us or our affiliates.

_____ [Please initial to acknowledge that you have read and understand this Section 18.1.]

18.2 You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with an attorney or other professional advisor. You further represent that you understand the terms, conditions and obligations of this Agreement and agree to be bound thereby.

_____ [Please initial to acknowledge that you have read and understand this Section 18.2.]

18.3 You acknowledge and accept the following:

YOUR SUCCESS IN OPERATING A FRANCHISE IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS INCLUDING, TO A LARGE EXTENT, YOUR INDEPENDENT BUSINESS ABILITY. THIS OFFERING IS NOT A SECURITY, AS THAT TERM IS DEFINED UNDER APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE OBLIGATION TO TRAIN, MANAGE, PAY, RECRUIT AND SUPERVISE EMPLOYEES OF THE AR BUSINESS RESTS SOLELY WITH YOU. YOU HAVE NOT RELIED ON ANY WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE POTENTIAL SUCCESS OR PROJECTED INCOME OF THE BUSINESS VENTURE CONTEMPLATED HEREBY. NO REPRESENTATIONS OR PROMISES HAVE BEEN MADE BY US TO INDUCE YOU TO ENTER INTO THIS AGREEMENT EXCEPT AS SPECIFICALLY INCLUDED HEREIN OR AS INCLUDED IN ITEM 19 OF THE DISCLOSURE DOCUMENT. WE HAVE NOT MADE ANY REPRESENTATION, WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL REVENUES, PROFITS OR SERVICES OF THE BUSINESS VENTURE TO YOU AND CANNOT, EXCEPT UNDER THE TERMS OF THIS AGREEMENT, EXERCISE CONTROL OVER YOUR BUSINESS. YOU ACKNOWLEDGE AND AGREE THAT YOU HAVE NO KNOWLEDGE OF ANY REPRESENTATION MADE BY US OR OUR REPRESENTATIVES OF ANY INFORMATION THAT IS CONTRARY TO THE TERMS CONTAINED HEREIN.

_____ [Please initial to acknowledge that you have read and understand this Section 18.3.]

18.4 You acknowledge, warrant and represent to us and we rely on such acknowledgments, warranties and representations that:

(a) No representation has been made by us (or any of our employees, agents or salespersons) and relied on by you as to the future or past income, expenses, sales volume or potential

profitability, earnings or income of the AR Business, except as may be included in Item 19 of our Disclosure Document. We make no guaranties, promises, representations, statements or warranties that you can or will achieve any level or range of sales, income or other measures of performance.

(b) No representation or statement has been made by us (or any of our employees, agents or salespersons) and relied on by you regarding your anticipated income, earnings and growth or that of us or our System, or the viability of the business opportunity being offered under this Agreement.

(c) Before executing this Agreement, you have had the opportunity to contact any and all of our existing area representatives.

(d) You have had the opportunity to independently investigate, analyze and construe both the business opportunity being offered under this Agreement, and the terms and provisions of this Agreement, using the services of legal counsel, accountants or other advisers (if you so elect) of your choosing. You have been advised to consult with your advisors with respect to the legal, financial and other aspects of this Agreement, the AR Business, and the prospects for the AR Business. You have either consulted with these advisors or have deliberately declined to do so.

(e) No representation or statement has been made by us (or any of our employees, agents or salespersons) and relied on by you regarding your ability to procure any required license or permit that may be necessary to the operation of the AR Business.

(f) You affirm that all information set forth in all applications, financial statements and submissions to us are true, complete and accurate in all respects, and you expressly acknowledge that we are relying on the truthfulness, completeness and accuracy of this information.

(g) You understand and agree that we may manage and change the System and our business in any manner that is not expressly prohibited by this Agreement. Whenever we have the right within this Agreement to take or withhold action or to grant or decline to you the right to take or withhold action, we may make such a decision on the basis of our business judgment of what is in our best interests and those of the System and the franchise network, without regard to whether other reasonable alternative decisions exist or whether our decision adversely affects you. Absent applicable statute, we shall have no liability for such a decision and you agree that our decision will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, you agree that such a covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants to us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your rights and obligations hereunder.

(h) Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of the AR Business, you retain the right and sole responsibility for the day-to-day management and operation of the AR Business and the implementation and maintenance of System standards at your AR Business and all Restaurants operating in the Development Area.

(i) You acknowledge and agree that we may modify the offer of our area representative opportunities to other area representatives in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

(j) You acknowledge that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent businessperson, your active participation in the daily affairs of the business, market conditions, area

competition, availability of product, quality of services provided as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

_____ [Please initial to acknowledge that you have read and understand this Section 18.4.]

SECTION 19

ENTIRE AGREEMENT

This Agreement, the documents referred to herein and the attachments hereto, if any, constitute the entire, full and complete agreement between the parties hereto concerning the subject matter hereof, and supersede all prior agreements with no other representations as to having induced you to execute this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document, its exhibits, and any amendments thereto, that was furnished to you by us. No amendment, change, or variance from this Agreement shall be binding on the parties hereto unless mutually agreed to by the parties and executed by themselves or their authorized officers or agents in writing.

SECTION 20

SEVERABILITY AND CONSTRUCTION

20.1 Except as expressly provided to the contrary herein, each section, part, term and/or provision of this Agreement shall be considered severable and if, for any reason, any section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if we determine that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, we, at our option, may terminate this Agreement.

20.2 You expressly agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

20.3 All captions in this Agreement are intended solely for the convenience of the parties, and none of the captions shall be deemed to affect the meaning or construction of any provision hereof.

20.4 All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all of the parties executing this Agreement in his/her individual capacity on your behalf. This Agreement may be executed in one or more originals, each of which shall be deemed an original.

20.5 As used in this Agreement, the term “Area Representative” shall include all persons who succeed to the interest of the original Area Representative by transfer or operation of law and shall be deemed to include not only the individual or entity defined as “Area Representative” herein, but shall also include all partners of the entity that executes this Agreement, in the event said entity is a partnership; all shareholders, officers and directors of the entity that executes this Agreement, in the event said entity is a corporation; and all members of the entity that executes this Agreement, in the event said entity is a limited liability company. By their signatures hereto, all partners, shareholders, officers and directors of the entity that signs this Agreement as Area Representative acknowledge and accept the duties and obligations imposed upon each of them, individually, by the terms of this Agreement.

20.6 If, as a result of hurricane, tornado, typhoon, flooding, lightning, blizzard and other unusually severe weather, earthquake, avalanche, volcanic eruption, fire, riot, insurrection, war, explosion, unavoidable calamity or other act of God (a “Force Majeure”), compliance by any party with the terms of this Agreement is rendered impossible or would otherwise create an undue hardship upon any party, all parties shall be excused from their respective obligations hereunder for the duration of the Force Majeure and for a reasonable recovery period thereafter, but otherwise this Agreement shall continue in full force and effect.

SECTION 21

APPLICABLE LAW

21.1 This Agreement takes effect upon its acceptance and execution by us. This Agreement shall be interpreted and construed under the laws of the State of Maryland except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.).

21.2 Except as otherwise expressly provided by applicable state law or regulation, the parties agree that any action brought by either party against the other shall be brought in Prince George’s County, Maryland, and the parties do hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

21.3 No right or remedy conferred upon or reserved by us or you by this Agreement is intended and it shall not be deemed to be exclusive of any other right or remedy provided or permitted herein, by law or at equity, but each right or remedy shall be cumulative of every other right or remedy.

21.4 Nothing herein contained shall bar our right to obtain injunctive relief against threatened conduct that will cause us loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

SECTION 22

DISPUTE RESOLUTION

22.1 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration in Maryland under the authority of Maryland Statutes. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Maryland Statutes. The proceedings will be conducted under the

commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Maryland Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

22.2 With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you and your owners hereby irrevocably submit themselves to the jurisdiction of the state courts of Prince Georges County, Maryland, and the Federal District Court closest to our headquarters. You and your owners hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and your owners hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Maryland or federal law. You and your owners further agree that venue for any proceeding relating to or arising out of this Agreement shall be Prince Georges County, Maryland; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Maryland law.

22.3 You, your owners and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 22.2 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, your owners and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

22.4 You, your owners and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

22.5 We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the AR Business, brought by either party hereto against the other, whether in arbitration, or a legal action, 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.

22.6 If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in

contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

SECTION 23

CHANGES AND MODIFICATIONS

23.1 This Agreement may be modified only upon the execution of a written agreement by us and you. We reserve and shall have the sole right to make changes in the Confidential Operations Manual, the System and the Marks at any time and without prior notice to you. You shall promptly alter any signs, products, business materials or related items, at your sole cost and expense, upon written receipt of written notice of such change or modification in order to conform to our revised specifications. In the event that any improvement or addition to the Manual, the System or the Marks is developed by you, then you agree to grant to us an irrevocable, world-wide, exclusive, royalty-free license, with the right to sublicense such improvement or addition.

23.2 You understand and agree that due to changes in competitive circumstances, presently unforeseen changes in the needs of clients, and/or presently unforeseen technological innovations, our System must not remain static in order that it best serve the interest of us, franchisees, multi-unit operators, other area representatives and the System. Accordingly, you expressly understand and agree that we may from time to time change the components of the System, including, but not limited to, altering the Franchised Restaurants, services, methods, standards, forms, policies and procedures of that System; adding to, deleting from or modifying those Franchised Restaurants, products and services which the Franchised Restaurants are authorized to offer; and changing, improving or modifying the Marks, leases, franchise agreements, subleases, Atomic Wings Restaurant designs, manuals and procedures. Subject to the other provisions of this Agreement, you expressly agree to abide by any such modifications, changes, additions, deletions and alterations.

The parties hereto have duly executed, sealed and delivered this Agreement on the day and year first above written.

AREA REPRESENTATIVE:

FRANCHISOR:

ATOMIC WINGS FRANCHISOR INC.

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

PRINCIPALS:

Name:_____

Name:_____

**ATOMIC WINGS FRANCHISOR INC
ATTACHMENT 1 TO THE AREA REPRESENTATIVE AGREEMENT**

DEVELOPMENT AREA

The Development Area shall be as follows:

_____.

ACCEPTED:

AREA REPRESENTATIVE:

FRANCHISOR:

ATOMIC WINGS FRANCHISOR INC.

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

PRINCIPALS:

Name:_____

Name:_____

ATOMIC WINGS FRANCHISOR INC
ATTACHMENT 2 TO THE AREA REPRESENTATIVE AGREEMENT

SPOUSE GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on _____ (the “Effective Date”), to Atomic Wings Franchisor Inc., a New Jersey corporation (“Franchisor”), in order to induce Franchisor to enter into that certain Area Representative Agreement dated on or about the Effective Date hereof (the “AR Agreement”) with _____, a(n) _____, _____ and _____ (collectively “Area Representative”).

Guarantor acknowledges that Guarantor is the spouse of Area Representative’s Principal, as that term is used in the AR Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the AR Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the AR Agreement to Area Representative, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Area Representative as set forth in the AR Agreement, including but not limited to, the covenants set forth in Section 10 of the AR Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the AR Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Area Representative entity, transfer of the AR Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Area Representative by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Area Representative and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Area Representative and Franchisor and notice of demand for payment by Area Representative. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Area Representative and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Area Representative and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF AREA REPRESENTATIVE'S PRINCIPAL:

Signature

Name: _____

Address: _____

ATOMIC WINGS FRANCHISOR INC
ATTACHMENT 3 TO THE AREA REPRESENTATIVE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees and managers of AR Business)

In consideration of my being a _____ of _____ (“Area Representative”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to an Area Representative Agreement dated _____ (the “Area Representative Agreement”), Area Representative has acquired the right and franchise from Atomic Wings Franchisor Inc., a New Jersey corporation (the “Company”) to establish and operate an “Atomic Wings” area representative business (the “AR Business”) and the right to use in the operation of the AR Business the Company’s trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Proprietary Marks”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion.

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of Atomic Wings restaurants (“Franchised Business”). The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the “Confidential Information”).

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Area Representative, the Company and Area Representative will disclose the Confidential Information to me in furnishing to me training programs, the Company’s Confidential Operations Manuals (the “Manuals”), and other general assistance during the term of the Area Representative Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the AR Business during the term of the Area Representative Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Area Representative, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Area Representative under the Area Representative Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Area Representative, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any business which: (a) is the same as, or substantially similar to, the Franchised Business; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products offered by a Franchised Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Area Representative, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Area Representative Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 The Development Area, as defined in the Area Representative Agreement;

7.2 Twenty (20) miles of the Development Area; or

7.3 Twenty (20) miles of any AR Business or Atomic Wings Restaurant operating under the System and the Proprietary Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Area Representative. I am aware that my violation of this Agreement will cause the Company and the Area Representative irreparable harm; therefore, I acknowledge and agree that the Area Representative and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Area Representative and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Area Representative and the Company, any claim I have against the Area Representative or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of Maryland. The only way this Agreement can be changed is in writing signed by both the Area Representative and me.

Signature

Name

Address

Title

ACKNOWLEDGED BY AREA REPRESENTATIVE

By: _____
Name: _____
Title: _____

ATOMIC WINGS FRANCHISOR INC
ATTACHMENT 4 TO THE AREA REPRESENTATIVE AGREEMENT

**INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING
AGREEMENT**

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”), by and between Atomic Wings Franchisor Inc., a New Jersey corporation, with its principal place of business at 5010 Branchville Road, College Park, Maryland, 20740 (the “Franchisor”), and _____, a(n) _____, with its principal place of business located at _____, and _____’s principal(s), _____, an individual, residing at _____, and _____, an individual, residing at _____ (“Principal(s)”). _____ and Principal(s) shall be collectively referred to in this Agreement as the “Area Representative”.

WHEREAS, Area Representative desires to enter into a franchise agreement with Franchisor for an Atomic Wings area representative business (“AR Agreement”) which will allow Area Representative to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the Atomic Wings brand.

WHEREAS, Franchisor would not enter into the Area Representative Agreement without Area Representative’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Area Representative Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Area Representative Agreement. “Termination” of the Area Representative Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. Internet Advertising and Telephone Listings

2.1 Interest in Websites, Social Media Accounts, Other Electronic Listings and Software. Area Representative may acquire (whether in accordance with or in violation of the Area Representative Agreement) during the term of AR Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, the right to hyperlink to certain websites and listings on various internet search engines, and the right to use certain software (collectively, “Electronic Advertising and Software”) related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Area Representative has or will acquire during the term of the AR Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the AR Agreement, or on periodic request of Franchisor, Area Representative will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, other listing agencies and software companies (collectively, the “Internet and Software Companies”) with which Area Representative has Electronic Advertising and Software: (i) to transfer all of Area Representative’s interest in such Electronic Advertising and Software to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Software, Area Representative will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Area Representative has Telephone Listings: (i) to transfer all Area Representative’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Area Representative will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Area Representative hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the AR Agreement and this Agreement or otherwise, with full power of substitution, as Area Representative’s true and lawful attorney-in-fact with full power and authority in Area Representative’s place and stead, and in Area Representative’s name or the name of any affiliated person or affiliated company of Area Representative, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Area Representative further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Area Representative has satisfied all of its obligations under the AR Agreement and any and all other agreements to which Area Representative and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Area Representative hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet and Software Companies to transfer all Area Representative’s interest in and to the Electronic Advertising and Software to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all Area Representative’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Area Representative’s interest.

2.5 Certification of Termination. Area Representative hereby directs the Internet and Software Companies and Telephone Companies to accept, as conclusive proof of Termination of the AR Agreement,

Franchisor's written statement, signed by an officer or agent of Franchisor, that the AR Agreement has terminated.

2.6 Cessation of Obligations. After the Internet and Software Companies and the Telephone Companies have duly transferred all Area Representative's interests as described in paragraph 2.3 above to Franchisor, as between Area Representative and Franchisor, Area Representative will have no further interest in, or obligations with respect to the particular Electronic Advertising and Software and/or Telephone Listings. Notwithstanding the foregoing, Area Representative will remain liable to each and all of the Internet and Software Companies and Telephone Companies for the respective sums Area Representative is obligated to pay to them for obligations Area Representative incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the AR Agreement or this Agreement.

3. Miscellaneous

3.1 Release. Area Representative hereby releases, remises, acquits, and forever discharges each and all of the Internet and Software Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Area Representative is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Area Representative will pay Franchisor in full, without defense or setoff, on demand. Area Representative agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Area Representative expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Area Representative's interest in any matter hereunder.

3.4 Further Assurances. Area Representative agrees that at any time after the date of this Agreement, Area Representative will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Area Representative's obligations, under this Agreement shall be binding on Area Representative's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the AR Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the AR Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Maryland, without regard to the application of Maryland conflict of law rules.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

AREA REPRESENTATIVE:

FRANCHISOR:

ATOMIC WINGS FRANCHISOR INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

ATOMIC WINGS FRANCHISOR INC
ATTACHMENT 5 TO THE AREA REPRESENTATIVE AGREEMENT

DEVELOPMENT SCHEDULE

1. The Agreement authorizes and obligates the Area Representative to establish and operate _____ (____) “Atomic Wings” Restaurants in the Development Area as follows:

Restaurant Number	“Deadline Date” to be Open and Operating	Cumulative Number of Atomic Wings Restaurants to Be Open and Operating

ACCEPTED:

AREA REPRESENTATIVE:

FRANCHISOR:

ATOMIC WINGS FRANCHISOR INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

ATOMIC WINGS FRANCHISOR INC
ATTACHMENT 6 TO THE AREA REPRESENTATIVE AGREEMENT

STATEMENT OF OWNERSHIP INTERESTS IN AREA REPRESENTATIVE/ENTITY

Name

Percentage of Ownership

EXHIBIT C TO THE DISCLOSURE DOCUMENT

LIST OF AREA REPRESENTATIVES

(as of December 31, 2022)

ILLINOIS	
Area Representative Name/Address/Phone	Territory
<u>AW Chicago Co.</u> Kavita Venkatesh 1305 Lorraine Place Schaumburg, Illinois 60173 312-933-5284	State of Illinois excluding Madison and St. Clair Counties
INDIANA	
Area Representative Name/Address/Phone	Territory
<u>AW Development Group LLC</u> Michael Harmon 19187 Outer Bank Road Noblesville, Indiana 46062 317-796-9979	State of Indiana
MINNESOTA	
Area Representative Name/Address/Phone	Territory
<u>TRM Business Ventures, Inc.</u> Ronald Harris 4747 Fremont Avenue North Minneapolis, Minnesota 55430 847-863-1414	State of Minnesota
MISSOURI	
Area Representative Name/Address/Phone	Territory
Michael Domico 647 Spyglass Summit Chesterfield, Missouri 63017 618-305-9639	State of Missouri Johnson and Wyandotte Counties, Kansas
NEVADA	
Area Representative Name/Address/Phone	Territory
<u>Franchise Business Investments, LLC</u> Richard Gordon 1060 Garden Cress Court Las Vegas, Nevada 89138 909-717-4577	State of Arizona State of Nevada
TENNESSEE	
Area Representative Name/Address/Phone	Territory
<u>Shiv Nandi LLC</u> Rajiv Vyas & Gaurang Patel 613 Ridgecrest Lane Lebanon, Tennessee 37087 615-243-9934 615-525-7795	State of Tennessee

TEXAS	
Area Representative Name/Address/Phone	Territory
Jalal Kapadia 18014 Lumsden Lane Richmond, Texas 77407 361-737-1299	Brazoria, Fort Bend, Harris, Liberty, Montgomery, and Waller Counties, Texas

Area Representatives who signed an agreement, but whose outlet(s) had not yet opened as of December 31, 2022:

None

AREA REPRESENTATIVES WHO HAVE LEFT THE SYSTEM

(as of December 31, 2022)

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

None

EXHIBIT D TO THE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUAL

**ATOMIC WINGS OPERATIONS MANUAL
TABLE OF CONTENTS**

Section	Topic	Pages
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1	Introduction	21
2	Financial Management	33
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7	Personal Management	195
8	Marketing	239
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EXHIBIT E TO THE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492

State	State Agency	Agent for Service of Process
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol 14 th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Securities Division 1511 Pontiac Avenue, Building 68-2 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of South Dakota Division of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT F TO THE DISCLOSURE DOCUMENT

FORM OF GENERAL RELEASE

THIS AGREEMENT ("Agreement") is made and entered into _____, by and between Atomic Wings Franchisor Inc., a New Jersey corporation, having its principal address at 5010 Branchville Road, College Park, Maryland, 20740 (the "Franchisor"), and _____, a _____ with a principal address at _____ (hereinafter referred to as "Releasor"), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. Release by Releasor:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises, covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor hereto represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Maryland law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred therein, and said action must be filed in the State of Maryland.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

The parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

RELEASOR:

Name:_____

ATOMIC WINGS FRANCHISOR INC.:

By:_____
Name:_____
Title:_____

EXHIBIT G TO THE DISCLOSURE DOCUMENT

STATE ADDENDA

CALIFORNIA APPENDIX

1. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the Area Representative Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Area Representative 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.).
3. The Area Representative Agreement contains covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
5. The franchisor, any person or franchise broker in Item 2 of the FDD are not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
6. The Area Representative Agreement requires binding arbitration. The arbitration will occur in Prince George's County, Maryland, with the costs being borne by the franchisee and franchisor. 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 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of an area representative agreement restricting venue to a forum outside the State of California.
7. The Area Representative Agreement requires application of the laws of Maryland. This provision may not be enforceable under California law.
8. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
9. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the franchise disclosure document.
10. OUR WEBSITE, www.atomicwings.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

11. Item 5 of the FDD and Section 1 of the Area Representative Agreement are amended to state, “The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from California area representatives until we have completed all of our pre-opening obligations and you are open for business.”
12. Franchisor is undercapitalized and may not be able to meet preopening obligations to all franchisees.
13. Franchisees and spouses must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse’s marital and personal assets at risk if your franchise fails.
14. 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.
15. The terms of Items 1, 5, 12, and 15 of this Disclosure Document have been negotiated with other franchisees. A copy of all Negotiated Sales Notices filed in California in the last twelve months is attached on the following page(s) of this Exhibit G.

Special Risk(s) to Consider About This Franchise

1. **Financial Condition.** Franchisor is undercapitalized and may not be able to meet preopening obligations to all franchisees.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchisor in a system with a longer operating history.

STATE OF CALIFORNIA – DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
FRANCHISE INVESTMENT LAW NOTICE OF NEGOTIATED SALE OF FRANCHISE
UNDER SECTION 310.100.2, TITLE 10, CALIFORNIA CODE OF REGULATIONS

DFPI-310.100.2 (Rev. 11-20)



Department of Financial Protection and Innovation

File No. app-25914

(Insert file-number of currently effective
franchise registration)

STATE OF CALIFORNIA
DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

1. (a) Name of FILER: Atomic Wings Franchisor Inc.
(b) The above-named filer is filing as a (check one):
☒ FRANCHISOR ☐ SUBFRANCHISOR
(c) If FILER is a SUBFRANCHISOR, the name of FRANCHISOR:

2. (a) Name of FRANCHISE: Atomic Wings
(b) Contact Person: Zak Omar
(c) Address: 5010 Branchville Rd, College Park, MD, 20740

(d) Telephone: (917) 284-2910

3. A. (a) Offering Circular Item Number: 5
(b) Description of Provisions in Currently Registered Offering Circular:
Area Representative Rights Fee due in lump sum

(c) Description of Change: Area Representative Rights Fee of \$100,000 due in two
installments of \$50,000 each

- B. (a) Offering Circular Item Number: Item 15
(b) Description of Provisions in Currently Registered Offering Circular:
The spouse of any Principal must sign the Spouse Guaranty.

(c) Description of Change: This provision has been deleted.

- C. (a) Offering Circular Item Number: Item 15
(b) Description of Provisions in Currently Registered Offering Circular:
full-time efforts as Area Representative

(c) Description of Change: removed the requirement to act as Area Representative on a full-time basis

(If additional space is needed, attach separate sheet (s) with respect to each additional item being changed using the above format)

STATE OF CALIFORNIA – DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

**FRANCHISE INVESTMENT LAW NOTICE OF NEGOTIATED SALE OF FRANCHISE
UNDER SECTION 310.100.2, TITLE 10, CALIFORNIA CODE OF REGULATIONS**

DFPI-310.100.2 (Rev. 11-20) Page 2 of 2

4. Date of Sale of Negotiated Franchise: 3/3/2023

5. Name, title, business address and telephone number of individual to be contacted by the
Department regarding this notice:

Name: Zaki Omar

Title: CEO

Business Address: 5010 Branchville Rd, College Park, MD, 20740

Telephone: (917) 284-2910

6. Date of this notice : 3/8/2023

DocuSigned by:
Zaki Omar
490ADF8BA9CA4DF...

Authorized Signature

zaki omar

Printed Name of Signatory

CA Notice of Negotiated Sale (030823), continued

- 3. D. (a) Offering Circular Item Number: 1
- (b) Description of Provisions in Currently Registered Offering Circular:

ARA is for development of agreed upon number of outlets; Area Representative receives 50% of the initial franchise fees paid for each franchise.
- (c) Description of Change:

Clarification that the ARA is for development of a minimum of 10 but can develop up to 17 outlets; if any additional outlets, beyond 17, are developed in the Development Area, Area Representative is not entitled to any initial franchise fees.
- E. (a) Offering Circular Item Number: 12
- (b) Description of Provisions in Currently Registered Offering Circular:

The Development Area may not be altered unless it is mutually agreed to do so.
- (c) Description of Change:

Once the Development Schedule of the minimum of 10 outlets is reached, the parties will negotiate a new schedule for the additional seven outlets, and Franchisor has the right to alter the Development Area to remove any major market area where no development has yet been attained.

ADDENDUM TO THE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the area representative agreement which designates jurisdiction or venue outside of the State of Illinois is void. However, an area representative agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your right upon termination and non-renewal of an area representative agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Item 5 is supplemented to include the following disclosure:

In Illinois, payment of initial fees owed to Franchisor or an affiliate will be deferred until Franchisor has met its initial obligations to area representative, and area representative has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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.

The parties hereto have duly executed, sealed, and delivered this Addendum dated _____.

AREA REPRESENTATIVE:

FRANCHISOR:

ATOMIC WINGS FRANCHISOR INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

ADDENDUM TO THE AREA REPRESENTATIVE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the area representative agreement which designates jurisdiction or venue outside of the State of Illinois is void. However, an area representative agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that 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.

Your right upon termination and non-renewal of an area representative agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

The fees sections of the Area Representative Agreement are amended to include the following disclosure:

In Illinois, payment of initial fees owed to Franchisor or an affiliate will be deferred until Franchisor has met its initial obligations to area representative, and area representative has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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.

The parties hereto have duly executed, sealed, and delivered this Addendum dated _____.

AREA REPRESENTATIVE

FRANCHISOR:

ATOMIC WINGS FRANCHISOR INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

ADDENDUM TO THE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Atomic Wings Franchisor Inc.'s Franchise Disclosure Document and for its Area Representative Agreement.

1. Item 5 of the Disclosure Document is amended to state: "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the area representative agreement."

2. Item 17 of the Disclosure Document is amended to state that, pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17 of the Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Item 17 of the Disclosure Document is amended to state: "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise."

5. Item 17 of the Disclosure Document is amended to state that the provisions in the Area Representative Agreement which provide for termination upon bankruptcy of the area representative may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

6. 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 THE AREA REPRESENTATIVE AGREEMENT
REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Atomic Wings Franchisor Inc.'s Area Representative Agreement. The amendments to the Area Representative Agreement included in this addendum have been agreed to by the parties.

1. The Area Representative Agreement is amended to provide as follows: "This Area Representative Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

2. The appropriate sections of the Area Representative Agreement are amended to state: "Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise."

3. The appropriate sections of the Area Representative Agreement are amended to state that, pursuant to COMAR 03.02.08.16L, the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. The Area Representative Agreement and the Acknowledgment Statement (Exhibit H to the Area Representative Agreement) are amended to state: "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 provisions in the Area Representative Agreement which provide for termination upon bankruptcy of the area representative may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

6. The Area Representative Agreement is amended to include the following statement: "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the area representative agreement."

7. 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.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of _____.

AREA REPRESENTATIVE

FRANCHISOR:

ATOMIC WINGS FRANCHISOR INC.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

This addendum to the Disclosure Document and Area Representative Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document and Section 2.2(d) of the Area Representative Agreement are hereby amended to state that a franchisee shall not be required to sign a general release upon renewal of the Area Representative Agreement. Since the Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, this provision is hereby deleted in each place it appears in the Disclosure Document and Area Representative Agreement used in North Dakota.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document and Section 10 of the Area Representative Agreement are amended accordingly.

3. Item 6 and Item 17(i) of the Disclosure Document and Section 12.1 of the Area Representative Agreement requires the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document and Area Representative Agreement used in North Dakota.

4. Item 17(u) of the Disclosure Document and Section 22 of the Area Representative Agreement are hereby amended to provide that arbitration shall be held at a site that is agreeable to all parties.

5. Item 17(v) of the Disclosure Document and the provisions of Section 22 of the Area Representative Agreement which require jurisdiction of courts in the State of Maryland are deleted.

6. Item 17(w) of the Disclosure Document and Section 21 of the Area Representative Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

7. Apart from civil liability as set forth in Section 51-19-12 N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents. Therefore, North Dakota franchisees will not be required to waive their rights under North Dakota law.

8. The provisions of Section 22 of the Area Representative Agreement which require a franchisee to consent to (1) a waiver of trial by jury and (2) a waiver of exemplary and punitive damages are contrary to Section 51-19-09 of the North Dakota Franchise Investment Law and are hereby deleted.

9. The provisions of Section 22 of the Area Representative Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

10. Section 22.6 of the Area Representative Agreement stipulates that the franchisee shall pay all costs and expenses incurred by the franchisor in enforcing the agreement. Since the Commissioner has

determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, this provision is hereby amended to state the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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.

12. In the State of North Dakota, we will defer the payment of the initial franchise fee, development fee, and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of _____.
_____.

FRANCHISEE:

FRANCHISOR:

ATOMIC WINGS FRANCHISOR INC.

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

PRINCIPALS:

Name:_____

Name:_____

**ADDENDUM TO THE DISCLOSURE DOCUMENT AREA REPRESENTATIVE AGREEMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA**

In the State of South Dakota, we will defer the payment of the initial franchise fee, development fee, and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.

The parties hereto have duly executed, sealed and delivered this Addendum dated _____
_____.

FRANCHISEE:

FRANCHISOR:

ATOMIC WINGS FRANCHISOR INC.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

PRINCIPALS:

Name: _____

Name: _____

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Playa Bowls Franchisor LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute “reasonable cause,” as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

2. Item 5 of the Franchise Disclosure Document and the Initial Fee section of the Area Representative Agreement are hereby amended to state:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the area representative rights fee and other initial payments owned by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the area representative agreement.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of ____

FRANCHISEE:

FRANCHISOR:

ATOMIC WINGS FRANCHISOR INC.

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

PRINCIPALS:

Name:_____

Name:_____

EXHIBIT H TO THE DISCLOSURE DOCUMENT

ACKNOWLEDGMENT STATEMENT

****NOT FOR USE IN CALIFORNIA AND MARYLAND****

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into an Area Representative Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee (or developer) 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.

You hereby acknowledge the following:

1. You have conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the AR Business. You further acknowledge that, except as may be set forth in our Disclosure Document, no representations of performance (financial or otherwise) for the AR Business provided for in this Agreement have been made to you by us and you and any and all Principals hereby waive any claim against us for any business failure you may experience as an area representative under this Agreement.
2. You have conducted an independent investigation of the business contemplated by this Agreement and understand and acknowledge that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of you and your efforts as an independent business operation.
3. You agree that no claims of success or failure have been made to you prior to signing this Agreement and that you understand all the terms and conditions of this Agreement. You further acknowledge that this Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.
4. You have no knowledge of any representations by us or our officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein. You acknowledge that no representations or warranties are made or implied, except as specifically set forth herein. You represent, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining this Agreement.
5. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

6. You acknowledge that our approval or designation of your territory does not constitute a warranty, recommendation or endorsement of the territory, nor any assurance by us that the operation of the AR Business in the territory will be successful or profitable.
7. You acknowledge that you have received the Atomic Wings Franchise Disclosure Document with a complete copy of this Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which this Agreement was executed. You further acknowledge that you have read such Franchise Disclosure Document and understand its contents.
8. You acknowledge that you have had ample opportunity to consult with your own attorneys, accountants and other advisors and that the attorneys for us have not advised or represented you with respect to this Agreement or the relationship thereby created.
9. You, together with your advisers, have sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by this Agreement.
10. You are aware of the fact that other present or future area representatives of ours may operate under different forms of agreement(s), and consequently that our obligations and rights with respect to our various area representatives may differ materially in certain circumstances.
11. It is recognized by the parties that we are also (or may become) a manufacturer or distributor of certain products under the Proprietary Marks licensed herein; and it is understood that we do not warrant that such products will not be sold within your Development Area by others who may have purchased such products from us.
12. Release of Prior Claims. BY EXECUTING THIS AGREEMENT, YOU AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF YOU AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE ATOMIC WINGS FRANCHISOR INC., ATOMIC WINGS INDEMNITEES, AND ALL OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Acknowledged this _____.

Signature

Name: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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	July 27, 2023, amended <i>Pending</i>
Maryland	<i>Pending</i>
Michigan	<i>Pending</i>
New York	<i>Pending</i>
Virginia	July 20, 2023, amended September 7, 2023

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 Franchise Disclosure Document summarizes certain provisions of the Area Representative Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Atomic Wings Franchisor Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise 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. Michigan requires you to receive 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 occurs first.

If Atomic Wings Franchisor Inc. 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, DC, 20580, and to your state authority listed on Exhibit E.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Zaki Omar
5010 Branchville Road
College Park, Maryland 20740
917-284-2910

Issuance Date: April 29, 2023, amended August 31, 2023

I received a Disclosure Document dated April 29, 2023, amended August 31, 2023, that included the following Exhibits:

- EXHIBIT A: Financial Statements
- EXHIBIT B: Area Representative Agreement
- EXHIBIT C: List of Area Representatives and Area Representatives Who Have Left the System
- EXHIBIT D: Table of Contents of Confidential Operations Manual
- EXHIBIT E: State Administrators/Agents for Service of Process
- EXHIBIT F: General Release
- EXHIBIT G: State Addenda
- EXHIBIT H: Acknowledgment Statement

Date Received: _____
(If other than date signed)

Date: _____

(Signature of recipient)

Print Name: _____

Print Address: _____

KEEP FOR YOUR RECORDS

RECEIPT

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

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- EXHIBIT H: Acknowledgment Statement

Date Received: _____
(If other than date signed)

Date: _____

(Signature of recipient)

Print Name: _____

Print Address: _____

Please return signed Receipt to: Atomic Wings Franchisor Inc.
5010 Branchville Road
College Park, Maryland 20740