

FRANCHISE DISCLOSURE DOCUMENT

Sacco Restaurants Inc.
12075 Carmel Mountain Road #201
San Diego, California 92128
858-451-9464; www.epicwings.com



The franchise is for on-premises dining and carry-out foods featuring freshly-cooked, never frozen chicken wings, strips and other foods and beverages. The total investment necessary to begin operation of a single franchised Epic Wings restaurant is \$546,950 - \$1,465,432. This includes \$0 - \$69,500 that must be paid to us.

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

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

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

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

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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 franchisees. You can find their names and contact information in Item 20 or Exhibit N.
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 Epic Wings business in my area?	Item 12 and the "territory" provisions in the franchise 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 Epic Wings franchisee?	Item 20 or Exhibit N lists current and former franchisees. 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 franchise 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 franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise 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 franchise 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 the agency information in Exhibit M.

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risk be highlighted:

Out-of-State Dispute Resolution. The Franchise Agreement requires you to resolve disputes with us by litigation only in California. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to sue us in California than in your home state.

Spousal Liability. Your spouse must sign a personal guarantee making your spouse individually liable for your financial obligations under the franchise agreement. The guarantee will place your spouse's marital and personal assets at risk if your franchise fails.

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

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

Sacco Restaurants Inc. is the franchisor. We are referred to as "Company," "Franchisor," "we," "us" or "our" in this Disclosure Document. "You" means the person who buys the franchise whether you are an individual, sole proprietorship, corporation, partnership, limited liability company or other entity.

We incorporated in California in 2013. Our address is 12075 Carmel Mountain Road #201, San Diego, California 92128. We do not have a predecessor in the sense of an entity we acquired most of our assets from. We do not have a parent or entity that we consider to be an affiliate. Our agent for service of process is Sam Sacco at 25175 Via Escondido, Temecula, California 92130. Additional agents for service of process are listed in Exhibit M.

Since 1982 members of the extended Sacco family operated restaurants known as Wings N' Things that are similar to the restaurants being franchised. At the effective date of this Disclosure Document, some of these restaurants have begun to use the Epic Wings brand and operate under the trademarks Epic Wings N' Things or Epic Wings. They are in the San Diego area and as far north as Murrieta in Southern California. These restaurants have characteristics of franchises but Wings N' Things franchises were not offered to the public. We refer to the owners of these restaurants as Sacco Family Members.

We have not offered franchises in other business. We do not operate a business similar to the franchised business. We grant franchises for the development and operation of quick service restaurants that feature fresh, never frozen chicken wings, strips and other foods and beverages, and at some locations beer and wine, with seating for on-premises dining and carry-out. The franchise is for one to five restaurants. If you desire to operate more than five restaurants, we will discuss availability with you.

Franchised restaurants will use a system we developed. Distinguishing characteristics of our system include distinctive exterior and interior layout, design and color scheme; distinctive signage, decor, furnishings and materials; special recipes, menus and food and beverage designations; our confidential operations manual, preparation and service procedures and techniques; advertising, operating procedures and other aspects of the restaurant. We can change elements of the system.

Your restaurant will operate under the name "Epic Wings" plus design, logos, commercial symbols and other trade names, service marks and trademarks that are now or later may be part of our system.

Your restaurant will serve the public. It will compete with other local, regional and national franchised, chain and independently-owned restaurants, some featuring chicken products, chicken wings, and other meal options and foods. You will also compete with other dining and meal options available to the public. We believe the market for casual, quick-service restaurants offering quality menu items continues to develop.

Federal, state and local laws and regulations apply to your restaurant. These have requirements for construction, design and maintenance of restaurant premises; zoning, parking and similar requirements; health, safety and welfare of customers, workers and the public, sanitation; inspections by government agencies and posting inspection results; employee practices concerning storage, handling, cooking and preparation of food; public accommodations, including restrooms; restrictions on hiring persons not authorized to work in the United States; minimum wage;

restrictions on smoking; insurance for employees; taxes and withholding; collection and payment of sales tax; fire safety and emergency preparedness; alcoholic beverage sales; use, storage and disposal of waste and hazardous materials; disclosure of nutrition and calorie information; and nondiscrimination as to customers, employees and others. There are also other laws that apply. You must investigate which laws, regulations and requirements may apply in the area where you are interested in locating your franchise and consider and determine their effects, requirements and steps and costs for compliance.

ITEM 2: **BUSINESS EXPERIENCE**

Director and President, Secretary and Treasurer: Sam Sacco

Mr. Sacco has been a member of our Board of Directors and our President, Secretary and Treasurer since we incorporated on March 15, 2013. Since 1994, Mr. Sacco has owned and operated four Wings N' Things restaurants in Murrieta, Temecula and two restaurants in Chula Vista, California.

President of Franchising: Chad Presley

Mr. Presley became our President of Franchising on July 24, 2023. Mr. Presley served as Senior Director of Franchise Operations of Jack in the Box in San Diego, California, from June 2020 through July 2023 and as Vice President of Operations of St. Honoré Boulangerie in Portland, Oregon from June 2018 through June 2020.

Director: Michael Sacco

Mr. Sacco has been a member of our Board of Directors since we incorporated on March 15, 2013. Since 2001, Mr. Sacco has owned and operated two Wings N' Things restaurants in El Cajon and Santee, California.

Director: Greg Sacco

Mr. Sacco has been a member of our Board of Directors since we incorporated on March 15, 2013. Since January 2007, Mr. Sacco has owned and operated 2 Wings N' Things restaurants in Mission Viejo and National City, California. Since January 2004, Mr. Sacco has owned and operated 2 Wings N' Things Restaurants in San Diego, California.

Director: Catherine Russo

Ms. Russo has been a member of our Board of Directors since we incorporated on March 15, 2013. Since 1982, Ms. Russo has owned and operated 2 Wings N' Things restaurants in Escondido and San Diego, California.

Director: Joseph Sacco

Mr. Sacco has been a member of our Board of Directors since we incorporated on March 15, 2013. Since 1985, Mr. Sacco has owned and operated 7 Wings N' Things restaurants in Chula Vista, El Cajon, National City, San Diego, Santee and Temecula, California.

Director: Frank Sacco

Mr. Sacco has been a member of our Board of Directors since we incorporated on March 15, 2013. Since 1982 to the present, Mr. Sacco has owned and operated 2 Wings N' Things restaurants in Oceanside and Vista, California.

Director of Marketing: Laura Kroth

Ms. Kroth has been our Director of Marketing since January 2022. From January 2020 to December 2021, Ms. Kroth did not hold any positions. Ms. Kroth worked for JIPC Management Inc. – John's Incredible Pizza Company in Rancho Santa Margarita, California, as Director of Sales & Marketing from July 2011 to December 2019.

Senior Director of Operations: Jason Coker

Mr. Coker has been our Senior Director of Operations since October 2021. From February 2019 to September 2021, he was our Regional Director of Operations. From December 2017 to February 2019, Mr. Coker was Director of Restaurants for American National Investments.

ITEM 3:
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4:
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5:
INITIAL FEES

You pay us an initial franchise fee of \$49,500 for your first restaurant, \$39,500 for your second restaurant and \$29,500 per restaurant for your third, fourth and fifth locations.

Sacco family members do not pay initial franchise fees.

Before opening, you pay us a \$20,000 grand opening advertising fee. Sacco Family Members do not pay the grand opening advertising fee. If we provide additional training beyond the initial training, we charge \$500 plus costs.

For a qualified veteran of the U.S. Military who becomes a franchisee individually or as majority owner of a franchisee entity, we will reduce your initial franchise fee by 10% to \$44,550 for your first Epic Wings franchise. You must have been honorably discharged.

For a longtime manager, we waive the initial franchise fee, but we can charge you up to \$10,000 to recover costs we incur to enter into the Franchise Agreement and provide initial services. You must have 10 years quality service as manager for a restaurant affiliated with us. In your current position the restaurant must be in full compliance. You must not have any human resources issue and no material discipline issue in the prior 24 months.

All the above amounts are deemed to be fully earned when paid and all amounts are not refundable under any circumstances.

ITEM 6:
OTHER FEES

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Royalty ¹	5% of Net Sales 2% of Net Sales for Sacco Family Members	Weekly (we can notify you that we will require payment more frequently)	Net Sales means all revenues and income from sales, but not sales tax, chargeable to customers, separately stated when charged and paid to the taxing authority; also not refunds. If you don't report Net Sales for a period, we can debit your account 120%. Once we receive the Net Sales report(s), any overpayments will be credited, without interest, against future royalty fees. If you qualify for the program for longtime managers (see Item 5), the royalty fee is waived until the 5th anniversary of the franchise agreement, if you are in full compliance. If you are a Sacco Family Member, your royalty fee will be 2% of Net Sales.
Promotion Fund	Up to 3% of Net Sales Up to 2% of Net Sales for Sacco Family Members	Payable at the same time and manner as Royalty Fees	You contribute to the Promotion Fund.
Local Advertising	3% of Net Sales, less amounts paid for Cooperative Advertising	Monthly	Paid to suppliers of advertising, not to us.
Rewards Program Fee	\$122.50 per month plus \$0.10 per card activation and \$0.01 per outgoing SMS	Monthly	We pay the one-time \$50 set-up fee. You are- be required to set up an account with Paytronix and pay the monthly fee, card activation fee and SMS fee directly to Paytronix.
Cooperative Advertising	Decided by majority vote of co-op members	Monthly	These expenditures will be credited toward local advertising requirement.
Software License	To be determined	Weekly or monthly or other frequently	You pay if/when software is introduced for operations of the restaurant.
Online Ordering Platform	\$125 set up/activation and \$70 per month	Monthly	Olo is our online ordering platform. Transaction and other fees may be charged.
Insurance	Amount of premium and charge for our expenses	On demand	If you don't get required insurance we can get some or all the insurance for you. You pay the charges and our expenses.
Inspection/Audit	Amount shown to be understated or underpaid, cost of audit and interest (1.5% per month).	On demand	You pay the amount of any understatement or underpayment shown by our inspection or audit and interest. If understatement or underpayment was 2% or more for any period, you also pay the inspection or audit cost.
Maintenance	Actual expense and cost.	On demand	You must maintain premises, furniture, fixtures, equipment, signs and décor. If you don't, after we notify you, we can do so. You pay the costs.
Us Operating Your Restaurant Due to Your Breach, Death,	\$500 per day plus expenses	Weekly and at the same time as Royalty Fees	We may operate your Franchised Restaurant if you are in breach, absent, become incapacitated or die.

Type of Fee	Amount	Due Date	Remarks
Absence, or Incapacity			
Termination for Not Obtaining Location or Completing Training	\$3,500 or \$7,000	On termination	If we terminate the franchise because you did not get a location in 180 days or did not complete training or we question if you can successfully be trained, we return the initial franchise fee you paid but keep \$7,000, if termination is at 90 days for not getting a location, we keep \$3,500.
Late Payment/Dishonored ACH Charges	1.5% per month on unpaid amount; \$50 fee for dishonored ACH	After due date	Applies to amounts not paid on time. If we need to process an ACH Payment again due to nonsufficient funds or other reason, you will be charged \$50.
Optional Suppliers/Service Companies	Reachify is \$62 to \$65 a month; ADP varies	On demand	We negotiated preferred pricing with 1) ADP who has 3 platform tiers for payroll and human resources services; and 2) Reachify, a call roll-over service to our App or online platform. You pay them directly.
Supplier/Supplies Approval	Reasonable cost of inspection, evaluation and test, estimated not to exceed \$1,000 for inspection and testing	Time of inspection and testing	Applies to new suppliers or supplies you wish to purchase that we have not approved.
Transfer Fee (Franchise Agreement)	50% of then-current initial Franchise Fee for start-up Franchised Restaurant	On your request to transfer your Franchise Agreement	You pay this fee as part of a transfer of the Franchise Agreement.
Renewal Fee	\$10,000	On exercise of each renewal option.	You pay this to enter into renewal franchise agreement on each occasion.
Additional Training or Assistance	\$500 per day plus travel, lodging and meal expenses	Time of assistance	We provide initial training. We charge you for our personnel if we provide additional training or assistance.
Relocation Fee	\$5,000	Time of request for relocation	You pay this fee if you seek our consent to relocate the restaurant.
Indemnification; Defense Costs	All costs including attorneys' fees	Upon settlement or conclusion of claim or action	You must defend suits at your cost and hold us harmless against damages resulting from your operation of the Franchised Restaurant. You pay all costs and attorneys' fees. You reimburse our costs and attorneys' fees.
Engaging in restricted competition	10% of income and/or of revenue of competing business.	15 th day of each month	If you or any of your owners, affiliates, or any officer, director, manager or affiliate or spouse or family of them violates the noncompetition restriction then in addition to all other remedies available to us, you and the person involved pay us 10% of the revenue from the sale of products and services of the competing business.
Post-Term De-Identification	Varies	On demand	After termination, if you fail to fully de-identify the restaurant location and make other changes required to disassociate it from us and our system, we can enter the premises and do so. You pay the expenses.

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Damages for Cancellation or Termination Due to your Breach	Lesser of (a) 2 times Royalty Fees payable to us for prior 12 months (if Restaurant operated less than 12 months, 2 times avg. monthly Royalty Fees payable over period it operated, x 12), or (b) number of months remaining until expiration of term times avg. monthly Royalty Fees payable to us for immediately prior 12 months.	On demand	In a termination for your breach you pay us these amounts as liquidated damages.
Enforcement Costs	Varies	On demand	You pay us all damages, costs and expenses, including attorneys' fees, we incur to enforce the Franchise Agreement.
Guaranty	Varies	On breach of Franchise Agreement	Your owners personally guarantee and comply with all terms and are liable for performance and breach of Franchise Agreement.

All fees are uniformly imposed by and are payable to us unless otherwise noted.

Interest begins from date of underpayment. Fees paid to us are non-refundable unless otherwise noted. Refundability of fees paid to third parties depends on your agreements with them.

¹If state or local law prohibits or restricts your ability to pay and our ability to collect Royalty or other amounts based on revenue from alcoholic beverages, we will reset the amount of the Royalty or other sums payable to us and redefine Net Sales to exclude the payment of Royalty Fees on revenue from alcoholic beverages to an amount that will have approximately the same basic economic result for both you and us that seeks to not conflict with the law.

ITEM 7: **ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

FRANCHISE AGREEMENT

<u>Type of Expenditures</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is Made</u>
Initial Franchise Fee (1)	\$0 - \$49,500	Check	On Signing Franchise Agreement	Us
Grand Opening Advertising Fee (2)	\$0 - \$20,000	As Arranged	On Signing Franchise Agreement	Us
Leasehold Improvements (3)	\$231,250 - \$612,000	As Arranged	As Arranged	Landlord, Approved Suppliers
Signage (4)	\$12,000 - \$30,000	Lump Sum	As Arranged	Approved Suppliers

Type of Expenditures	Amount	Method of Payment	When Due	To Whom Payment Is Made
Rent (5)	\$14,550 - \$52,032	As Arranged	As Arranged	Landlord
Utility Security Deposits (6)	\$1,600 - \$2,300	As Arranged	As Arranged	Utility Companies
Furniture, Fixtures & Equipment (7)	\$175,000 - \$360,000	As Arranged	As Arranged	Approved Suppliers
POS System (8)	\$11,000 - \$18,000	As Arranged	As Arranged	Approved Supplier
Online Ordering Platform (9)	\$400 - \$600	As Arranged	As Arranged	Approved Supplier
Office Equipment/ Supplies (10)	\$2,000 - \$4,000	As Arranged	As Arranged	Approved Suppliers
Initial Inventory (11)	\$8,000 - \$12,000	As Arranged	As Arranged	Approved Suppliers
Insurance (12)	\$10,000 - \$15,000	As Arranged	As Arranged	Approved Suppliers
Training (13)	\$3,400 - \$25,000	As Incurred	As Incurred	Us, Transportation Lines, Hotels and Restaurants
Licenses/Permits (14)	\$1,000 - \$35,000	Lump Sum	As Arranged	Licensing Authorities
Professional Advisors (15)	\$1,750 - \$5,000	As arranged	As arranged	Professional advisors
Add'l Funds/ Capital (16)	\$75,000 – \$225,000	As Arranged	As Required	You Determine
TOTAL (17)	\$564,950- \$1,465,432			

Notes

(1) Initial Franchise Fee. You pay us an initial franchise fee of \$49,500 for your first restaurant, \$39,500 for your second restaurant and \$29,500 per restaurant for your third, fourth and fifth locations. Franchise Fees are not refundable. If you qualify for the program for longtime managers, this is waived, but we can charge you up to \$10,000 to recover costs we incur to enter into a Franchise Agreement and provide initial services. Therefore, for a longtime manager, the high estimate would be \$10,000, and not \$49,500. Sacco Family Members do not pay initial franchise fees.

(2) Grand Opening Advertising Fee. You pay this to us when you sign the Franchise Agreement. We will, in the period approximately from thirty (30) to (60) days before opening and sixty (60) to ninety (90) days after opening of the Franchised Restaurant, advertise and promote your Franchised Restaurant via social media, direct mail advertising and/or promotion through other media. The grand opening advertising will be conducted according to the program outlined in our Grand Opening Advertising Plan and/or plan you prepare and submit to us for our approval, if we approve it. Sacco Family Members do not pay the Grand Opening Advertising Fee.

(3) Leasehold Improvements. At the issuance date of this Disclosure Document, we designated J Studio, Inc. to provide design, architectural and construction management services for the buildout

of your Epic Wings Restaurants. Some factors that impact costs of construction and leasehold improvements are size and condition of premises, required improvements, location, local cost of contract work, choice of contractor, timing, and design and work choices. Costs may be less if the landlord provides a construction allowance. The low estimate assumes your restaurant is about 1,250 square feet with a construction cost of about \$185 per square foot. The high estimate assumes your restaurant is about 2,400 square feet with a construction cost of about \$255 per square foot. These are only estimates. Some ways your cost could differ are if you have a larger location or higher cost per square foot or less or no contribution from your landlord, or other factors that increase your costs.

(4) Signage. This estimate is for exterior signage consisting of one or more of a pole, awning, channel letter and/or monument sign(s) and interior menu boards.

(5) Rent. You obtain premises for your restaurant. This estimate assumes you rent or lease. The low estimate assumes a lease rate of \$2.91 per square foot per month for premises of 1,250 square feet. The estimate is for three months' rent and a lease security deposit equal to one months' rent. ($\$2.91 \times 1,250 \times 4 = \$14,550$). The high estimate assumes a lease rate of \$5.42 per square foot per month for premises of 2,400 square feet. ($\$5.42 \times 2,400 \times 4 = \$52,032$). Both estimates assume no free rent period in the first three months.

(6) Utility Security Deposits. You may have to pay deposits before installation or start of service of telephone, gas, electric, water and other utilities. The low-end assumes some utility providers require lower or no security deposit.

(7) Furniture, Fixtures & Equipment ("FF&E"). The estimate is for restaurant equipment, furniture and furnishings. Currently (effective date of this Disclosure Document), we require you to use Concept Services as supplier of FF&E for your first Epic Wings Restaurant. For additional restaurants, you may use Concept Services or other supplier(s) acceptable to us. Some factors that affect these costs are size of the restaurant, and some choices within the framework of our specifications. The lower estimate assumes a restaurant closer to 1,250 square feet and other choices resulting in lower costs for equipment and furniture. The higher estimate assumes a restaurant closer to 2,400 square feet and other choices resulting in larger equipment and furniture costs. If you choose more costly choose furniture and furnishings your costs could exceed our high estimate.

(8) POS System. We require you to use the Revel POS system which operates using the Apple iPad together with other hardware and software components.

(9) Online Ordering Platform. At the issuance date of this Disclosure Document, we require you to use Olo, a digital ordering and delivery program. The low estimate is for setup, activation and monthly cost, of \$130. The high estimate assumes a larger amount of transaction and other fees, about \$200 per month.

(10) Office Equipment and Supplies. These estimates are for a desk, chairs, cabinets, computer, printer, desk items and office supplies. The low and high estimates represent a purchase of all equipment and supplies.

(11) Initial Inventory. Estimate for an initial inventory of food and beverage items, paper products and other restaurant supplies. The lower estimate assumes a restaurant that is smaller in its physical size and/or lower anticipated volume. The higher estimate assumes the restaurant is larger in its physical size and/or anticipated volume. This is not a representation as to volume.

(12) Insurance. You must obtain insurance including replacement cost coverage on the restaurant and all fixtures, equipment, supplies, products and other property used in operating the restaurant, flood and/or earthquake coverage where applicable for full repair and replacement value, workers' compensation and employer's liability insurance of \$1,000,000; \$500,000 of employment practices liability insurance; comprehensive general liability insurance including broad form contractual liability, personal and advertising injury; products/completed operation and, if applicable, liquor liability with coverage of at least \$1,000,000 per occurrence and \$2,000,000 aggregate, fire damage liability of at least \$300,000 per fire and medical expense coverage of at least \$5,000 per person and Cyber security and data privacy coverage of at least \$5,000,000. Each policy must insure us and you. You also must obtain business interruption insurance, automobile liability insurance, including owned, hired and non-owned vehicle coverage, of at least \$1,000,000; insurance required by your lease, and umbrella coverage of at least \$1,000,000. The lower estimate represents a less expensive package of insurance or a quarterly payment of an annual premium. The higher figure represents an approximate annual premium and assumes you pay this in full in a lump sum. It is possible to purchase additional insurance or more costly insurance and thus to exceed the high estimate.

(13) Training. You arrange transportation and pay for meals and lodging for you and your personnel who attend training. You pay your personnel during training. The amount of your expense will depend on travel, type of travel, lodging you choose, and rate of compensation. You come to our headquarters or other location we designate for approximately 4-5 weeks. The low estimate assumes training of about 24 days, at a location near you, so that you have no travel expenses and you pay only one person for their time in training, at approximately minimum wage. If you travel to our headquarters or other location, you should expect to incur at least \$370 per person per day for food, lodging and compensation at approximately minimum wage, for about 24 days, plus about \$350 of fuel cost if you drive, more if you fly. The high estimate assumes expenses of about \$500 per person per day for food, lodging and compensation at approximately minimum wage for about 24 days, plus \$500 per person for one round-trip by air. If we determine you are not prepared to open the restaurant or you request additional assistance from us to facilitate opening of the restaurant and we send our representative to assist you, you reimburse us for the additional travel, lodging and meal expenses we incur.

(14) Licenses/Permits. These amounts are estimated costs of local licenses and permits and permit for on-premises sale of beer and wine. The high estimates assume you have more expense because you might have a facility changing use from a non-restaurant building to a restaurant building (for instance a retail store to a restaurant) and you may need a permit to change the use. In some areas, a beer and wine license may be higher. Other permits like sewage permits and other types of permits and licenses add to the high estimate. Hiring an expeditor will also add to the cost.

(15) Professional Advisors. You should consult professional advisors like a lawyer and accountant.

(16) Working Capital. We considered that some time will be needed to generate revenue and the possibility of unexpected expenses. The Franchise Agreement states you are required to maintain a cash reserve in the bank of the greater of \$75,000 or one month's expenses. You may need additional working capital if sales are low or costs are high. We relied on our officers' experience of more than 20 years, who worked with a consultant in developing these estimates. You should review these estimates carefully with a business advisor before making any decision to purchase the franchise.

(17) Totals. The amounts in each row, and the totals are not exact. They are estimates to give you an idea of the expenses. The Item 7 chart is only an estimate of initial start-up expenses. You may have additional expenses, or other categories of expenses, to start the Franchised Restaurant. Additional expenses and other categories of expenses could be significant. You should not plan to draw income from operations during the start-up and development stage of your franchise, which could exceed three-months. You should plan to have reserves to cover other expenses, losses or unanticipated events during the start-up and development stage or beyond. Generally, none of the expenses in this table is refundable, except security deposits may be refundable and some of the premium may be refunded when an insurance policy is cancelled before its term ends. We do not provide direct or indirect financing.

ITEM 8: **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Premises.

We require you to obtain premises for the restaurant and purchase various merchandise, services, supplies, fixtures, equipment, and computer hardware and software and other items either from us or from supplies we approve or under our specifications.

The location of your restaurant must first be consented to by us. You propose a location. If it is acceptable to us, the location address will be stated in Section 1(B) of the Franchise Agreement. If you do not have or we have not approved a location when the Franchise Agreement is entered into, then the location will be designated later.

You must purchase or lease the premises for the location. You must not enter a lease for any location until after signing the Franchise Agreement and we consent to the location and proposed lease. We can impose conditions to giving our consent. Among the conditions we can impose are that the lease provide us the right, if we want, to receive an assignment of the lease on termination or expiration of the franchise; require the lessor to provide us a copy of any default notice sent to you and grant us the right (but not obligation) to cure any deficiency or default within 15 business days after your time ends to cure the default if you fail to do so; authorize you to display the marks according to our specifications; allows construction of improvements meeting our requirements; and assures you will be free from disturbance or interference by the lessor's lender, lienholder, mortgagee or anyone having an interest or claim in the premises.

Our review or consent to a proposed lease is not an endorsement or approval of its terms or assurance of any results from the lease or location.

We can require you to remodel, modernize, redecorate and make replacements. These actions must be done according to our standards and specifications. We won't require major modifications or replacements during the first three years of the term.

Advertising

You pay us a grand opening advertising fee of \$20,000. Sacco Family Members do not pay the grand opening advertising fee. We will, from approximately thirty (30) to (60) days before opening and sixty (60) and ninety (90) days after opening of the restaurant, advertise and promote your restaurant via social media, direct mail and/or promotion through other media.

The grand opening advertising will be conducted according to the program outline in our Grand Opening Advertising Plan and/or plan you prepare and submit to us for our approval, if we approve it.

Each month you must spend at least 3% of your net sales on local advertising and promotion. Your expenditures are subject to approval from us or our designated advertising agency. You must comply with our rules, restrictions and guidelines for advertising.

You must enroll and participate in any gift card program we have in effect and as we revise any such program.

You must participate in promotion and marketing programs we establish.

You must cooperate and when we require participate, in additional programs we establish and designate, including coupons, smartphone, tablet and other mobile device applications, rewards and loyalty programs, and other programs, and comply with our rules and regulations.

Goods and Services

We'll provide you one or more lists or information of approved manufacturers, suppliers, distributors and approved inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services for the restaurant. The lists or information will specify the manufacturer, brand name, supplier, distributor and inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and services we approve for your use. We can revise these lists or information. For some or potentially all items we can designate ourselves as an approved supplier or as sole approved supplier.

We can manufacture, supply and sell food products to you and other franchisees and/or disclose formulas for and methods and preparation of food products to suppliers who we will authorize to manufacture food products to our specifications and sell them to you and other franchisees. You may be required to purchase and use food products from us or a limited number of suppliers authorized by us. For some or potentially all products we could designate ourselves as an approved supplier or as the sole approved supplier.

If you propose to offer for sale at the restaurant any brand of product, or use any brand of food ingredient or other material or supply which is not approved by us, or to buy from a supplier not designated by us as an approved supplier, you must first notify us and submit samples and other information we require for examination, testing or to otherwise determine if the product, material or supply or proposed supplier, meets our specifications and standards. We can charge you or the proposed supplier the cost of inspection, evaluation and testing. We expect this charge would not exceed \$1,000. We will try to let you know our decision within 45 days after we obtain all the information we need. We can re-inspect facilities and products of any supplier and revoke approval.

All other inventory, products, materials and other items and supplies used in operating the restaurant, which are not specifically required by us to be purchased according to lists we provide, must meet specifications and quality standards we establish.

You must use only displays, trays, napkins, boxes, bags, wrapping paper, labels, forms and other paper and plastic products imprinted with the marks and colors prescribed from time to time by us. You must purchase such items only from third parties licensed by us to place the marks on such items.

Items Not Permitted

You must not install or maintain at your Franchised Restaurant or use in the business of your Franchised Business, any newspaper rack, video game, juke box, gaming machine, gum machine, game, ride, vending machine, computer games, robot, automated service device, drone or other device similar to any of the foregoing without our prior written consent.

Software

We could develop and design software or select or designate third-party software, or a combination of these, for accounting, inventory, point-of-sale and other activities. The software may be all or partly proprietary to and confidential information of us. If we do this, we can require you to implement and use the software and comply with our specifications and standards regarding the software. We can require you to pay reasonable license and maintenance fees to us and/or third party(s).

Branded Products

We can require you to buy trademarked products from us or other sources we designate. You must promote, offer and sell all merchandise including trademarked products and all other food and other services prescribed by us.

Other Suppliers

We partnered and negotiated preferred pricing with two vendors/suppliers, as optional services for you. One is ADP, which has 3 platform tiers available that also include payroll and human resources services. The other one is Reachify, which is an automated phone system that routes calls to our App or the online ordering platform. Preferred pricing is \$62 to \$65 per month, paid directly to Reachify.

Other Matters Regarding Sources of Products and Services

Our officers do not own an interest in any supplier. However, Epic Wings Restaurants may serve particular brands of soft drinks or could obtain chicken products or other products from companies that are publicly traded. Any of our officers could own stock in publicly traded companies.

Our criteria for approving suppliers are not made available to you.

We may negotiate purchase arrangements with some suppliers. These may require that our system meet volume, percentage of purchase and other requirements. Some suppliers may pay us rebates or other consideration based on sales to you. If we receive these payments we will have the option to pay the funds or a portion of the funds to you (and/or other franchisees) and/or place them in the Promotion Fund, and/or use as working capital or for other purposes, all in proportion(s) we determine or according to the agreement with the suppliers. We believe you will benefit from these arrangements; however, we can't assure that you will agree you have benefited.

We could in the future seek to negotiate group rates for purchases of products and materials with suppliers in our discretion. We have not done so yet.

There are no purchasing or distribution cooperatives at this time.

In 2023, we received rebates from suppliers totaling \$88,366, which was placed in the Promotion Fund.

In the year ending December 2023, we did not derive revenue from any required franchisee purchases.

We estimate that approximately 50% of your expenditures for leases and purchases in establishing your Franchised Restaurant and approximately 75% on an ongoing basis will be for goods and services for which suppliers must be approved by us, or which must meet our standards or specifications.

We do not provide or withhold material benefits to you (like renewal rights or the right to open additional restaurants) based on whether or not you purchase through the sources we designate or approve. But purchases of unapproved products or services or from unapproved suppliers violates the Franchise Agreement, for which we could terminate the Franchise Agreement and seek damages.

We do not derive revenue from your purchases from approved or designated suppliers other than as stated above.

ITEM 9: **FRANCHISEE'S OBLIGATIONS**

This table lists your principal obligations under the Franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of the Disclosure Document.

	<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Disclosure Document Item</u>
a.	Site selection and acquisition/ lease	1 and 3	8 and 12
b.	Pre-opening purchases/leases	3 and 12	7 and 8
c.	Site development and other pre-opening requirements	3 and 12	6 and 11
d.	Initial and ongoing training	4	5 and 6
e.	Opening	12(D)	7(11), 8 and 11(b)
f.	Fees	1(I), 2(B)(8), 3(A), 10, 11(H), 15(I) and 18(B)(2)(b)(7)	5, 6 and 7
g.	Compliance with standards and policies/operating manuals	6, 7, 12 and 22	11
h.	Trademarks and proprietary information	5, 6, 7 and 15(D)	13 and 14
i.	Restrictions on products/services offered	1 and 12	8 and 16

	<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Disclosure Document Item</u>
j.	Warranty and customer service requirements	12	N/A
k.	Territory development and sales quotas	3	12
l.	Ongoing product/service purchases	12	8 and 11
m.	Maintenance, appearance and remodeling requirements	3, 12	6 and 8
n.	Insurance	14	6, 7 and 8
o.	Advertising	9, 12	6, 8 and 11
p.	Indemnification	14, 16(E), 18(B)(4), 21 and 23(C)	6
q.	Owner's participation/ management/ staffing	12, 15, 21 and 32	15
r.	Records and reports	10, 11, 12 and 16(B)(8)	9 and 11
s.	Inspection and audits	5(E), 11(E), 12(OP, 13(C) and 15(I)	6 and 11
t.	Transfer	18, 19, 20	6 and 17
u.	Renewal	2	6 and 17
v.	Post-termination obligations	15 and 17	17
w.	Non-competition covenants	15	6 and 17
x.	Dispute resolution	26, 30	17

ITEM 10: **FINANCING**

Neither we nor any agent or affiliate of ours offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign or discount to a third party all or any part of any financing arrangement of yours.

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

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

(a) Our Obligations Before You Start Operating the Restaurant:

1. Agree on a location for your restaurant or territory in which you'll seek to find a location, and state these in the Franchise Agreement (Franchise Agreement Section 1). You are responsible to purchase or lease a suitable site for your restaurant, subject to our approval. (Franchise Agreement Section 3).

Factors we consider in approving or withholding approval of a proposed location include population density, demographics, traffic and traffic patterns, convenience, parking, safety, zoning, neighborhood, physical characteristics of the premises such as size and layout. We evaluate each proposed site case-by-case and will try to notify you in writing of our acceptance or rejection within 15 business days after we receive your request and all information.

We have partnered with Locate.ai as our preferred Real Estate Broker. They provide Artificial Intelligence (AI) data driven site selection and complete broker services, free of charge to franchisees. Even though they are our preferred real estate broker, you can choose to use them or source your own broker. We do not assist in locating premises, negotiating a lease, construction or build-out, conforming the location to meet local rules or zoning requirements or recruiting or hiring employees. We don't have special knowledge in selecting sites. Our approval does not mean your restaurant will achieve particular results.

2. Provide initial training to you and one other supervisory or managerial personnel. (Franchise Agreement Section 4). More information on the training is provided below in this Item 11. If you previously completed training for an Epic Wings restaurant, then we can elect to provide approximately one week of refresher training. (Franchise Agreement Section 4(E)).

3. We'll loan you or provide you electronic access to our Confidential Operating Manual. It will contain specifications, standards, operating procedures and rules for Epic Wings franchised restaurants and information relative to your obligations. We can add to and modify the Manual. You must keep the manual confidential. (Franchise Agreement Section 6). You must operate your Franchised Restaurant in compliance with the terms of your Franchise Agreement and the Manuals. You alone will exercise day-to-day control over all operations, activities and elements of the Franchised Restaurant, including over your employees. Under no circumstances will we do so or be deemed to do so. The various requirements, restrictions, prohibitions, specifications and procedures of the system with which you must comply under the Franchise Agreement and the Manuals do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchised Restaurant, but only constitute standards to which you must adhere when exercising your control over the day-to-day operations of your Franchised Restaurant consistent with our policies. (Fran. Agreement. Section 6.D.)

4. We'll provide you lists of approved manufacturers, suppliers and distributors and approved inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the restaurant. The lists will specify manufacturers, brand names, suppliers and distributors and inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and services we approve. We can revise these lists. For some or potentially all products or services we could designate ourselves or our affiliate as an approved supplier or the sole approved supplier. (Franchise Agreement Section 12(L)). We don't purchase, deliver or install items for you.

5. We'll advertise and promote your Franchised Restaurant in the period approximately from thirty (30) to sixty (60) days before opening and sixty (60) to ninety (90) days after opening of the Franchised Restaurant via social media, direct mail advertising and/or promotion through other media from the grand opening advertising fee of \$20,000 you pay us. The grand opening advertising will be conducted according to the program outline in our Grand Opening Advertising Plan and/or plan you prepare and submit to us for our approval, if we approve it. (Franchise Agreement Section 9(C)).

6. We'll provide one representative to assist in opening the restaurant. The representative will provide up to one week of additional training at the restaurant around the time of the start of operations. During this time the representatives will assist in establishing and standardizing procedures and techniques for operating the restaurant and assist in training personnel. But we aren't obligated to do this if you are already a franchisee. (Franchise Agreement Section 4(C)).

(b) Length of Time Between Signing and Opening.

A typical length of time between signing a franchise agreement and opening the restaurant is about 15-24 months.

Within 6 months of obtaining possession you must submit for our consent a site survey, and any proposed modifications to our basic architectural plans, but we have the right to limit changes to those needed to comply with ordinances, building codes and permit requirements; obtain all required zoning changes, building, utility, health, sanitation, sign and other permits and licenses; purchase or lease equipment, fixtures, furniture and signs; complete the construction and/or remodeling and installation of equipment, fixtures, furniture and signage and decorating in compliance with plans and specifications we have consented to in writing and applicable ordinances, building codes and permit requirements; obtain all contractors' statements and waivers of liens for construction, remodeling, decorating and installations; obtain required insurance; complete development and have the restaurant ready to open and start conducting its business. The Franchise Agreement says you must start operating the restaurant within 12 months after signing the Franchise Agreement. In circumstances of supply chain distribution delay or other delay outside your control, we have consented to extend this time. We are not obligated to do so.

Factors that may affect this length of time include obtaining a location that meets our approval, leasehold improvements and build-out, time of year, completion of our initial training, availability of equipment, products and supplies, obtaining government inspections and occupancy permits if needed, and any other circumstances, some beyond ours or your control, that could cause delay.

(c) Our Obligations to You After You Start Operating the Restaurant:

1. For your first restaurant, we'll provide one representative to assist in opening the restaurant. The representative will provide up to one week of additional training at the restaurant around the time you start operating the restaurant. During this period, our representatives will also assist you in establishing and standardizing procedures and techniques for operating the restaurant and assist in training personnel. (Franchise Agreement Section 4(c)).

2. We may advise or offer guidance relative to prices for food and other products offered for sale. This will be based on our experience and other factors we take into consideration. You must follow our guidance when not against the law to do so. (Franchise Agreement Section 13(A)).

3. We'll provide you assistance in operating the restaurant as we deem necessary or useful. This may be advice and guidance regarding: service and selling food, service and merchandise; additional products and services we authorize; purchases; bookkeeping, accounting, inventory control, other administrative matters, supervisory and operating procedures; advertising and promotion programs; and research and development. (Franchise Agreement Section 13(C)).

4. We may make visits to the restaurant for consultation, assistance, inspection and guidance. We may prepare written reports of the visits, outlining observations and suggested changes or improvements and detailing defaults. We can decide whether or not to provide a copy of the report to you. We'll tell you of problems disclosed by the reports. We can also use the reports for other purposes. (Franchise Agreement Section 13(D)).

(d) Advertising.

You may use your own advertising in the following circumstances: You must first get our written approval. You submit to us or our designated agency, for prior consent, all promotion materials and advertising you propose to use, such as advertising proposed for use in radio and tv, online advertising and social media (if we allow), specialty and novelty items, signs, containers and boxes. If we don't respond within one week with our consent or disapproval then the proposed advertising is not approved.

You must contribute an amount we specify, not exceeding 3% of Net Sales to the Epic Wings Promotion Fund. Sacco Family Members contribute an amount not exceeding 2% of Net Sales to the Epic Wings Promotion Fund. These payments will be made together with royalty payments

We or our designee will direct all advertising programs with sole discretion over the creative concepts, materials and media and their placement and allocation. We will administer the Promotion Fund. The fund is intended to help develop general public recognition and acceptance of the Epic Wings trademarks to benefit the system. We don't promise that the fund's expenditures will be equivalent or proportionate in some way or any way to your contribution, nor that you or any franchisee will benefit directly or pro rata from placement of advertising by the fund.

Monies in the Promotion Fund may be used to for a wide range of purposes, among them to maintain, administer, direct, produce and prepare promotions and advertising, costs of conducting public relations, advertising and producing promotion brochures and other marketing materials. These monies may be commingled with our other funds or kept in a separate account from our other monies.

The Promotion Fund won't be used to solicit selling franchises or to defray our general operating expenses, except for reasonable administrative costs and overhead, not to exceed 20% of the amounts contributed to the fund, that we incur in activities reasonably related to the administration or direction of the fund and advertising programs including, without limitation, market research, preparing marketing and advertising materials and collecting and accounting for assessments for the fund.

We can spend, for the fund, in a fiscal year or other period more or less than the aggregate contributions to the fund in a time period. The fund may borrow to cover deficits or invest surplus for future use. If we lend money to the fund, we can charge interest at 1% above the rate we pay lenders, or other reasonable rate. We have the right but are not obligated, to cause the fund to be incorporated or operated through a separate entity.

We can terminate the fund. We won't terminate the fund until all monies in the fund have been expended for advertising and promotion purposes or returned to franchisees. If terminated, we can restart the fund or a new Promotion Fund.

An accounting will be prepared annually and made available to you on request. We can require that the annual accounting include an audit prepared by an independent CPA, prepared at the expense of the fund.

We can contribute to the fund or pay to franchisees or retain for our use or other purposes any rebates paid to us by suppliers on account of your purchases. For each Epic Wings restaurant we own similar to your franchised restaurant, we'll contribute similarly to what is required of you. For Epic Wings restaurants operated by affiliates of us, we'll try to get them to contribute. Contributions by us or affiliates need not be the same amounts or according to the same formula as required of you.

Each month, you must spend at least 3% of Net Sales on local advertising and promotion. This expense is in addition to labor costs for your personnel and does not include disposable menus. To the extent you advertise by bartering and/or giving away food or merchandise promoting Epic Wings or the restaurant, only your costs for the bartered food or merchandise will count toward the local advertising and promotion expense. The expenditures must be made directly by you, subject to approval from us or our designated ad agency. Within 10 days after the end of each calendar month, you must provide us an accounting of your expenditures on local advertising and promotion for the month just ended. You must comply with our rules, restrictions and guidelines for local advertising.

We can establish regional advertising cooperatives in one or more areas having multiple Epic Wings restaurants. You must participate in and contribute to the cooperative according to rules and procedures determined by a majority of its members. Your contributions will be additional to required contributions to the Promotion Fund but will be credited toward your required expenditures for local advertising. We can require that the organizational documents (articles of incorporation and bylaws or the like) and operating procedures be consented to by us. We can participate in deliberations of the cooperative and veto any decision we object to or consider detrimental to the interests of the system. We can require cooperatives to be formed, changed, dissolved or merged.

We are not required to spend any amount on advertising in any particular area or at all. There is no council of franchisees that advises us on advertising policies.

(e) Website and Internet.

We can, but we are not obligated to, establish and maintain one or more websites promoting the trademarks and system. We have sole control over the website and social media. We can stop its operation at any time without notice. Unless you get our prior written consent, you are not allowed to establish or maintain a separate website, splash page, any kind of presence on the Internet or presence through any social media or social media site relating to the operation of the business. If we grant you a right to operate a separate website and/or a splash page, maintain an internet presence or presence through any social media site, you must do so according to our standards and policies in the Manual or otherwise in writing from time to time. We can modify or supplement our policies regarding social media and internet use at any time in writing, whether as part of the Manual or otherwise.

(f) Required Electronic Cash Registers/Computer Systems.

You must record all sales and related activities on computer-based point-of-sale cash registers which are compatible with any program or system we use. You must get a computer system, including royalty calculation software, anti-virus software and other software and

hardware we deem necessary, meeting specifications and standards we set. All Net Sales and sales information must be recorded on this equipment. We will have full access to the data, system and related information by direct access in the form we want, including in-person or by remote access via telephone or other network connection. You must supply us with the server, IP, or other network connection information including passwords or passcodes so we can remotely access your data. We will have independent access to information and data from your computer-based point-of-sale cash registers and computer system.

Currently, we designate the Revel point of sale system for use in Epic Wings restaurants. The cost to you is estimated to be between \$11,000 – \$18,000. The Revel POS System is an Apple iPad based system.

Currently, we designate Olo as our digital ordering and delivery program. The cost of the online ordering system including setup, activation and transaction fees is estimated to be about \$130-\$200 per month. Other fees may apply. The current program fees are:

Package	XS	S	M	L	XL	XXL
Monthly Fee	\$5	\$35	\$55	\$90	\$135	\$180
Included Orders	10	100	300	700	1,500	3,000
Additional Order Cost	\$0.50	\$0.35	\$0.18	\$0.13	\$0.09	\$0.06

You must use the Paytronix customer management and loyalty platform. We pay your one time set-up charge of \$50. You pay Paytronix a monthly fee of \$122.50, \$0.10 for each e-gift per activation and \$0.01 for each outgoing SMS messages.

In the future could (but are not obligated to), develop and/or design software and/or select and designate third-party software, or a combination of these, for accounting, inventory, point-of-sale functions and other activities. The software may be entirely or partly proprietary to and confidential information of us. We will have the right to require you to implement and use the software and comply with specifications and standards we prescribe. We can require you to pay reasonable amounts to license of for maintenance of the software whether to us or third party(s) or a combination of them.

You must upgrade any hardware or software to ensure compatibility with the software we designate.

We can require you to upgrade, replace or make other changes to the POS System; there is no restriction on how much this may cost you or how often we require this.

(g) Manuals. The table of contents for the Manual is attached as Exhibit J to this Disclosure Document. At the date of this Disclosure Document, the Manual was 233 pages.

(h) Training.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Epic Wings History and Philosophy	1	0	See note below

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Safety, Health, Sanitation, Cleanliness and Hygiene	8	0	County Certified Training Facility
Overview of Products	8	0	See note below
Customer Service	2	16	See note below
Kitchen Equipment Specifications and Operation	4	16	See note below
Ordering Inventory and Controlling Food Cost	4	4	See note below
Certified Manager Duties	8	24	See note below
Daily Operations Checklist	2	8	See note below
Handling Complaints	1	4	See note below
POS System and Software	1	8	See note below
Advertising and Promotion	1	8	See note below
Administration, Bookkeeping, Recordkeeping	8	22	See note below
Review	2	0	See note below
Total	50	110	

We try to arrange training at an Epic Wings Restaurant near the area where your franchised Epic Wings Restaurant will be located. If this is not available, training will be at our Carmel Mountain Road, California location or another Epic Wings Restaurant or a Wings N' Things Restaurant.

You and one additional supervisory or managerial personnel must successfully complete our training approximately 6 weeks before your location is ready to start operating. If you previously completed our training, then in lieu of the initial training program we may instead elect to provide approximately one week of refresher training.

If you qualify for the longtime manager program, the categories and hours of classroom and on-the-job training will be reduced substantially for you and could be waived or limited to refresher training. We may provide training for your supervisory personnel.

We schedule initial training as needed. The training may include classroom, on-the-job, webinar or other telecommunication, self-study online or review of videos or other materials or combination of these. We don't charge separately for training. You pay all travel, living and compensation expenses of your personnel. We don't pay you or your personnel even if some of the training involves working and performing service at an existing restaurant.

Training will be supervised by our Franchise Business Consultant and/or a designated, Brand certified trainer, as well as Jason Coker. Mr. Coker has been in restaurant management since 2014. The instructional materials for the initial training program consist of the Epic Wings training manual.

If we determine you or a person associated with you are unable, or we come to doubt your or their ability to satisfactorily complete any part of training, we can require attendance at additional training to prove the ability to operate the restaurant to our satisfaction or require you or a new approved designee to complete the training subject to our then-current training

requirements or terminate the Franchise Agreement. Upon termination of the Franchise Agreement, we will be deemed to be fully released from any and all claims or causes of action you may have or claim to have against us, our shareholders, directors, officers and personnel.

We can require you and your personnel to attend and successfully complete new or refresher training. These may be at locations we designate. These may be conducted specifically for such persons or for a broader range of persons. While you are in full compliance with the Franchise Agreement, attendance won't be mandatory at more than one such additional or refresher training program in any calendar year and any such program shall not exceed 5 business days in a calendar year. You bear all expenses, including, without limitation, travel, lodging, meals and salaries.

ITEM 12: **TERRITORY**

Franchise Agreement

The franchise will be for a specific location, which is subject to our approval. You propose a location. If it is acceptable to us, the location address will be stated in the Franchise Agreement. If you do not have or we have not approved a location when the Franchise Agreement is entered into, then the location will be designated later. The Franchise Agreement will state a geographic area in which your restaurant will be located.

You lease or purchase premises for the location. You must not enter into a lease until after you sign the Franchise Agreement and we consent to the proposed location and lease. We can impose conditions to giving consent. Among the conditions we can impose are that the lease provide us the right, if we want, to receive an assignment of the lease on termination or expiration of the franchise, or in case you would lose possession for breach or other reason; require the lessor to provide us a copy of any default notice sent to you and grant us the right (but not obligation) to cure any deficiency or default within 15 business days after your time ends to cure the default if you fail to do so; authorize you to display the marks according to our specifications; allows construction of improvements meeting our requirements; and assures you will be free from disturbance or interference by the lessor's lender, lienholder, mortgagee or anyone having an interest or claim in the premises.

Our review or consent to a proposed lease is not an endorsement or approval of its terms or assurance of any results from the lease or location.

You must operate the restaurant only at the location stated in the Franchise Agreement. If the lease ends without your fault or the location is destroyed, condemned or otherwise rendered unusable, we will be willing to consent to your relocating the restaurant to a location and site acceptable to us. That relocation would be at your expense, and we have the right to charge you a relocation fee of \$5,000. The proposed new location would be subject to the procedures and our consent, described above.

During the term stated in the Franchise Agreement and so long as you are in full compliance with all Agreements between you and us, we will not grant a franchise to someone else for and will not operate any other Epic Wings restaurant within an area of approximately a one (1) mile radius from your Restaurant. The specific area may alternatively be marked by street, political or other boundaries (rather than a circular radius). The area may be larger for a rural or less densely populated area and may be smaller for a more densely populated area like a metropolitan or downtown area. We do not currently envision the designated area to be smaller than a ¼ mile or

larger than a 5 mile radius. This designated area may be described more specifically in writing or on a map attached to the Franchise Agreement, or both.

Regardless of the exclusivity described above, we reserve several rights. We reserve the rights to:

1. grant franchises or operate franchised restaurants at military bases, schools, universities, airports, amusement parks, hospitals, stadiums, arenas, convention centers, fairgrounds, business campuses, other mass gathering places and also facilities that restrict entry or admission even if these locations are within the mile radius granted to you, and the right to grant other franchises or operate franchised restaurants outside that area as we deem appropriate.

2. ourself or any parent, subsidiary or affiliate of us to offer and sell and advertise and market and promote, at wholesale or retail, including the Internet or Internet web site, mail order catalogs, direct mail advertising or through any other distribution system or channels, within and outside the one (1) mile radius, Epic Wings products and services which comprise or may in the future comprise a part of our system.

3. ourself and for any parent, subsidiary or affiliate of us, within and outside the area granted to you, to market products comprising or not comprising parts of our system under formats, trademarks and service marks distinct from Epic Wings, whether at supermarkets, membership stores or other outlets or distribution channels.

For example, there is no restriction against us or our affiliates establishing additional Wings N' Things locations in the territory granted to you.

We and others are not restricted from soliciting or accepting orders from consumers inside the area granted to you. You do not receive any compensation on account of orders solicited or accepted from consumers in the territory granted to you. You are not restricted from soliciting or accepting orders from consumers outside the territory.

Based on the above, you do 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.

Continuation of your territory does not depend on achieving a certain sales volume or market penetration or other contingency but does require you to remain in compliance with the Franchise Agreement.

Members of the Sacco family own and operate 20 Wings N' Things, Epic Wings N' Things and Epic Wings restaurants in Southern California from San Diego north to Murrieta. These restaurants offer and sell menu items focused on chicken products. Those restaurants could advertise in the territory granted to you and could accept orders from customers in the area granted to you. The principal address for the head office of Wings N' Things is 12075 Carmel Mountain Road #201, San Diego California 92128. We do not plan to separate that office from our office.

We do not have a specific plan for resolving conflicts between you and operators of Wings N' Things. We do not anticipate any such conflict and would address any such conflict based on its own circumstances, if it occurred.

You do not receive any right of first refusal or other right to acquire additional franchises.

ITEM 13:
TRADEMARKS

We will grant you the right to operate a franchised restaurant under the name “Epic Wings” and other marks we may authorize you to use.

We own the following marks which are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

MARK	REGISTRATION NUMBER	REGISTRATION DATE
EPIC WINGS	5137948	February 7, 2017
	5096661	December 6, 2016
	5074658	November 1, 2016

The above are the principal trademarks licensed to you. All required affidavits of continued use and incontestability to maintain the above registrations have been filed.

The following trademarks are currently pending registration and are not yet registered. Therefore, these trademarks do not have many legal benefits and rights as a federally registered trademark.

MARK	APPLICATION NUMBER	APPLICATION DATE
ATOMIC REAPER	97887540	April 13, 2023
EPIC ATOMIC REAPER	97887534	April 13, 2023
MYEPIC REWARDS	97838659	March 14, 2023

There are currently no effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation; or pending material litigation involving the marks.

We are not aware of anyone having superior rights in the mark “Epic Wings” or any infringing use or anyone making a claim regarding our use, that could materially affect the use of the marks except the following:

On March 21, 2023, we received a cease and desist letter from Epic Burger, Inc. demanding the Company cease all use of EPIC for restaurant and related services and that we file a request

with the U.S. Trademark Office to voluntarily surrender and cancel our EPIC WINGS registrations. We responded to this request, denying any infringement of Epic Burger's trademark rights and refusing Epic Burger's requests. As of the date of this Disclosure Document, Epic Burger had not commenced any litigation or other proceeding against us. We intend to vigorously defend our rights to use the mark, should any action be brought.

As between you and us, we own the trademarks. Your right to use the marks comes only from the Franchise Agreement and is limited to conducting business pursuant to and in compliance with the Franchise Agreement. All your use of the marks and goodwill established by that use is for our benefit and does not confer in you any goodwill or other interest in the marks. You must not ever contest the validity or ownership of any of the marks or help anyone else to do so.

You must not use any of the marks or portion of any mark as part of a corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols or any modified way. You must not use any of our marks in selling any unauthorized product or service or in any way not expressly authorized in writing by us. You must give notices of trademark and service mark registrations as we specify. You must obtain fictitious or assumed name registrations as required by law.

You must promptly notify us of any claim, demand or cause of action based on or arising from someone else using our marks or imitation of our marks. You must notify us of any action, claim or demand against you relating to our marks within 3 days after you find out.

After we receive timely notice from you, we will have the right, but not the duty, to defend any such action. We can contest or bring action against a third party regarding their use of any of the marks. In the defense or prosecution of any litigation relating to the marks or parts of our system, you must cooperate with us and sign any documents and take actions that we ask.

If we think it advisable to modify or stop using any mark, and/or use one or more additional or substitute names or marks or symbols, you must comply with our direction to do so. We won't be liable with regard to such modification or discontinuance of any mark.

There are no other 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.

ITEM 14: **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

We do not claim to own any patent or registered copyrights which are material to the franchise. However, we claim common law copyright and trade secret protection for several aspects of our system, methods, techniques and operational procedures; products, product specifications, recipes, menus, design, décor, signage, manuals and all related materials including advertisement and promotion materials though such materials may not be registered in the Copyright Office. These materials are proprietary and confidential and are our property and may be used by you only as provided in your Franchise Agreement. We reserve the right to register any of our copyrighted materials any time we deem appropriate.

There are no effective determinations of the Copyright Office or any court regarding any materials as to which we claim copyright rights. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses known to us, which could materially affect your use of the copyrighted materials in any state.

We may authorize you to use certain works we claim copyright rights to. These include the Operating Manual, advertisements, promotion materials, packaging, posters and signs and may include all or parts of the marks, software, trade dress and other portions of the system. These are our property.

If you develop any methods, recipe, formula, specification, process, procedure, program, project, work of art or other materials in the course of operating the Epic Wings Restaurant which we approve for use and/or sale in the restaurant, it will be deemed to be a work-made-for-hire belonging to us, and automatically become our property. To the extent it is not deemed to be a work-made-for-hire, you assign all rights and ownership to us. At our request you must sign documents and take action we ask to enable us to secure all rights in us. If don't, then we can sign and act on your behalf as your attorney-in-fact.

We will provide you proprietary, confidential and trade secret information. Any improvements you develop or customer lists and databases you obtain will be our proprietary information. Our trade secrets include methods, recipes, formulas, specifications, processes, procedures and/or improvements regarding an Epic Wings restaurant, our system and any information that is valuable and secret in the sense that it is not generally known to competitors of us. You must maintain absolute confidentiality of all such information during and after the term of the franchise and must not use any such information in any other business or in any manner not specifically authorized or consented to in writing by us.

You may provide confidential information only to the extent and only to those of your employees who must have access to that information to operate the restaurant.

The goodwill associated with all phone and fax numbers, email addresses, domain names and social media and other Internet addresses used in operation of the restaurant is an asset that belongs to us. On cancellation, termination or expiration of the Franchise Agreement, you will be deemed to have assigned to us or our designee all right, title and interest in and to these and/or service associated with these. You must sign instruments we request to further confirm the assignments and transfers to us. On our request you must notify the phone companies, internet service providers, listing agencies, websites and others whom we request that you notify, of the termination, cancellation or expiration and transfer to us of all right to use of these and any regular, classified or other phone directory listing associated with the marks and give notice of making the transfer to us.

We will be entitled to obtain restraining orders and injunctive relief to safeguard our proprietary and confidential information.

Your owners, directors, shareholders, partners and employees having access to our confidential and proprietary information must sign Franchisor's form of Non-Disclosure and Confidentiality Agreement attached to this Disclosure Document as Exhibit E. You must submit a copy of each signed non-disclosure agreement to us on signing and submit annual updates to us listing those individuals having access to our confidential and proprietary information.

We can change, update or modify the system, adopt and using new or modified trade names, trademarks, service marks or copyrighted materials, new menu items, recipes, products, equipment, point-of-sale system, computers, technologies, techniques, marketing, promotion and any other aspects or elements. We'll tell you of modifications through the Operating Manual or other means we select. You must comply with modifications we make. You must not modify or alter our system.

As further protection for our trade secrets and other proprietary information you must not directly or indirectly, yourself or through, on behalf of or in conjunction with any person or entity, divert or try to divert any business or customer to a competitor, or do any other act injurious or prejudicial to the goodwill associated with our marks or system; and you must not own, maintain, engage in or have an interest in any business or division of any business (including any business operated by you before entering into the Franchise Agreement) engaged in preparation and sale of chicken and/or chicken products or services, where revenues from the sale of chicken and/or chicken products equal or exceed 30% of revenue of the business or of the division of the business.

As further protection for our trade secrets and other proprietary information, you agree that, for one year after transfer, cancellation, expiration or termination of the Franchise Agreement, you will not, directly or indirectly, yourself or through, on behalf of or in conjunction with any person, persons, or entity, own, maintain, engage in, consult with or have any interest in any restaurant business or prepared food business or division of any such business, engaged in preparation and sale of chicken and/or chicken products or services, where revenues from the sale of chicken and/or chicken products equal or exceed 30% of either revenue or volume of the business or division of the business that is located or has a location or operates within a distance of 20 miles of the Franchised Restaurant; or within a distance of 20 miles of the location of any other business using our system, whether franchised or owned by us.

You must never, in perpetuity, divulge to any person or entity any information, trade secrets, ingredients, recipes, cooking techniques and processes, used in our food products, menu items and other food and beverage products used in our system or any information stated in our Operating Manual.

The above restrictions do not apply to ownership of less than 2% of a class of outstanding stock of a business listed on the New York Stock Exchange or NASDAQ.

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

You are responsible for the operation of the restaurant. The restaurant must always be under your direct, on-premises supervision. You must devote full time and attention to managing and supervising all administrative and operational activities of the restaurant, both development obligations and store operations.

If we consent to you assuming these responsibilities less than full time, you must employ and retain an individual who will be vested with authority and responsibility for day-to-day operations. We don't have to consent. The certified manager must: actively supervise and manage the restaurant full time and devote full time and best efforts solely to operation of the restaurant and no other business; meet our education, experience, and other criteria for the position; be an individual acceptable to us; and successfully complete the initial training program to our satisfaction.

If you are a business entity, you must designate a certified manager acceptable to us who will be principally responsible for communicating with us about the operational and other ongoing matters concerning the restaurant. We can require you to have your manager agree to restrictions against diverting business or having an interest in a competitive business.

If you operate more than one franchise, you must personally divide at least a 40 hour work week among all the Epic Wings restaurants you operate and employ at least the number of certified

managers for each restaurant to meet our requirements for certified managers. We are not obligated to permit or consent to you operating more than one or any additional restaurants.

You must supervise the operations of the restaurant at all times. You must keep us informed at all times of the identity(s) of employee(s) acting as manager(s) of the restaurant. If you select a substitute or additional supervisory or managerial personnel, you must make sure the supervisory or managerial personnel becomes a certified manager by successfully completing our initial training and a six month qualification period. If your supervisory or managerial personnel fails to complete the initial training and qualification period, you must designate a new supervisory or managerial personnel to become a certified manager.

Employees you hire or employ will be your employees and your employees alone. They are not, for any purpose, to be deemed to be our employees, or subject to our direct or indirect control, most particularly with respect to any mandated or other insurance coverage, taxes or contributions, or requirements regarding withholdings, levied or fixed by any government authority. You will file your own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments for your employees and operations. We will not have the power to hire or fire your employees. Our authority under the Franchise Agreement to train and approve your supervisory or managerial personnel for qualification to perform certain functions at your Franchised Restaurant does not directly or indirectly vest us with power to hire, fire or control any of your personnel. You and you alone will be solely responsible for all hiring and employment decisions and functions relating to the Franchised Restaurant, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, including minimum wage compliance, personnel policies, benefits, recordkeeping, including authorization of persons to work in the United States, supervision and discipline of employees, regardless of whether you have received advice from us on these subjects or not. Any guidance we may give you regarding employment policies should be considered merely examples. You will be responsible for establishing and implementing your own employment policies and should do so in consultation with local legal counsel experienced in employment law.

ITEM 16: **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale and sell at the restaurant all items and categories of food and beverage products that we authorize and introduce. You must not offer for sale or sell any other category of products or use the premises for any purpose other than operating the restaurant in compliance with the Franchise Agreement. You are not authorized to conduct sales on the Internet.

You must not offer catering services, except with our prior written consent, and only in the manner and subject to any restrictions we set in the Operating Manual or otherwise in writing. You must not offer for sale or sell at any location other than the restaurant premises, including without limitation seasonal venues such as stadiums, fairs, resorts, etc. without our prior written consent. We don't have to consent. You must not operate a food truck, vehicle, mobile delivery or the like, except with our prior written consent, and only in the manner and always subject to restrictions we set. If we consent, the revenues will be included in determining Net Sales.

All food products, menu items and other food products shall be prepared only by properly trained personnel strictly according to our recipes, cooking techniques and processes and sold only at retail to customers in conformity with our marketing plan and concept.

We can change, update or otherwise modify our system including, new menu items, recipes, products, and any other aspects or elements. You must comply with all changes we make. There are no limits on our right to make changes to any goods or services you may offer for sale.

ITEM 17:
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following tables list certain important provisions of the franchise agreement. You should read these provisions in the agreements attached to this disclosure document.

FRANCHISE AGREEMENT

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Length of the term of the franchise	2(A)	Term is ten years from date Franchise Agreement is signed.
b. Renewal or extension of term	2(B)	You can renew up to two additional term, five years each. To renew, you must be in compliance with all provisions in the Franchise Agreement.
c. Requirements for you to renew or extend	2(B), 2(C)	For each renewal, comply with Franchise Agreement during term; at time of giving notice of renewal, not be in default; no material default during term; maintain possession of premises; bring restaurant into compliance with our specifications and standards; give us written notice that you want to renew; satisfy all money obligations to us; timely meet obligations throughout term; sign our then-current Franchise Agreement (with changes for a renewal; terms may materially differ from current Franchise Agreement, including different fees and other materially different terms); comply with our then-current qualifications and training requirements; sign general release; pay renewal fee of \$10,000.
d. Termination by you	16(A)	You may not terminate the Franchise Agreement before its term ends.
e. Termination by us without cause	None	We don't have the right to terminate Franchise Agreement without cause.
f. Termination by us with cause	16(B), 16(C)	We can terminate Franchise Agreement on delivering notice if you are in default.
g. "Cause" defined – curable defaults	16(B), 16(C)	Lack required working capital and not cure in 30 days; not pay amount due and not cure within 7 days; not comply with other provision of Franchise Agreement, or specification, standard or operating procedure in manual or otherwise in writing, and not cure in 30 days, or lesser time we specify, or fail to make all reasonable efforts to cure or continue to make all reasonable efforts until cured, for failure that can't be corrected in stated time.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
h. “Cause” defined – non-curable defaults	16(B), 16(C) , 16(F)	Fail to complete training; misrepresentation or omission; conviction or no contest to felony, crime or offense likely to hurt reputation of us or restaurant; is or becomes subject of or there is a risk of media attention for any act, omission, statement, conduct or behavior that may hurt our reputation or goodwill of marks; unauthorized use, disclosure or duplication of any part of manual or trade secret or confidential information, abandon, fail or refuse to actively operate restaurant 2 business days in 12 months; surrender or transfer control of restaurant operation, unauthorized assignment of franchise or ownership interest, fail or refuse to assign franchise or interest of deceased or disabled controlling owner; 2 or more understatements of net sales by over 2%; bankruptcy, insolvency, filing, act or petition of insolvency, appointment of receiver; assignment for benefit of creditors; judgment unsatisfied 30 days; foreclosure suit re lien or mortgage against premises or equipment not dismissed in 30 days; or not in process of being dismissed; misuse or unauthorized use of mark or act that may hurt goodwill of marks; misuse or unauthorized use of software; fail 2 or more times in 12 months to submit reports, information or records on time, or to pay amounts when due, fail to comply with Franchise Agreement, whether or not corrected after notice; violate health, safety or sanitation law, ordinance or regulation, fail health department inspection resulting in permanent or temporary closure, or operate restaurant in a way that presents health or safety hazard to customers or public; fail 2 or more times in 12 months to maintain required working capital; breach or termination of any other agreement with us.
i. Your obligations on termination/non-renewal	17	Stop operating, not hold self as present or former franchisee; provide information we request re lease; assign lease to us if we ask; stop using our confidential methods, procedures, techniques, marks, forms, slogans, signs, symbols, logos or devices associated with system, advertising, stationery and other articles displaying marks; cancel or assign to us or our designee assumed name rights or registration for “Epic Wings” or any mark; alter premises and change phone and fax to prevent association with us, make additional changes we ask. If you don’t comply we can do so, at your expense. You must not use any version of our marks, and nothing that suggests association/connection with us. You pay all sums owing to us. In a termination for default, pay us liquidated damages of (i) 2 times royalties payable to us for prior 12 months (if restaurant operated less than 12 months, then 2 times average monthly royalties for actual operating period times 12) and (ii) number of months remaining until end of term times average monthly royalties payable to us for prior 12 months. Pay us all damages, costs and expenses, including attorneys’ fees, to enforce Agreement; turn over manuals, customer lists, databases, records, files, instructions, brochures, agreements and all materials provided by us and not keep any copy. Provide us access to take possession of sign, sign faces or other items bearing marks and graphics, memorabilia, stickers, wraps, banners or novelty items; sell us restaurant assets if we exercise our option to buy; comply with post-term restrictive covenants. If you continue to accept the benefits of the Franchise Agreement after it expires, we can treat it as 1) expired as of the Expiration Date and operating without a license in violation of our rights; or 2) continuing

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		as a Month-to-Month Agreement until one party provides the other written notice of intent to terminate or non-renew, in which case the Month-to-Month Agreement will terminate or expire, as applicable, 30 days after receipt of the notice or as required by applicable law, for a longer period.
j. Assignment of contract by us	18(A)	We can assign and transfer the Franchise Agreement. We can sell our assets, marks or system, make a public offering of securities; do a private placement of securities; merge, acquire other entities or be acquired, even if competitive with you and/or the system. We can refinance, recapitalize, do a leveraged buyout or other restructuring. We can merge, acquire or affiliate with a competitive or non-competitive franchise network, chain or other business regardless of location(s), and operate, franchise or license those businesses and/or facilities as parts of our franchise, regardless of effect on you. You waive claims for this.
k. “Transfer” by you – defined	18(B)	Sale, assignment, transfer, conveyance, gift, encumbrance, voluntary or involuntary or by operation of law, of control (power to direct or cause direction of management or policies whether through voting securities or general partnership or managing member interests, by contract or otherwise); or of all or any part of your interest in your entity, the Franchise Agreement, any interest in you or the restaurant, or any interest in or ownership of proprietorship, partnership, limited liability company, corporation or other organization which owns an interest in you or the Franchise Agreement, the franchise, or restaurant. This also includes purported transfer through shell, or through divorce or separation proceedings.
l. Our approval of transfer by you	18(B)	You cannot assign or transfer without first getting our written consent. You must not advertise a sale, or list for sale without our prior written consent. A purported transfer not meeting the conditions and requirements in the Franchise Agreement (summarized in Row m, below) will be null and void and without effect and will be a breach of the Franchise Agreement.
m. Conditions for our approval of transfer	18	You must give us 90 days written notice prior to any proposed sale or assignment. Transferee must be individual or new entity; charter must limit activities to Epic Wings franchisee, no change in control, no change in president and/or chief executive officer, manager, general partner, or person holding highest position in franchisee; transferee must assume and agree to joint and several liability for all franchisee’s obligations; each 10% or larger owner must enter into agreement guaranteeing full payment and performance; each formation, management, and ownership document and certificate must restrict transfer; no issuance of new shares/membership interests without our prior written consent and then only on disclosure of terms and conditions described; all money obligations to us and our affiliates must be paid and cannot be in default. For transfer other than above, or that alone or with others changes control to someone other than original signer of franchise agreement, we can withhold consent. We may consent if above conditions and following are satisfied: transfer is subject to our right of first refusal

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		(Row n); proposed transferee(s) have good moral character and reputation, good credit rating, good business qualifications acceptable to us, and you provide us information we require to make these determinations; proposed transferee(s) or other individual(s) who will manage the franchise successfully completed our training or satisfied us of ability to operate the business; proposed transferee(s), (including shareholders, officers, directors, members, managers and partners) jointly and severally sign Franchise Agreement and other ancillary agreements and written assignment. You must sign a general release in a form we set in favor of us and our officers, directors, agents and employees. You must have paid and satisfied all obligations to us. Transferee must have paid a transfer fee equal to 50% of then-current initial franchise fee. Sale price must not be so high, or terms so onerous, that in our judgment, significant risk exists that transferee will not be able to meet financial and other obligations to us or others. If proposed transferee is an entity, each owner and spouse must jointly and severally guarantee performance. You remain subject to all obligations in Franchise Agreement that survive transfer, termination or expiration. You must transfer your rights to all contracts for which continuation is necessary to operate Franchised Restaurant and satisfy any conditions to obtain third party consents. The proposed transferee must sign all documents and agreements required by us. We can require you to sign a guarantee of the performance and payment by the transferee. All third party consents must be obtained.
n. Our right of first refusal to acquire your business	20	In a transfer or proposed transfer or third party offer to buy that you are interested to accept, you must obtain and provide us an executed written offer to purchase. We have 30 business days to notify you if we wish to purchase on the terms in the offer. We can substitute cash for any consideration offered and we have 90 days to close the transaction.
o. Our option to purchase your business	17(K)	We have the right but no obligation, to notify you within 30 days after cancellation, termination or expiration of the Franchise Agreement, to buy for cash any or all assets we select, including leasehold improvements, equipment, supplies and other inventory, advertising materials and all items bearing the marks based on depreciated value of the assets using 5 year straight line depreciation, but not less than 10% of original book value of the assets. We can set off all amounts due from you, against any payment. On cancellation, termination or expiration of Franchise Agreement, you are deemed to have assigned to us or our designee, all your right, title and interest in and to the phone and facsimile numbers and e-mail addresses, domain names, social media and Internet addresses, and/or service associated with these. You must sign instruments we ask to confirm these assignments and transfers. On our request you must notify phone companies, internet service providers, listing agencies and websites and others whom we request you to notify, of termination, cancellation or expiration and transfer to us of these.
p. Your death or disability	19, 21	If you or your partner or 25% owner or someone whose death would result in a change of control, dies or becomes incapacitated, the heirs, beneficiaries, devisees or legal representatives will have 90 days to: (1) if they wish, apply to us for the right to continue operating the franchise

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
		for the rest of the term and any renewals and we will grant the right if they fulfill all conditions for a change-of-control transfer (described in Row m above); or (2) sell and transfer the interest in compliance with Franchise Agreement transfer provisions. If a proper timely application for the right to continue operating has been made and rejected, the 90 days to sell, assign, transfer or convey will be computed from date of rejection. Our silence on an application will be deemed rejection made on the last day. In the death or incapacity of an individual franchisee, or any partner, shareholder, or member of a franchisee that is an entity, if the above provisions have not been fulfilled in the time provided, all rights granted to the franchisee by the Franchise Agreement will, at our option, terminate and revert to us. Incapacity means inability of you, any partner, shareholder, or member of an entity franchisee, to operate or oversee operation of the Franchised Restaurant on a regular basis due to a continuing physical, mental or emotional incapacity, chemical dependency or other limitation. Any dispute about the existence of an incapacity will be resolved by majority decision of 3 licensed physicians practicing in the state where the Franchised Restaurant is located, with you and us each selecting 1 and the 2 physicians so designated selecting the third physician. The determination of the majority of the 3 physicians will be binding and all costs of making the determination will be borne by the party against whom it is made.
q. Non-competition covenants during the term of the franchise	15	During the term you must not directly or indirectly, for yourself or in relation to any person or entity: divert or try to divert any business or customer of the Franchised Restaurant to any competitor, or do or perform any act injurious or prejudicial to the goodwill associated with our marks or system;; or own, maintain, engage in or have an interest in any business or division of a business (including any business operated by you prior to entering into the Franchise Agreement) engaged in preparing and selling chicken and/or chicken products or services, where revenues from the sale of chicken and/or chicken products equal or exceed 30% of revenue of the business or of the division of the business. You must not divulge information, trade secrets, ingredients, recipes, cooking techniques and processes, used in the food products, menu items and other food and beverage products used in the system or any information stated in the manual. We can require your officers, directors, owners, managerial and other personnel receiving training from us, to sign similar covenants in favor of and in a form satisfactory to us. You must not take any action, or omit to take action, or cooperate or allow any action by a restricted person, with the purpose or effect of circumventing these provisions.
r. Non-competition covenants after the franchise is	15	For 1 year after transfer, cancellation, expiration or termination of Franchise Agreement, you must not directly or indirectly, for yourself or in relation to any entity, own, maintain, engage in, consult or have an interest in any restaurant or prepared food business or division of such business, engaged in preparation and sale of chicken and/or chicken

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
terminated or expires		products or services, where revenues from sale of chicken and/or chicken products equal or exceed 30% of revenue or volume of the business or division, located or operating: within 20 miles of your restaurant; or 20 miles of any other business using our system, whether franchised or owned by us. You must never divulge any information, Trade Secrets, ingredients, recipes, cooking techniques and processes, used in the food products, menu items and other food and beverage products used in the system or any information in the manual. If all or any portion of a covenant is held unreasonable or unenforceable by a tribunal having jurisdiction you will be bound by any lesser covenant within the terms of the covenant that imposes the maximum duty permitted by law. We can require your officers, directors, owners, managerial and other personnel receiving training from us, to sign similar covenants in favor of and in a form satisfactory to us. If you or any of your owners or affiliates, or officers, directors, managers or spouses or family violates these covenants during the term or in the 1 year after transfer, expiration, cancellation or termination of the Agreement or cessation of the Restricted Person's relationship with you, in addition to all other remedies you and the restricted person must pay us, throughout the 1 year period, 10% of the revenue from that activity. The restrictions don't apply to ownership of less than 2% of a class of outstanding equity securities of a business listed on the New York Stock Exchange or NASDAQ. On cancellation, termination or expiration of Franchise Agreement, you are deemed to have assigned to us or our designee, all your right, title and interest in and to the phone and facsimile numbers, e-mail addresses, domain names, social media and Internet addresses, and/or service associated with these. You must sign instruments we ask to confirm these assignments and transfers. On our request you must notify phone companies, internet service providers, listing agencies and websites and others whom we request you to notify, of the termination, cancellation or expiration and transfer to us of these. You must not take any action, or omit to take action, or cooperate or allow any action by a Restricted Person, with the purpose or effect of circumventing these provisions.
s. Modification of the agreement	27	The Franchise Agreement can be modified only by written agreement between you and us. We can modify or change the System through changes in the Manuals.
t. Integration/merger clause	28	Nothing in the Franchise Agreement or related agreement is intended to disclaim representations made to you in this Disclosure Document. Any representations or promises made outside this Disclosure Document and other agreements may not be enforceable.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
u. Dispute resolution by arbitration or mediation	19(c)	Disputes about incapacity are decided by majority of three physicians. Otherwise, agreement does not provide for arbitration or mediation.
v. Choice of forum	30	Any action must be brought in federal or state court in San Diego County, California, subject to state law.
w. Choice of law	30	California law applies, subject to applicable law, but if a provision of the Franchise Agreement would not be enforceable under California law but would be enforceable where the Franchised Restaurant is located, then the laws of that state will apply regarding that provision, subject to state law.
x. Conditional Lease Assignment	3(C)	We can require that you and your landlord enter into this Agreement with us.
y. Guarantee	32	We can require you and your owners to execute the Guarantee and Assumption of Obligations.
z. Non-Disclosure and Confidentiality Agreement	7(C)	We can require persons affiliated with you (owners, directors, shareholders, partners and employees) to execute this Agreement.

ITEM 18: **PUBLIC FIGURES**

We do not use any public figure to promote its 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 a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in this Item 19 may be given only if: (1) a franchisor provides the actual records or 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.

Other than the following financial performance representations, we do not make any representations about a franchisee's future financial performance or past financial performance of company-owned, affiliate-owned or franchised restaurants. We do not authorize our employees or representatives to make any such representations either orally or in writing. If you receive any other financial performance information or projections of future income, you should report it to our management by contacting Chad Presley, Sacco Restaurants Inc., 12075 Carmel Mountain Road #201, San Diego, California 92128, phone 760-722-8895, the Federal Trade Commission and the appropriate state regulatory agencies.

The following tables show Sacco Family Member and Franchised Restaurants total sales, average unit volume, high-low range data, number above or below average unit volume and median revenue, by calendar year. Only restaurants operating the full calendar year in 2021, 2022 and 2023 are covered. The data is not verified, audited or checked for accuracy. The majority of the restaurants are operated by Sacco Family Members. Most restaurants are similar to the restaurant you will operate. Please read the notes that follow this table, together with the following information.

TABLE 1
SACCO FAMILY MEMBER RESTAURANTS OPEN FULL CALENDAR YEAR

1. Year	2. Total Sales for Family Member Restaurants open full calendar year	3. Number of Family Member Restaurants open full year	4. Average Unit Volume	5. Low - High Range	6. Number above / below AUV	7. Median Revenue
2023	\$47,921,761	20	\$2,396,088	\$1,267,975 \$3,782,621	10 above 10 below	\$2,298,107
2022	\$47,381,152	20	\$2,256,245	\$1,261,418 \$3,519,797	9 above 11 below	\$2,109,183
2021	\$42,055,414	20	\$2,002,639	\$1,238,096 \$3,206,849	9 above 11 below	\$1,746,431

TABLE 2
FRANCHISED RESTAURANTS OPEN FULL CALENDAR YEAR

1. Year	2. Total Sales for Franchised Restaurants open full calendar year	3. Number of Franchised Restaurants open full year	4. Average Unit Volume	5. Low - High Range	6. Number above / below AUV	7. Median Revenue
2023	\$8,359,295	10	\$835,929	\$262,293 \$1,702,906	6 above 4 below	\$714,284
2022	\$6,562,322	6	\$863,143	\$590,470 \$1,162,572	2 above 4 below	\$760,654
2021	\$4,918,490	4	\$983,698	\$712,730 \$1,016,073	1 above 3 below	\$809,566

TABLE 3
FAMILY MEMBER AND FRANCHISED RESTAURANTS TOTAL SYSTEM SALES

1. Year	2. Systemwide Sales for Restaurants open full calendar year	3. Number of Restaurants open full year
2023	\$54,484,083	30
2022	\$54,134,338	26
2021	\$46,973,904	24

(1) The above tables are a historic financial performance representation with information for the Family Member restaurants (each independently owned by one or more members of the Sacco Family, known as Wings N' Things, Epic Wings N' Things and Epic Wings) and the Franchised Restaurants that were open and operating for the entire year indicated. The yearly total of stores in Table 3 may differ from totals in the Item 20 tables because the only stores open the entire year are included.

(2) The information in Tables 1 and 2 consist of the following: Column 1: calendar year. Column 2: total dollar amount of sales of food and beverage items and any nonfood/nonbeverage items sold in the calendar year in column 1, from the number of restaurants shown in column 3. The dollar amount of sales does not count tips and sales tax, or sales revenue that was refunded. There is no reduction or adjustment for credit card processing fees, complimentary meals, discounts or other costs. Column 3: number of restaurants open and operating that entire calendar year. Column 4: Average Unit Volume, derived by dividing the systemwide sales amount in column 2 by the number of restaurants open the full year in Column 3. Column 5: range of sales volumes, consisting of volume of sales for the year of the restaurant with the lowest and restaurant with the highest volume among those included in the data for that year and median, meaning results exceeded that amount for half the number of restaurants and the other half of the number of restaurants, were below that amount. Column 6: number of restaurants included that year whose total sales were above the average and number whose total sales were below the average. Column 7: Median Revenue Sales.

(3) Sacco Family Member Restaurants may differ materially from the franchise you will establish. Some differences are: (i) The names of most of these restaurants differ from the name you will use; (ii) These restaurants have operated longer than your restaurant; (iii) The 2021 – 2023 time-frame of the data, and these restaurants' operations; (iv) Most of the restaurants are in the San Diego area. Your restaurant may be elsewhere; and (v) Owners/operators of these restaurants are Sacco Family Members.

(4) Table 3 is the aggregation of systemwide sales of Sacco Family Member restaurants and Franchised Restaurants that were open and operating for the entire year indicated.

(5) The above figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from gross revenue or gross sales to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Business. Franchisees or former franchisees, listed in the offering circular, may be sources for you to obtain some information.

(6) Written substantiation for the financial performance representation will be made available to the prospective franchisee on reasonable request.

(7) These figures are only estimates of what we think you may sell. Your individual results may differ. There is no assurance that you'll sell as much.

ITEM 20:
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	4	6	+2
	2022	6	11	+5
	2023	11	14	+3
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	4	6	+2
	2022	6	11	+5
	2023	11	14	+3

Note: The above table provides data for Epic Wings restaurants. Members of the Sacco family operate Wings N' Things, Epic Wings N' Things and Epic Wings restaurants in California, for which the above table would appear as follows:

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total Outlets	2021	20	21	+1
	2022	21	20	-1
	2023	20	20	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2021 to 2023

State	Year	Number of Transfers
All States	2021	0
Arizona	2022	1
California	2023	1

Table No. 3
Status of Franchise Outlets For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
AZ	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
CA	2021	3	2	0	0	0	0	5
	2022	5	4	0	0	0	0	9
	2023	9	1	1	0	0	0	9
FL	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
IL	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	3	1	0	0	0	2
TX	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Totals	2021	4	2	0	0	0	0	6
	2022	6	5	0	0	0	0	11
	2023	11	5	2	0	0	0	14

Note: The table below provides data for Sacco family-operated Wings N' Things, Epic Wings N' Things and Epic Wings restaurants in California.

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
Totals	2021	20	1	0	0	0	0	21
	2022	21	0	0	0	0	1	20
	2023	20	0	0	0	0	0	20

Table No. 4
Status of Company-Owned Outlets
For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Totals	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
California	4	1	0
North Carolina	1	1	0
Total	5	2	0

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

In the last three fiscal years, no current or former franchisees signed confidentiality clauses with us that restrict them from discussing with you their experiences as a franchisee in our system.

At this time there are no trademark specific franchisee organizations representing Epic Wings franchisees, and no such trademark specific franchisee organization asked us to be included in this Disclosure Document.

ITEM 21: **FINANCIAL STATEMENTS**

Attached as Exhibit A are our audited financial statements as of December 31, 2023, December 31, 2022 and December 31, 2021. Our fiscal year end is December 31.

ITEM 22: **CONTRACTS**

The Franchise Agreement is attached to this Disclosure Document as Exhibit B.

The Sacco Family Member Addendum is attached to this Disclosure Document as Exhibit C.

The Longtime Manager Addendum is attached to this Disclosure Document as Exhibit D.

The Non-Disclosure and Confidentiality Agreement is attached to this Disclosure Document as Exhibit E.

The Guarantee and Assumption of Obligations is attached to this Disclosure Document as Exhibit F.

The Conditional Lease Assignment is attached to this Disclosure Document as Exhibit H.

The State Addenda is attached to this Disclosure Document as Exhibit K.

The SBA Addendum to Franchise Agreement is attached to this Disclosure Document as Exhibit L.

There are no other contracts or agreements provided by us to be signed by you.

ITEM 23:
RECEIPTS

Two (2) copies of a detachable receipt acknowledging your receipt of this disclosure (one copy is for you and the other is to be signed by you and given to us) appear as Exhibit O.

EXHIBIT A

FINANCIAL STATEMENTS

Sacco Restaurants, Inc.

**Financial Statements with Report of Independent Auditors
December 31, 2023**

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Report of Independent Auditors

To the Stockholders of
Sacco Restaurants, Inc.:

Opinion

We have audited the accompanying financial statements of Sacco Restaurants, Inc. (the Company), which comprise the balance sheet as of December 31, 2023, and the related statement of operations, changes in stockholders' deficit and cashflow for the year 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 the Company as of December 31, 2023, and the results of its operations and its cashflows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Company 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 the Company's ability to continue as a going concern for one year after March 26, 2024.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's 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 the Company's 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

DA Advisory Group PLLC

Troy, MI
March 26, 2024

Sacco Restaurants, Inc.
BALANCE SHEET
December 31, 2023

	<u>2023</u>
ASSETS	
Current assets:	
Cash	\$ 379,112
Accounts receivable, current	32,741
Rebate receivable	3,631
Gift card receivable	74,325
Supplies	33,637
Prepaid expenses	<u>34,197</u>
Total current assets	557,643
Noncurrent assets:	
Accounts receivable, noncurrent	453,667
Website development, net	<u>37,500</u>
Total noncurrent assets	491,167
Total assets	<u><u>\$ 1,048,810</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	\$ 73,327
Accrued expenses and other current liabilities	45,706
Gift card liability	151,056
Deferred revenue, current	<u>35,500</u>
Total current liabilities	305,589
Noncurrent liabilities:	
Deferred revenue, net of current	<u>1,103,000</u>
Total noncurrent liabilities	1,103,000
Total liabilities	<u>1,408,589</u>
Stockholders' deficit	<u>(359,779)</u>
Total liabilities and stockholders' deficit	<u><u>\$ 1,048,810</u></u>

see accompanying notes

Sacco Restaurants, Inc.
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2023

	<u>2023</u>
REVENUE	
Franchise royalties	\$ 1,010,497
Franchise advertising	925,396
Franchise fees	177,500
Rebates	88,366
Product Sales	<u>1,727</u>
Total revenue	2,203,486
COSTS AND EXPENSES	
General and administrative	1,530,900
Advertising and marketing	<u>739,633</u>
Total expenses	<u>2,270,533</u>
Operating loss	<u>(67,047)</u>
Net loss	<u><u>\$ (67,047)</u></u>

see accompanying notes

Sacco Restaurants, Inc.
STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
For the Year Ended December 31, 2023

	Common Shares	Common Stock	Additional Paid-in Capital	Retained Deficit	Total
BALANCE, JANUARY 1, 2023	<u>60,000</u>	<u>\$ 6,000</u>	<u>\$ 22,562</u>	<u>\$ (436,427)</u>	<u>\$ (407,865)</u>
Additional paid-in capital	-	-	150,000	-	150,000
Prior period adjustment	-	-	-	(34,867)	(34,867)
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67,047)</u>	<u>(67,047)</u>
BALANCE, DECEMBER 31, 2023	<u>60,000</u>	<u>\$ 6,000</u>	<u>\$ 172,562</u>	<u>\$ (538,341)</u>	<u>\$ (359,779)</u>

see accompanying notes

Sacco Restaurants, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (67,047)
Change in:	
Accounts receivable	(7,101)
Rebate receivable	299
Gift card receivable	(45,178)
Supplies	24,424
Prepaid expenses	(26,525)
Trademark	-
Website development, net	-
Accounts payable	(45,593)
Accrued expenses and other current liabilities	(9,171)
Gift card liability	3,773
Deferred revenue	<u>(177,500)</u>
Net cash used in operating activities	<u>(349,619)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of website development	<u>-</u>
Net cash used by investing activities	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Retained earnings adjustment	(34,867)
Capital contributions	150,000
Capital distributions	<u>-</u>
Net cash provided by financing activities	<u>115,133</u>
Net change in cash and cash equivalents	\$ (234,486)
Cash and cash equivalents at beginning of year	<u>613,597</u>
Cash and cash equivalents at end of year	<u>\$ 379,112</u>
Total cash and cash equivalents	<u>\$ 379,112</u>

see accompanying notes

Sacco Restaurants, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

1. Organization

Sacco Restaurants, Inc. d/b/a Wings N Things, Epic Wings N Things, and Epic Wings (the “Company”) is a California S-corporation established March 2013 and is a franchisor of fast-casual restaurants that specialize in serving chicken and chicken products prepared with special recipes, along with beverages and bread sticks, formerly under the name Wings N Things. Franchises launched or re-branded after December 31, 2017 will operate under the Epic Wings brand. As of December 31, 2023, operating franchises were located in San Diego, Orange County, and Riverside County, in southern California. Additional locations outside of California included Glendale, AZ, San Antonio, TX, and Raleigh, NC. The Company uses preferred brokers at Locate.ai to aid franchisees in identifying and securing locations.

During the year ended December 31, 2023, total capital contributions were \$150,000 and total withdrawals were \$0.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue and expenses

Operating income consists of franchise royalties, advertising fees, franchise fees, rebates, and product sales.

Franchise fees are collected at the commencement of a franchise agreement and are initially recorded as deferred franchise fee revenue. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2021-02, the Company has elected to treat certain pre-opening services related to these initial franchise fees as a single performance obligation. The Company has determined that store opening date is the appropriate date to aggregate the pre-opening services as single performance obligation, and therefore franchise fee revenue is recognized on opening of the franchise location. Amounts not allocated to pre-opening services, if any, are amortized over the life of the franchise agreement. The Company has determined that the standalone values of the pre-opening performance obligations are typically greater than the total initial franchise fee, so generally the fee is fully recognized at location opening. In the event a franchisee does not comply with their development timeline for opening restaurant location, the franchise rights may be terminated, and franchise fee revenue is recognized for non-refundable deposits. The franchise fee is nonrefundable, and the standard amount is \$49,500 with an additional \$20,000 for marketing the grand opening.

Sacco Restaurants, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

2. Summary of significant accounting policies and nature of operations (continued)

The Company receives ongoing royalty and advertising fees in the form of a percentage of net sales. For accounting purposes, the Company does not consolidate the revenue and expenses of franchisee's operations with revenue and expenses. Franchise royalties and franchise advertising revenues received are earned when sales are made by franchisees. At times, revenues are generated from the sale of franchises to the franchisees.

The Company recognizes revenue and associated costs in connection with franchisees at the time the Company has substantially performed or satisfied all material services or conditions relating to the franchise agreement. The Company considers substantial performance to have occurred when: 1) no remaining obligations are unfulfilled under the franchise agreement; 2) there is no intent to refund any cash received or to forgive any unpaid amounts due from franchisees; 3) all the initial services spelled out in the franchise agreement have been performed; and 4) has met all other material conditions or obligations. The Company recognizes royalty fees as revenue when earned. Amounts invoiced to franchisees for which the Company has not met the criteria for revenue recognition as discussed above, are deferred until such conditions are met.

The Company recognizes revenue derived from supplier rebates at the time they meet the requirements as defined supplier contracts, typically evaluated on a semi- annual basis.

The Company records food and beverage sales and the corresponding cost as product sales, respectively, in the accompanying statement of operations.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Accounts receivable

Accounts receivable arise primarily from invoices for customer deposits, product orders, and supplier rebates. Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. No write-offs were made in the reporting period.

Supplies

Supplies are comprised of various prepaid and promotional items for franchisee stores and employees. The Company uses a third-party online vendor to sell and distribute the supplies.

Prepaid expenses

Prepaid expenses are comprised of prepayments made on annual insurance for the Company.

Sacco Restaurants, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

2. Summary of significant accounting policies and nature of operations (continued)

Website development

The website development asset costs were with an external developer and amortized over its estimated useful life of three years on a straight-line basis. There was no amortization expense as of December 31, 2023, as it has yet to be placed in service.

Deferred revenue

Franchise fees that are collected prior to store opening are deferred and recognized ratably beginning at the time when a location opens.

Concentration of Credit Risk

The Company maintains cash with one financial institution. As of December 31, 2023, accounts at this bank were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000; however, at times, these balances may exceed the insured limits. As of December 31, 2023, the Company had \$129,112 in excess of the FDIC limit. The Company has not experienced any losses with respect to cash and believes that they are not exposed to any significant credit risk with respect to cash.

Advertising and marketing

Advertising and marketing costs are charged to expense at the later of the date the expenditure is incurred or the date the promotional item is first communicated.

Income taxes

The stockholders have elected to have the Company treated as an S corporation for income tax purposes as provided in Section 1362 of the Internal Revenue Code. An S corporation is generally not subject to federal income tax and is subject to 1.5% California franchise tax. Accordingly, no provision for federal income taxes is included in the financial statements.

3. Franchise information

The Company's franchise agreements generally require an initial nonrefundable fee per restaurant. Initial franchise fees are primarily intended to compensate the Company for granting the right to use the Company's trademark and to offset the costs of finding locations, developing, and implementing training programs and the operating manual, and is considered to be a single performance obligation. The term of the initial franchise agreement is generally ten years, with two five-year renewal options.

Upon renewal, any rebates paid to the company by suppliers on account of purchases by the franchisees are contributed to a promotional account and used along with the advertising fee collected from each franchisee, to help fund the brand name and carry out advertising campaigns. In 2023, the Company received \$88,366 from vendor rebates.

The Company had 31 franchises in operation as of December 31, 2022 with 20 being owned or controlled by the Company's stockholders or related parties. For the year ended December 31, 2023, the Company had 5 new franchises open and in operation and 2 that were closed, leaving 34 in operation as of December 31, 2023. Out of the 34 franchises in operation as of December 31, 2023, 20 were owned or controlled by the Company's stockholders or related parties.

Sacco Restaurants, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

4. Accrued expenses and other current liabilities

Accrued Expenses and other current liabilities at December 31, 2023, consisted of accrued payroll and credit card expenses totaling \$45,706.

5. Gift cards

Beginning in 2017, the franchisees offer no-fee, non-expiring gift cards to their customers. At the time gift cards are sold, no revenue is recognized by the Company; rather, the Company records an accrued liability to customers and a receivable from the franchisees. Revenue for gift card sales is recognized on the franchisee level when redeemed by the customer. The Company's receivable is relieved when the franchisees transfer cash related to the sale of the gift cards to the Company and the Company's liability is relieved at the time gift cards are redeemed for merchandise or food. As of December 31, 2023, the Company had a gift card receivable balance of \$74,325.

There are no expiration dates on the Company's stored value cards and the Company does not charge service fees that cause a decrement to customer balances. While the Company continues to honor all store valued cards presented for payment, management may determine the likelihood of redemption, based on historical experience, is deemed to be remote for certain cards due to long periods of inactivity. In these circumstances, if management also determines there is no requirement for remitting balances to government agencies under unclaimed property laws, unredeemed card balances may then be recognized as breakage income. During 2023, no breakage income was earned.

6. Related party transactions

As mentioned, Sacco Restaurants, Inc. has franchisees that are owned or controlled by the Company's stockholders or related parties. During the year ended December 31, 2023, approximately \$1,328,971 of the Company's total gross revenue was derived from related parties. The Company had \$74,212 in accounts receivable related to these related parties.

7. Employee benefit plans

On June 1, 2022 the Company adopted a Simple IRA employee benefit plan under section 401(p) of the Internal Revenue Code covering all its employees meeting certain eligibility requirements. The plan allows employees to make contributions up to a specified percentage of their compensation and the Company matches up to 3% of employee contributions or \$13,500, whichever is less. Contributions are invested at the direction of the employee. For the year ended December 31, 2023, the Company matching contributions were \$9,405.

8. Subsequent events

The Company has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements through March 26, 2024 (the date the financial statements were available to be issued). Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Sacco Restaurants, Inc.

Financial Statements

December 31, 2022

Sacco Restaurants, Inc.

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December 31, 2022

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Independent Auditors' Report

To the Stockholders of
Sacco Restaurants, Inc.

Opinion

We have audited the financial statements of Sacco Restaurants, Inc. (the Company), which comprise the balance sheet as of December 31, 2022 and the related statements of operations, changes in stockholders' deficit and cash flows for the year then ended, and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 the Company's 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 the Company's 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.

Baker Tilly US, LLP

San Diego, California
August 21, 2023

Sacco Restaurants, Inc.**Balance Sheet**

December 31, 2022

Assets**Current Assets**

Cash	\$ 613,597
Accounts receivable, current	25,640
Rebate receivable	3,930
Gift card receivable	29,147
Supplies	58,061
Prepaid insurance	7,672

Total current assets 738,047

Accounts Receivable, Net of Current 453,667

Website Development 37,500

Total assets \$ 1,229,214

Liabilities and Stockholders' Deficit**Current Liabilities**

Accounts payable	\$ 118,920
Accrued expenses and other current liabilities	54,877
Gift card liability	147,282
Deferred revenue, current	178,000

Total current liabilities 499,079

Deferred revenue, net of current 1,138,000

Total liabilities 1,637,079

Stockholders' Deficit

Common stock, \$0.10 par value, 100,000 shares authorized, 60,000 shares issued and outstanding	6,000
Additional paid-in capital	22,562
Accumulated deficit	(436,427)

Total stockholders' deficit (407,865)

Total liabilities and stockholders' deficit \$ 1,229,214

See notes to financial statements

Sacco Restaurants, Inc.

Statement of Operations

Year Ended December 31, 2022

Revenues

Franchise royalties	\$ 713,073
Franchise advertising	693,985
Franchise fees	126,500
Rebates	21,081
Product sales	<u>5,535</u>
Total revenues	<u>1,560,174</u>

Costs and Expenses

Advertising and marketing	678,990
General and administrative	<u>1,165,766</u>
Total expenses	<u>1,844,756</u>
Net loss	<u><u>\$ (284,582)</u></u>

See notes to financial statements

Sacco Restaurants, Inc.**Statement of Changes in Stockholders' Deficit**

Year Ended December 31, 2022

	Common Shares	Common Stock	Additional Paid-in Capital	Retained Earnings/ Accumulated Deficit	Total
Balances, December 31, 2021	60,000	\$ 6,000	\$ 22,562	\$ (151,845)	\$ (123,283)
Net loss	-	-	-	(284,582)	(284,582)
Balances, December 31, 2022	<u>60,000</u>	<u>\$ 6,000</u>	<u>\$ 22,562</u>	<u>\$ (436,427)</u>	<u>\$ (407,865)</u>

See notes to financial statements

Sacco Restaurants, Inc.

Statement of Cash Flows

Year Ended December 31, 2022

Cash Flows From Operating Activities

Net loss	\$ (284,582)
Adjustments to reconcile net loss to net cash used in operating activities:	
(Increase) decrease in operating assets:	
Accounts receivable	704,443
Rebate receivable	6,070
Gift card receivable	43,946
Supplies	6,658
Prepaid insurance	(870)
(Decrease) increase in operating liabilities:	
Accounts payable	82,931
Accrued expenses and other current liabilities	(17,191)
Deferred revenue	<u>(834,500)</u>
Net cash used in operating activities	<u>(293,095)</u>

Cash Flows From Investing Activities

Purchase of website development	<u>(37,500)</u>
Net cash used in investing activities	<u>(37,500)</u>
Net decrease in cash	(330,595)

Cash, Beginning944,192**Cash, Ending**\$ 613,597

See notes to financial statements

Sacco Restaurants, Inc.

Notes to Financial Statements
December 31, 2022

1. Organization and Description of Business

Sacco Restaurants, Inc. d/b/a Wings N Things, Epic Wings N Things, and Epic Wings (the Company) is a California S-corporation established March 2013 and is a franchisor of fast-casual restaurants that specialize in serving chicken and chicken products prepared with special recipes, along with beverages and bread sticks, formerly under the name Wings N Things. Franchises launched or re-branded after December 31, 2017 will be under a newly trademarked name of Epic Wings. As of December 31, 2022, operating franchises were located in San Diego, Orange, and Riverside counties, in southern California. Glendale, Arizona, Indianapolis, Indiana and Willowbrook, Illinois. The Company uses in-house location specialists that are responsible for securing locations for the franchisees; additionally, the Company has negotiated discounts with a product distribution chain.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of the Company's financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Actual results could differ significantly from those estimates.

Revenue Recognition

Franchise fees are collected at the commencement of a franchise agreement and are initially recorded as deferred franchise fee revenue. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2021-02, the Company has elected to treat certain pre-opening services related to these initial franchise fees as a single performance obligation. The Company has determined that store opening date is the appropriate date to aggregate the pre-opening services as single performance obligation, and therefore franchise fee revenue is recognized on upon opening of the franchise location. Amounts not allocated to pre-opening services, if any, are amortized over the life of the franchise agreement. The Company has determined that the standalone values of the pre-opening performance obligations are typically greater than the total initial franchise fee, so generally the fee is fully recognized at location opening. In the event a franchisee does not comply with their development timeline for opening restaurant location, the franchise rights may be terminated, and franchise fee revenue is recognized for non-refundable deposits. The franchise fee is nonrefundable, and the standard amount is \$30,000 with an additional \$5,000 for grand opening fee and additional \$500 intranet fee.

The Company receives ongoing fees and royalty payments in the form of annual advertising fees and a percentage of franchisees' net sales. For accounting purposes, the Company does not consolidate the revenue and expenses of franchisees' operations with revenue and expenses. Franchise royalties and franchise advertising revenues received are earned when sales are made by franchisees. At times, revenues are generated from the sale of franchises to the franchisees. There are no franchise fees charged beyond the initial first year franchise fees. The Company reserves the right to waive the initial first year franchise fee and only be reimbursed for hard costs. In 2019, the Company introduced multi-unit development agreements which grant exclusive rights to develop a specified number of franchises or units within a set geographic area and time frame for a non-refundable territory rights fee.

Sacco Restaurants, Inc.

Notes to Financial Statements **December 31, 2022**

The Company recognizes revenues and associated costs in connection with franchisees at the time that have substantially been performed or satisfied all material services or conditions relating to the franchise agreement. The Company considers substantial performance to have occurred when: 1) no remaining obligations are unfulfilled under the franchise agreement; 2) there is no intent to refund any cash received or to forgive any unpaid amounts due from franchisees; 3) all of the initial services spelled out in the franchise agreement have been performed; and 4) have met all other material conditions or obligations. The Company recognizes royalty fees as revenue when earned. Amounts invoiced to franchisees for which the Company has not met the criteria for revenue recognition as discussed above, are deferred until such conditions are met.

It is not the Company's policy to allow for returns, discounts or warranties to franchisees. Under certain circumstances, including as the result of regulatory action, the Company may become obligated to offer the franchisees amounts in rescission to reacquire their existing franchises. Additionally, if the Company is unable to fulfill its obligations under a franchise agreement, the Company may be obligated to refund or reduce part or all of a franchisees payments or commitments to pay. As of December 31, 2022, the Company did not have a provision for franchisee rescissions and refunds as all of requirements to the franchisees have been met.

The Company recognizes revenue derived from supplier rebates at the time they meet the requirements as defined supplier contracts, typically evaluated on a semi-annual basis.

The Company records food and beverage sales and the corresponding cost as product sales, respectively, in the accompanying statement of operations.

Cash

The Company considers all highly liquid investments with original maturities of less than 90 days as cash equivalents. Cash and cash equivalents include cash in readily available checking and money market accounts.

Accounts Receivable

Accounts receivable arise primarily from invoices for customer deposits, product orders, and supplier rebates. These are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company grants unsecured credit to the customers deemed credit worthy. Ongoing credit evaluations are performed and potential credit losses estimated by management are charged to operations on a regular basis. At the time any particular account receivable is deemed uncollectible, the balance is charged to the allowance for doubtful accounts. As of December 31, 2022, the Company did not have an allowance for doubtful accounts.

Supplies

Supplies are comprised of various prepaid and promotional items for franchisee stores and employees. The Company uses a third-party online vendor to sell and distribute the supplies.

Prepaid Expenses

Prepaid expenses are comprised of prepayments made on annual insurance for the Company.

Website Development

The website development asset costs were with an external developer and amortized over its estimated useful life of three years on a straight-line basis. There was no amortization expense as of December 31, 2022 as it has yet to be placed in service.

Sacco Restaurants, Inc.

Notes to Financial Statements
December 31, 2022

Deferred Revenue

Franchise fees that are collected prior to store opening are deferred until a later time which generally is when the store opens.

Concentration of Credit Risk

The Company maintains cash with one financial institution. As of December 31, 2022, accounts at this bank were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000; however, at times, these balances may exceed the insured limits. As of December 31, 2022, the Company had \$363,597 in excess of the FDIC limit. The Company has not experienced any losses with respect to cash and believe that they are not exposed to any significant credit risk with respect to cash.

Advertising and Marketing

Advertising and marketing costs are charged to expense at the later of the date the expenditure is incurred or the date the promotional item is first communicated.

Income Taxes

The stockholders have elected to have the Company treated as an S corporation for income tax purposes as provided in Section 1362 of the Internal Revenue Code. An S corporation is generally not subject to federal income tax and is subject to 1.5% California franchise tax. Accordingly, no provision for federal income taxes is included in the financial statements.

FASB ASC No. 740, *Income Taxes* (ASC No. 740), clarifies the accounting for uncertainty in income taxes recognized in the financial statements. ASC No. 740 provides that a tax benefit from uncertain tax positions may be recognized when it is more-likely-than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. Income tax positions must meet a more-likely-than-not recognition threshold to be recognized. ASC No. 740 also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company recognizes interest and/or penalties related to income tax matters in provision for income tax expense. There is no accrual for interest or penalties for income taxes on the balance sheet as of December 31, 2022, and the Company has not recognized interest and/or penalties in the statement of operations for the year ended December 31, 2022. All years after December 31, 2018 and 2017 are open to examination by federal and state taxing authorities, respectively.

3. Franchise Information

The Company's franchise agreements generally require an initial non-refundable fee per restaurant. Initial franchise fees are primarily intended to compensate the Company for granting the right to use the Company's trademark and to offset the costs of finding locations, developing and implementing training programs and the operating manual, and is considered to be a single performance obligation. The term of the initial franchise agreement is generally ten years with two five-year renewal options. Any rebates paid to the Company by suppliers on account of purchases by the franchisees are contributed to a promotional account and used along with the advertising fee collected from each franchisee, to help fund the brand name and carry out advertising campaigns. In 2022, the Company received \$21,081 from vendor rebates.

Sacco Restaurants, Inc.

Notes to Financial Statements
December 31, 2022

Store statistics for the year ended December 31, 2022 is as follows:

	<u>Epic Wings</u>
Stores in operation as of December 31, 2021	27
New stores opened	5
Stores closed	<u>(1)</u>
Stores in operation as of December 31, 2022	<u>31</u>

The Company operated 20 stores that were owned or controlled by the Company's stockholders or related entities as of December 31, 2022. During the year ended December 31, 2022, the Company granted franchises for 5 more stores.

4. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities at December 31, 2022 consist of the following:

Accrued payroll and payroll taxes	\$ 38,282
Credit card expenses	<u>16,595</u>
Accrued expenses and other current liabilities	<u>\$ 54,877</u>

5. Gift Cards

Beginning in 2017, the franchisees offer no-fee, non-expiring gift cards to their customers. At the time gift cards are sold, no revenue is recognized by the Company; rather, the Company records and accrued liability to customers and a receivable from the franchisees. Revenue for gift card sales is recognized on the franchisee level when redeemed by the customer. The Company's receivable is relieved when the franchisees transfer cash related to the sale of gift cards to the Company and the Company's liability is relieved at the time gift cards are redeemed for merchandise or food. As of December 31, 2022, the Company had a gift card liability and receivable balance of \$147,282 and \$29,147, respectively.

There are no expiration dates on the Company's stored value cards and the Company does not charge service fees that cause a decrement to customer balances. While the Company continues to honor all stored value cards presented for payment, management may determine the likelihood of redemption, based on historical experience, is deemed to be remote for certain cards due to long periods of inactivity. In these circumstances, if management also determines there is no requirement for remitting balances to government agencies under unclaimed property laws, unredeemed card balances may then be recognized as breakage income. Breakage income was shown as revenue in the accompanying statement of operations was \$147,282 for the year ended December 31, 2022.

6. Related-Party Transactions

Sacco Restaurants, Inc. is run and operated by family members that either, own, operate, or are in some capacity involved with running restaurants that are considered franchisees. During the year ended December 31, 2022, approximately \$982,948 of the Company's total gross revenue was derived from related parties. As of December 31, 2022, \$24,690 in gift card receivable was from related-parties and \$105,480 in gift card liability was owed to related-parties.

Sacco Restaurants, Inc.

Notes to Financial Statements
December 31, 2022

7. Employee Benefit Plans

On June 1, 2022, the Company adopted a Simple IRA employee benefit plan under section 408(p) of the Internal Revenue Code covering all its employees meeting certain eligibility requirements. The plan allows employees to make contributions up to a specified percentage of their compensation and the Company matches up to 3.00% of employee contributions or \$13,500, whichever is less. Contributions are invested at the direction the employee. For the year ended December 31, 2022, Company matching contributions were \$9,572.

8. Contingencies

In December 2014, the Company issued letters to its franchisees informing them that it was possible the previously established arrangement may be deemed to be a franchise under the California Franchise Investment Law and the Federal Trade Commission Trade Regulation Rule on franchising. If the arrangement is a franchise, it may have been required to have been registered with the California Department of Business Oversight or to have qualified for an exemption from registration and the Company may have been required to provide certain disclosures in a Franchise Disclosure Document before offering to enter into the agreement. Each franchisee may have various rights, including but not limited to the right to rescind the agreement and to recover damages. As of August 21, 2023, the Company has not received any notifications of legal recourse or rescissions from the franchisees.

9. Subsequent Events

The Company has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through August 21, 2023, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

Sacco Restaurants, Inc.

Financial Statements

December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Stockholders
Sacco Restaurants, Inc.
San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sacco Restaurants, Inc. (the Company), which comprise the balance sheet as of December 31, 2021 and the related statements of operations, changes in stockholders' deficit and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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 the Company's 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 the Company's 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.

BAKER TILLY US, LLP

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

San Diego, California
November 22, 2022

SACCO RESTAURANTS, INC.
BALANCE SHEET
December 31, 2021

ASSETS

Current Assets	
Cash	\$ 944,192
Accounts receivable, current	617,833
Rebate receivable	10,000
Gift card receivable	73,093
Supplies	64,719
Prepaid insurance	6,802
Total current assets	<u>1,716,639</u>
Accounts receivable, net of current	<u>565,917</u>
TOTAL ASSETS	<u>\$ 2,282,556</u>

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current Liabilities

Accounts payable	\$ 35,989
Accrued expenses and other current liabilities	23,000
Gift card liability	196,350
Deferred revenue	386,071
Total current liabilities	<u>641,410</u>
Deferred revenue, net of current	<u>1,764,429</u>
Total liabilities	<u>2,405,839</u>

Stockholders' Deficit

Common stock, \$0.10 par value, 100,000 shares authorized, 60,000 shares issued and outstanding	6,000
Additional Paid-In Capital	22,562
Accumulated deficit	<u>(151,845)</u>
Total stockholders' deficit	<u>(123,283)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u>\$ 2,282,556</u>

SACCO RESTAURANTS, INC.
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2021

Revenues

Franchise royalties	\$ 612,681
Franchise advertising	568,126
Franchise fees	71,000
Rebates	17,245
Product sales	7,244
Total revenues	<u>1,276,296</u>

Costs and Expenses

Advertising and marketing	427,045
General and administrative	971,458
Total expenses	<u>1,398,503</u>

Net loss	<u><u>\$ (122,207)</u></u>
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SACCO RESTAURANTS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
For the Year Ended December 31, 2021

	Common Shares	Common Stock	Additional Paid in Capital	Retained Earnings/ Accumulated Deficit	Total
Balances at December 31, 2020	60,000	\$ 6,000	\$ 22,562	\$ 144,362	\$ 172,924
Distributions	-	-	-	(174,000)	(174,000)
Net loss	-	-	-	(122,207)	(122,207)
Balances at December 31, 2021	<u>60,000</u>	<u>\$ 6,000</u>	<u>\$ 22,562</u>	<u>\$ (151,845)</u>	<u>\$ (123,283)</u>

SACCO RESTAURANTS, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (122,207)
Adjustments to reconcile net loss to net cash provided by operating activities:	
(Increase) decrease in operating assets and liabilities	
Amortization	913
Accounts receivable	(1,206,807)
Supplies	(4,042)
Prepaid insurance	(406)
Accounts payable	(9,371)
Accrued expenses and other current liabilities	78,788
Deferred revenue	2,054,500
Net cash provided by operating activities	<u>791,368</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Distributions	<u>(174,000)</u>
Net cash used in financing activities	<u>(174,000)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 617,368

CASH - beginning of year	<u>326,824</u>
CASH - end of year	<u><u>\$ 944,192</u></u>

SACCO RESTAURANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Sacco Restaurants, Inc. d/b/a Wings N Things, Epic Wings N Things, and Epic Wings (the "Company") is a California S-corporation established March 2013 and is a franchisor of fast-casual restaurants that specialize in serving chicken and chicken products prepared with special recipes, along with beverages and bread sticks, formerly under the name "Wings N Things". Franchises launched or re-branded after December 31, 2017 will be under a newly trademarked name of "Epic Wings". As of December 31, 2021, operating franchises were located in San Diego, Orange, and Riverside counties, in southern California and in Glendale, Arizona. The Company uses in-house location specialists that are responsible for securing locations for the franchisees; additionally, the Company has negotiated discounts with a product distribution chain.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of the Company's financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Actual results could differ significantly from those estimates.

Revenue Recognition

Franchise fees are collected at the commencement of a franchise agreement and are initially recorded as deferred franchise fee revenue. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2021-02, the Company has elected to treat certain pre-opening services related to these initial franchise fees as a single performance obligation. The Company has determined that store opening date is the appropriate date to aggregate the pre-opening services as single performance obligation, and therefore franchise fee revenue is recognized on upon opening of the franchise location. Amounts not allocated to pre-opening services, if any, would be amortized over the life of the franchise agreement. The Company has determined that the standalone values of the pre-opening performance obligations are typically greater than the total initial franchise fee, so generally the fee is fully recognized at location opening. In the event a franchisee does not comply with their development timeline for opening restaurant location, the franchise rights may be terminated, and franchise fee revenue is recognized for non-refundable deposits. The franchise fee is nonrefundable, and the standard amount is \$30,000 with an additional \$5,000 for grand opening fee and additional \$500 intranet fee.

SACCO RESTAURANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In January 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2021-02, Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient. The amendments in ASU 2021-02 provide a practical expedient related to FASB Accounting Standards Codification (FASB ASC) 606, Revenue from Contracts with Customers, that permits franchisors that are not public business entities (PBEs) to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the ASU. If an entity already has adopted FASB ASC 606, the amendments in ASU 2021-02 are effective in interim and annual periods beginning after December 15, 2020. Early application is permitted. For those entities, this guidance should be applied retrospectively to the date FASB ASC 606 was adopted. The Company elected to use the practical expedient and early adopted this ASU during the year ended December 31, 2021 using a retrospective method starting from December 31, 2018 when FASB ASC 606 was issued. The adoption of ASU 2021-02 did not have an impact on the Company's consolidated financial statements.

The Company receives ongoing fees and royalty payments in the form of annual advertising fees and a percentage of franchisees' net sales. For accounting purposes, the Company does not consolidate the revenue and expenses of franchisees' operations with revenue and expenses. Franchise royalties and franchise advertising revenues received are "earned" when sales are made by franchisees. At times, revenues are generated from the sale of franchises to the franchisees. There are no franchise fees charged beyond the initial first year franchise fees. The Company reserves the right to waive the initial first year franchise fee and only be reimbursed for hard costs. In 2019, the Company introduced multi-unit development agreements which grant exclusive rights to develop a specified number of franchises or "units" within a set geographic area and time frame for a non-refundable territory rights fee.

The Company recognizes revenues and associated costs in connection with franchisees at the time that have substantially been performed or satisfied all material services or conditions relating to the franchise agreement. The Company considers substantial performance to have occurred when: 1) no remaining obligations are unfulfilled under the franchise agreement; 2) there is no intent to refund any cash received or to forgive any unpaid amounts due from franchisees; 3) all of the initial services spelled out in the franchise agreement have been performed; and 4) have met all other material conditions or obligations. The Company recognizes royalty fees as revenue when earned. Amounts invoiced to franchisees for which the Company has not met the criteria for revenue recognition as discussed above, are deferred until such conditions are met.

It is not the Company's policy to allow for returns, discounts or warranties to franchisees. Under certain circumstances, including as the result of regulatory action, the Company may become obligated to offer the franchisees amounts in rescission to reacquire their existing franchises. Additionally, if the Company is unable to fulfill its obligations under a franchise agreement, the Company may be obligated to refund or reduce part or all of a franchisees payments or commitments to pay. As of December 31, 2021, the Company did not have a provision for franchisee rescissions and refunds as all of requirements to the franchisees have been met.

The Company recognizes revenue derived from supplier rebates at the time they meet the requirements as defined supplier contracts, typically evaluated on a semi-annual basis.

SACCO RESTAURANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company records food and beverage sales and the corresponding cost as product sales, respectively, in the accompanying statement of operations.

Cash

The Company considers all highly liquid investments with original maturities of less than 90 days as cash equivalents. Cash and cash equivalents include cash in readily available checking and money market accounts.

Accounts Receivable

Accounts receivable arise primarily from invoices for customer deposits, product orders, and supplier rebates. These are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company grants unsecured credit to the customers deemed credit worthy. Ongoing credit evaluations are performed and potential credit losses estimated by management are charged to operations on a regular basis. At the time any particular account receivable is deemed uncollectible, the balance is charged to the allowance for doubtful accounts. At December 31, 2021, the Company did not have an allowance for doubtful accounts.

Deferred Revenue

Franchise fees that are collected prior to store opening are deferred until a later time which generally is when the store opens.

Supplies

Supplies are comprised of various prepaid and promotional items for franchisee stores and employees. The Company uses a third party online vendor to sell and distribute the supplies.

Prepaid Expenses

Prepaid expenses are comprised of prepayments made on annual insurance for the Company.

Trademark, Net

The intangible asset consists of a trademark and is amortized over its estimated useful life of 15 years on a straight-line basis. The trademark was fully amortized as of December 31, 2021.

Concentration of Credit Risk

The Company maintains cash with one financial institution. At December 31, 2021, accounts at this bank were insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000; however, at times, these balances may exceed the insured limits by the FDIC. At December 31, 2021, the Company had \$693,903 in excess of the FDIC limit. The Company has not experienced any losses with respect to cash, and believe that they are not exposed to any significant credit risk with respect to cash.

Advertising and Marketing

Advertising and marketing costs are charged to expense at the later of the date the expenditure is incurred or the date the promotional item is first communicated.

SACCO RESTAURANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The stockholders have elected to have the Company treated as an "S" corporation for income tax purposes as provided in Section 1362 of the Internal Revenue Code. An S corporation is generally not subject to federal income tax and is subject to 1.5% California franchise tax. Accordingly, no provision for federal income taxes is included in the financial statements.

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes* ("ASC 740"), clarifies the accounting for uncertainty in income taxes recognized in the financial statements. ASC 740 provides that a tax benefit from uncertain tax positions may be recognized when it is more-likely-than-not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. Income tax positions must meet a more-likely-than-not recognition threshold to be recognized. ASC 740 also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company recognizes interest and/or penalties related to income tax matters in provision for income tax expense. There is no accrual for interest or penalties for income taxes on the balance sheet as of December 31, 2021, and the Company has not recognized interest and/or penalties in the statement of operations for the year ended December 31, 2021. All years after December 31, 2017 and 2016 are open to examination by federal and state taxing authorities, respectively.

Recent Accounting Pronouncements

In February 2016, The FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases* ("Topic 842"). Topic 842 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the present value of payments to be made to lessor, on its statement of financial position for all leases greater than 12 months. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments-Credit Losses, Derivatives and Hedging, and Leases*, which deferred the effective date of Topic 842 for the Company until fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. The Company has not completed its assessment of the full impact on its financial statements of the adoption of Topic 842.

3. FRANCHISE INFORMATION

The Company's franchise agreements generally require an initial non-refundable fee per restaurant. Initial franchise fees are primarily intended to compensate the Company for granting the right to use the Company's trademark and to offset the costs of finding locations, developing and implementing training programs and the operating manual, and is considered to be a single performance obligation. The term of the initial franchise agreement is generally ten years with two five-year renewal options. Each renewal any rebates paid to the Company by suppliers on account of purchases by the franchisees are contributed to a promotional account and used along with the advertising fee collected from each franchisee, to help fund the brand name and carry out advertising campaigns. In 2021, the Company received \$17,245 from vendor rebates.

SACCO RESTAURANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

3. FRANCHISE INFORMATION (continued)

Franchise statistics for the year ended December 31, 2021 under both names is as follows:

	Epic Wings
Franchises in operation as of December 31, 2020	24
New stores opened	3
Franchises in operation as of December 31, 2021	27

The Company operated 27 franchises that were owned or controlled by the Company's stockholders or related entities as of December 31, 2021. During the year ended December 31, 2021, the Company granted franchises for 3 more stores.

4. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities at December 31, 2021 consist of the following:

Accrued payroll and payroll taxes	\$ 14,432
Credit card expenses	8,568
Accrued expenses and other current liabilities	<u>\$ 23,000</u>

5. GIFT CARDS

Beginning in 2017, the franchisees offer no-fee, non-expiring gift cards to their customers. At the time gift cards are sold, no revenue is recognized by the Company; rather, the Company records an accrued liability to customers and a receivable from the franchisees. Revenue for gift card sales is recognized on the franchisee level when redeemed by the customer. The Company's receivable is relieved when the franchisees transfer cash related to the sale of gift cards to the Company and the Company's liability is relieved at the time gift cards are redeemed for merchandise or food. At December 31, 2021, the Company had a gift card liability and receivable balance of \$196,350 and \$73,093 respectively.

There are no expiration dates on the Company's stored value cards and the Company does not charge service fees that cause a decrement to customer balances. While the Company continues to honor all stored value cards presented for payment, management may determine the likelihood of redemption, based on historical experience, is deemed to be remote for certain cards due to long periods of inactivity. In these circumstances, if management also determines there is no requirement for remitting balances to government agencies under unclaimed property laws, unredeemed card balances may then be recognized as breakage income. Breakage income was \$0 for the year ended December 31, 2021.

SACCO RESTAURANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

6. RELATED PARTY TRANSACTIONS

Sacco Restaurants, Inc. is run and operated by family members that either, own, operate, or are in some capacity involved with running restaurants that are considered franchisees. During the year ended December 31, 2021, approximately \$1,206,991 of the Company's total gross revenue was derived from related parties. At December 31, 2021, approximately \$69,000 in gift card receivable was from related parties and approximately \$186,000 in gift card liability was owed to related parties.

7. CONTINGENCIES

In December 2014, the Company issued letters to its franchisees informing them that it was possible the previously established arrangement may be deemed to be a "franchise" under the California Franchise Investment Law and the Federal Trade Commission Trade Regulation Rule on franchising. If the arrangement is a franchise, it may have been required to have been registered with the California Department of Business Oversight or to have qualified for an exemption from registration and the Company may have been required to provide certain disclosures in a Franchise Disclosure Document before offering to enter into the agreement. Each franchisee may have various rights, including but not limited to the right to rescind the agreement and to recover damages. As of November 22, 2022, the Company has not received any notifications of legal recourse or rescissions from the franchisees.

8. SUBSEQUENT EVENTS

The Company has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through November 22, 2022, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

EXHIBIT B
FRANCHISE AGREEMENT

EPIC WINGS
FRANCHISE AGREEMENT

BETWEEN

SACCO RESTAURANTS INC.

AND

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EXHIBIT A	Entity Information Disclosure
EXHIBIT B	Map of Designated Area
EXHIBIT C	ACH Payment Authorization

FRANCHISE AGREEMENT

This Franchise Agreement ("this Agreement"), made this ____ day of _____, 20__ ("Effective Date"), by and between Sacco Restaurants Inc., a California corporation, with its office at 12075 Carmel Mountain Road #201, San Diego, California 92128 ("Franchisor"), and _____ ("Franchisee"), with its address at _____, with reference to the following facts:

RECITALS:

A. Franchisor developed and owns a unique system (the "System") for establishing, developing and operating restaurants which, at the time of entering into this Agreement, feature fresh never frozen chicken wings, strips and other food items and beverages, and, at some locations, beer and wine, prepared according to specified recipes and procedures ("Menu Items"), with seating for on-premises dining and carry-out services; as well as presentation, packaging and marketing standards and techniques, using the trademark Epic Wings and related marks (the "Marks").

B. Among the System's distinguishing characteristics are distinctive exterior and interior layout, design and color scheme; distinctive signage, décor and furnishings; special recipes, menus and food and beverage designations; the Epic Wings Confidential Operations Manual ("Manual"); storage, preparation, service and other operating procedures and techniques.

C. Some elements of the System may remain and some will be changed, improved and further developed by Franchisor from time to time and over time.

D. Franchisor grants to qualified persons franchises to own and operate Epic Wings Franchised Restaurants offering food products and services authorized and approved by Franchisor and utilizing the System and Marks.

E. Franchisee wants to operate an Epic Wings Franchised Restaurant using the System and Marks. Franchisor is willing to grant a franchise to Franchisee, in reliance on the truth, accuracy and completeness of all statements and information that Franchisee provided to Franchisor, including but not limited to an application that Franchisee submitted, and the Entity Information Disclosure attached as Exhibit A to this Agreement. Franchisor is willing to enter into this Agreement, in reliance on Franchisee's statements in these Recitals and Franchisee's full performance of this Agreement.

Accordingly, the parties now agree as follows:

AGREEMENT:

1. APPOINTMENT AND INITIAL FRANCHISE FEE

A. Franchisor grants to Franchisee, on the terms and conditions in this Agreement, the right, license and privilege to use the Mark "Epic Wings" and the other Marks and Franchisee undertakes the obligations to continuously operate an Epic Wings Franchised Restaurant and to use only in the operation of the Franchised Restaurant, the System as currently established and as changed, improved and developed by Franchisor from time to time, at one (1) location only.

B. The location is: _____ ("Premises"); or

C. The location will be designated, as provided in Section 3 within the following area:

_____; provided, that when a specific location within this area has been designated and agreed to by the parties, the location shall be deemed to be stated in Section 1(B), as if originally stated there and the area described in this Section 1(C) shall have no further significance in relation to this Agreement. Franchisee shall not relocate its Franchised Restaurant without the prior written consent of Franchisor.

D. So long as this Agreement is in force and effect and Franchisee is in full compliance with this Agreement and with all other Agreements between Franchisee and Franchisor, then Franchisor will not grant a franchise for and will not operate any other Epic Wings restaurant within a radius of one (1) mile from the Franchised Restaurant ("Designated Area"). This Designated Area may be described more specifically in writing and on a map attached as Exhibit B. In any conflict between this Section 1(D) and Exhibit B, the contents of Exhibit B will control.

E. Regardless of Section 1(D), Franchisor reserves the right to grant franchises or operate Franchised Restaurants at military bases, schools, universities, airports, amusement parks, hospitals, stadiums, arenas, convention centers, fairgrounds, business campuses, food service fulfillment centers, other mass gathering places and also facilities that restrict entry or admission ("Reserved Sites") within or outside the Designated Area and to grant other franchises or operate Franchised Restaurants outside the Designated Area as Franchisor, in its sole and exclusive discretion, deems appropriate.

F. Franchisor reserves the rights to itself and to any parent, subsidiary or affiliate of Franchisor to offer and sell and advertise and market and promote, at wholesale or retail, including by means of the Internet or Internet web site, mail order catalogs, direct mail advertising or through any other distribution system or channels, within and outside the Designated Area, Epic Wings products and services which comprise or may in the future comprise a part of the System.

G. Franchisor reserves the rights to itself and to any parent, subsidiary or affiliate of Franchisor, within and outside the Designated Area, to market products comprising or not comprising parts of the current System under formats, trademarks and service marks distinct from the Epic Wings System, whether at supermarkets, membership stores or other outlets or distribution channels.

H. Franchisee shall engage only in the retail sale of Menu Items and Franchisee agrees not to engage in wholesale sale and/or distribution of or sale over the internet of any product offered for sale through the Franchised Restaurant or similar or related product, unless consented to in writing by Franchisor. "Wholesale Sale and/or Distribution" shall mean a sale and/or distribution of any product by Franchisee directly or indirectly to a third party for resale, retail sale or further distribution by such third party.

I. In consideration of the franchise granted, Franchisee shall pay to Franchisor, on the Effective Date, an initial franchise fee of _____ Dollars (\$_____). The initial franchise fee is deemed fully earned and non-refundable when paid.

J. Franchisee acknowledges that complete uniformity under many varying conditions may not be possible or practical. Franchisor reserves the right, at its discretion and as it may deem appropriate for any business-related reasons, to vary standards for any System franchisee based on such factors or considerations as are presented to Franchisor or that Franchisor deems appropriate to consider, even though such decision or variance may or may not be applied to or may not be available to all or multiple franchisees or to Franchisee; or may be imposed on Franchisee but not others. Franchisee shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation hereunder or to impose on others a variance required of Franchisee.

K. In consideration of Franchisor's agreement not to grant another franchise in the Designated Area, except with respect to Reserved Sites, Franchisee shall at all times, continuously, actively operate the Restaurant, always using Franchisee's best efforts to promote and increase the sales and service of Menu Items and to effect the widest and best possible distribution throughout the Designated Area, soliciting and servicing all potential customers for Epic Wings food products and services. Failure of Franchisee to devote its best efforts to adequately represent its Epic Wings Franchised Restaurant in the Designated Area through its sales and service efforts shall be deemed good cause for termination.

2. TERM AND RENEWAL

A. This Agreement shall be effective and binding for an initial term of ten (10) years starting on the Effective Date. Franchisee must secure a lease for the Premises of at least ten (10) years including lease renewal periods unless otherwise consented to by Franchisor in writing.

B. Franchisee shall have the right to renew this franchise for up to two (2) additional successive terms of five (5) years each, provided, that on each occasion all the following conditions for renewal have been fulfilled:

1. Franchisee has, during the entire term of this Agreement, complied with all its provisions;

2. At the time of giving notice of renewal to Franchisor, Franchisee is not in default under any terms of this Agreement nor has Franchisee, at any time during the term of this Agreement, been in material default under any provisions of this Agreement;

3. Franchisee maintains possession of the Franchised Restaurant and, before expiration of the term, has brought the Franchised Restaurant into full compliance with the specifications and standards then applicable for new or renewing Epic Wings Franchised Restaurants and proves to Franchisor's satisfaction that Franchisee has the right to remain in possession of the Premises for the duration of any renewal term;

4. Franchisee has given written notice of desire to renew as stated below;

5. Franchisee satisfied all monetary obligations owed by Franchisee to Franchisor and timely met these obligations throughout the term of this Agreement;

6. On renewal, Franchisee has executed Franchisor's then-current form of Franchise Agreement (with modifications to reflect that the Franchise Agreement is for a renewal franchise), which Franchise Agreement shall supersede this Agreement, and its terms may materially differ from this Agreement including, without limitation, different fees, fees at different rates, adjustment to territory, products, services and other materially different terms;

7. Franchisee complied with Franchisor's then-current qualifications and training requirements;

8. Franchisee executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its respective officers, directors, agents, shareholders and employees; and

9. Franchisee paid Franchisor a "Renewal Fee" of Ten Thousand Dollars (\$10,000) at the time of Franchisee requesting to enter into a renewal agreement.

C. If Franchisee wants to renew this franchise, then Franchisee shall give Franchisor written notice of its desire to renew at least six (6) months, but not more than twelve (12) months, prior to expiration of the then-current term of this Agreement, accompanied by the payment referenced in Section 1(c)(9). Within sixty (60) days after receipt of timely notice, Franchisor shall provide Franchisee written notice of (i) reasons which could cause Franchisor not to grant a renewal to Franchisee including, but not limited to, deficiencies which require correction and a schedule for correction by Franchisee; and (ii) Franchisor's then-current requirements relating to image, appearance, decor, furnishing, equipping and stocking of Epic Wings Franchised Restaurants and a schedule for effecting upgrades or modifications to bring the Franchised Restaurant into compliance, as conditions of renewal. Any renewal shall be conditioned on Franchisee's compliance with such requirements and continued compliance with all the terms and conditions of this Agreement.

D. If Franchisee does not sign Franchisor's then-current Franchise Agreement prior to the Expiration Date and Franchisee continues to accept the benefits of this Agreement after it expires, then at Franchisor's option, this Agreement may be treated either as (i) expired as of the Expiration Date with Franchisee operating without a license in violation of Franchisor's rights; or (ii) continuing on a month-to-month basis ("Month-to-Month Agreement") until one party provides the other written notice of such party's intent to terminate or non-renew the Month-to-Month Agreement, in which case the Month-to-Month Agreement will terminate or expire, as applicable, thirty (30) days after receipt of the notice, or such longer notice period as is required by Applicable Law. In the latter case, all Franchisee's obligations shall remain in full force and effect during the Month-to-Month Agreement as if this Agreement had not expired or terminated, and all obligations and restrictions imposed on Franchisee upon expiration or termination of this Agreement shall be deemed to take effect upon expiration or termination, as applicable, of the Month-to-Month Agreement.

3. LOCATION

A. Franchisee shall operate the Franchised Restaurant only at the location specified in Section 1. If the lease for the site of the Franchised Restaurant ends without fault of Franchisee or if the site is destroyed, condemned or otherwise rendered unusable, Franchisor shall be willing to consent to the relocation of the Franchised Restaurant to a location and site acceptable to Franchisor. Any such relocation shall be at Franchisee's sole expense and Franchisor shall have the right to charge Franchisee a relocation fee in the amount of Five Thousand Dollars (\$5,000) to approximately compensate Franchisor for costs incurred by Franchisor in relation to the relocation. Any such relocation shall be subject to obtaining Franchisor's consent as to the location and lease, as provided in this Section 3.

B. Franchisee will be solely responsible to locate, lease or purchase a suitable site for the Franchised Restaurant. Nothing in this Agreement shall be interpreted as assurance of any level of revenues, sales or other measure of business or measure of performance for the location nor shall any site recommendation or consent by Franchisor be deemed a representation that a site is available for use as a Franchised Restaurant. Prior to the acquisition by lease or purchase of any site, Franchisee shall submit a description of the proposed site to Franchisor, together with a landlord's letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the proposed site. Franchisor shall try to notify Franchisee within fifteen (15) business days after receiving Franchisee's proposal and all needed information, whether Franchisor consent to or withholds consent to the proposed site. Any site for the Premises must comply with Franchisor's requirements set forth in the Manual.

C. After receiving Franchisor's written consent to the location of the Franchised Restaurant as provided in Section 3(B), Franchisee shall, subject to obtaining prior written consent to the lease terms from Franchisor, execute a lease for the site. Franchisor's consent to the lease may be conditioned on the lease including terms Franchisor requires, including, but not limited to the following:

1. Reservation to Franchisor of the right, at Franchisor's election, to receive an assignment of the leasehold interest on termination or expiration of the franchise;

2. Requirement that the lessor concurrently provide Franchisor a copy of any written notice of deficiency or default under the lease sent to Franchisee and granting Franchisor the right (but not obligation) to cure any deficiency or default within fifteen (15) business days after expiration of the period which Franchisee had to cure the default if Franchisee fails to do so;

3. An authorization to Franchisee to display the Marks in accordance with specifications required by Franchisor;

4. A provision allowing construction of leasehold improvements meeting requirements of this Agreement and Manual;

5. A provision assuring that Franchisee will be free from disturbance or interference by the lessor's lender, lienholder, mortgagee or other person or entity having an interest or claim in the Premises;

6. A provision equivalent to Franchisor's form Conditional Lease Assignment or execution of such form by Franchisee and Landlord; and

7. Other provisions Franchisor deems reasonable to require, whether generally or in the particular circumstances.

D. Franchisor's review of any proposed lease, and any consent, will not be construed as an endorsement or approval of its terms or assurance of particular results of the lease or location.

E. If no acceptable site is found and agreed to by the parties and a lease signed by Franchisee within ninety (90) days from the date of this Agreement, then on written notice from either party, this Agreement shall be terminated. If no acceptable site has been found, agreed to by the parties and a lease signed by Franchisee within one hundred eighty (180) days from the date of this Agreement, and this Agreement was not previously terminated, then on written notice from either party, this Agreement shall be terminated. Franchisor shall be deemed to be fully released

from any and all claims or causes of action Franchisee may have or claim to have against Franchisor or Franchisor's shareholders, directors, officers and personnel.

F. Franchisee shall within six (6) months after obtaining possession of the site for the Franchised Restaurant: (i) cause to be prepared and submit for Franchisor's consent a site survey and any proposed modifications to Franchisor's basic architectural plans and specifications for the development of an Epic Wings Franchised Restaurant at the site, provided that Franchisor shall have the right to require that proposed modifications be limited to those necessary to comply with ordinances, building codes and permit requirements; (ii) obtain all required zoning changes, building, utility, health, sanitation, sign and any other required permits and licenses; (iii) purchase or lease equipment, fixtures, furniture and signs as provided herein; (iv) complete the construction and/or remodeling and installation of equipment, fixtures, furniture and signage and decorating of the Franchised Restaurant in full and strict compliance with plans and specifications consented to in writing by Franchisor and all applicable ordinances, building codes and permit requirements; (v) obtain all customary contractors' statements and partial and final waivers of liens for construction, remodeling, decorating and installation services; (vi) obtain all insurance required by this Agreement; and (vii) complete development of and have the Franchised Restaurant ready to open and start conducting its business according to Section 12.

G. Franchisor shall have the right to require Franchisee to remodel, modernize and redecorate the Franchised Restaurant and its Premises from time to time. All remodeling, modernization and redecoration must be according to standards and specifications prescribed by Franchisor from time to time and with the prior written consent of Franchisor. All replacements must conform to Franchisor's then-current quality standards and specifications and must be consented to by Franchisor in writing.

H. Franchisee acknowledges that maintenance of the Premises and major modification or replacement of working equipment may require significant expenditures. These major additional investments will not be required during the first three (3) years of the term. They may be required during the last three (3) years of the term and at any earlier time after the first three (3) years. Minor modifications and replacements may be required at any time, even including the first three years, and proper maintenance (including replacements when necessary) shall be required at all times, including the first three (3) years. Franchisee may avoid making the additional investment, if required in the last year, by giving notice of nonrenewal.

4. TRAINING AND ASSISTANCE

A. Prior to Franchisee's start of operations, Franchisor shall make an initial training program available to Franchisee. Franchisor expects the initial training program will consist of approximately four (4) weeks of training, but it may be longer or shorter. Training shall start approximately six (6) weeks prior to site completion. Franchisee and one other person (Franchisee's supervisory or managerial personnel as examples) shall attend and successfully complete such program. On successful completion of the training program, six (6) months of operation in compliance with training and this Agreement and passing of any inspections and/or tests that Franchisor deems appropriate, Franchisee and the other supervisory or managerial personnel who was trained will be designed as Certified Managers.

B. Training shall be at or near Franchisor's headquarters in San Diego, California, or another place that Franchisor designates. The training may include classroom or on-the-job training, self-study online, webinar or other telecommunication, review of videos or other

materials or a combination of these. All expenses incurred by Franchisee and Franchisee's personnel in attending training including, without limitation, travel costs, room and board expenses and salaries, shall be solely Franchisee's responsibility.

C. Franchisor shall furnish to Franchisee, at the Premises and at Franchisor's expense, one representative to assist in opening the Franchised Restaurant. The representative shall provide up to one week of additional training at the Franchised Restaurant around the time of the start of operations of the Franchised Restaurant. During this period, the representatives shall also assist Franchisee in establishing and standardizing procedures and techniques essential to the operation of an Epic Wings Franchised Restaurant and assist in training personnel. This Section 4(C) does not apply if Franchisee or its affiliate is already an existing franchisee of Franchisor.

D. If Franchisor determines Franchisee is not prepared for opening the Franchised Restaurant due to non-compliance with this Agreement or requirements in the Manual or if Franchisor determines that Franchisee requires additional training and/or assistance to open the Franchised Restaurant, Franchisor shall have the right to defer the training described in Section 4(C) and/or defer consent to Franchisee opening, until Franchisee demonstrates readiness to open, or Franchisor may elect to send additional representatives to the Premises. Franchisee shall bear the cost of increased travel, lodging and meal expenses of Franchisor's personnel. If Franchisee requests additional assistance from Franchisor to facilitate opening and if Franchisor, in its discretion, deems it appropriate to comply with the request, Franchisee shall reimburse Franchisor for the additional travel, lodging and meal expenses. In any circumstances described in this Section 4(D) Franchisee shall also pay Franchisor's then-current training fee.

E. If Franchisee previously completed training in relation to a prior Franchised Restaurant, then in lieu of the initial training and additional training described Sections 4(A)-4(C), Franchisor may instead elect to provide approximately one week of refresher training. This may include new methods or programs not previously covered. Any additional training requested by Franchisee will be at Franchisee's cost. Section 4(D) remains applicable.

F. At any time during training, if, in Franchisor's sole judgment or discretion, Franchisor determines that Franchisee or other person affiliated with Franchisee is unable, or comes to doubt Franchisee's or the other person's ability to satisfactorily complete any part of training, Franchisor shall have the right to: (i) require Franchisee to attend additional training to demonstrate its ability to operate the Franchised Restaurant to Franchisor's satisfaction, at Franchisee's expense; (ii) require Franchisee or a new approved designee to complete the training program subject to Franchisor's then-current training requirements; or (iii) terminate this Agreement immediately on written notice to Franchisee. Upon such termination, Franchisor shall be deemed to be fully released from any and all claims or causes of action Franchisee may have or claim to have against Franchisor or Franchisor's shareholders, directors, officers and personnel.

G. Franchisor from time to time may require Franchisee and personnel of Franchisee, though previously-trained and experienced, to attend and successfully complete new or refresher training programs or seminars. These may be at location(s) designated by Franchisor. These may be conducted specifically for such person(s) or for a broader range of persons. While Franchisee is in full compliance with this Agreement, attendance shall not be made mandatory at more than one such additional or refresher training program in any calendar year and any such program shall not exceed five (5) business days in duration in a calendar year. All expenses incurred by Franchisee and its personnel in attending such program including, without limitation, travel, lodging, meals and salaries, shall be the sole responsibility of Franchisee.

H. Franchisee shall assure that at all times the premises are under the on-site supervision of a Certified Manager. This could be Franchisee or a supervisorial or managerial staff member who has been certified by Franchisor. If Franchisee designates new or additional supervisorial or managerial personnel after the initial training program, Franchisee shall provide training to those supervisorial or managerial personnel at Franchisee's location and expense. Within a period of time designated by Franchisor, such persons shall be considered for certification by Franchisor. At Franchisor's request Franchisee shall have such personnel successfully complete training at Franchisor's headquarters or other location designated by Franchisor. Franchisee shall pay Franchisor's then standard rate for training and shall bear all travel, lodging and meal expenses incurred.

I. Franchisee acknowledges and agrees that: (a) Franchisor could at any particular time be assisting in opening multiple franchise restaurants and training several prospective or existing franchisees and may have other matters needing attention; (b) if Franchisee does not meet or properly respond to a time deadline or notice requirement, whether in this Agreement or otherwise requested by Franchisor, Franchisee's scheduled training and/or other Franchisor assistance may, in Franchisor's discretion, be delayed, to not interfere with Franchisor's other scheduled training, assistance to be provided to others, and other matters calling for Franchisor's attention.

5. PROPRIETARY MARKS

To protect the System, Marks, Trade Secrets and goodwill associate with the same:

A. Franchisee acknowledges that Franchisor owns all right, title and interest, together with all goodwill, of the Marks. Franchisee acknowledges that Franchisee's right to use the Marks is derived solely from this Agreement and is limited to conducting business pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Franchisor from time to time. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and infringement of the rights of Franchisor in and to the Marks. Franchisee acknowledges that all usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall be for the exclusive benefit of Franchisor and that this Agreement does not confer any goodwill or other interests in the Marks on Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, cancellation or transfer, contest the validity or ownership of any of the Marks or assist any other person in contesting validity or ownership of the Marks. All provisions of this Agreement applicable to the Marks apply to any and all additional trademarks, service marks and commercial symbols authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

B. Franchisee shall not use any Mark or portion of any Mark as part of a corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified form. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain fictitious or assumed name registrations as may be required under applicable law.

C. Franchisee shall promptly notify Franchisor of any claim, demand or cause of action based on or arising from any attempt by any other person, firm or corporation to use the Marks or any imitation. Franchisee shall notify Franchisor of any action, claim or demand against Franchisee relating to the Marks within three (3) days after Franchisee receives notice of the action,

claim or demand. After receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks, Franchisor shall have the right, but not the duty, to defend any such action. Franchisor shall have the right to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise such right in Franchisor's sole discretion. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor and execute any and all documents and take all actions as may be desirable or necessary, in the opinion of Franchisor's counsel, to carry out such defense or prosecution.

D. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor to modify or discontinue use of any Mark, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's direction to modify or discontinue use of any Mark, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols promptly after notice to Franchisee by Franchisor. Franchisor shall have no liability or obligation whatsoever with regard to such modification or discontinuance of any Mark.

E. To preserve the validity and integrity of the Marks and copyrighted material licensed to Franchisee and ensure that Franchisee is properly using these in the operation of the Franchised Restaurant, and to assess compliance with this Agreement, Franchisor or its agents shall have the right of entry and inspection of Franchisee's Premises and operating procedures at all reasonable times, with or without prior notice. Franchisor shall have the right to observe the manner in which Franchisee provides its Epic Wings services and conducts operations, to confer with Franchisee's employees, customers, vendors, suppliers and others, and to select Menu Items, ingredients, food and non-food products, beverages and other items, products and supplies for test of content and evaluation purposes to make certain that the Menu Items, ingredients, food and non-food products, beverages and other items, products, materials and supplies are satisfactory and meet the quality control provisions and performance standards established by Franchisor.

F. Franchisee shall not establish a website on the Internet or other electronic or social media or social networking presence using any domain name containing the words "Epic Wings" or similar words. Franchisor retains the sole right to advertise on the Internet and/or other electronic or social media and/or create a website or the like using "Epic Wings" as, in or as part of the domain name. Franchisee acknowledges that Franchisor is the owner of all right, title and interest in and to such domain name(s) or the like as Franchisor designates in the Manual. Franchisor retains the right to pre-approve Franchisee's use of linking and framing between Franchisee's web pages and all other websites. If requested by Franchisor, Franchisee shall, within five (5) days, dismantle any frames and links between Franchisee's web pages and any other websites, as requested by Franchisor.

6. CONFIDENTIAL OPERATIONS MANUAL

A. Franchisor shall loan to Franchisee one (1) copy of the Manual or provide Franchisee electronic access to the Manual. The Manual contains and will contain specifications, standards, operating procedures and rules prescribed from time to time by Franchisor for Epic Wings Franchised Restaurants and information relative to other obligations of Franchisee. Franchisor shall have the right to add to and otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor for Epic Wings Franchised Restaurants.

B. The Manual shall at all times remain the property solely of Franchisor and shall promptly be returned on expiration or other termination of this Agreement. At no time shall Franchisee or its personnel make any copy or reproductions of all or part of the Manual.

C. The Manual comprises proprietary information of Franchisor and shall be kept confidential by Franchisee both during the term of the franchise and after its expiration and/or termination. Franchisee shall at all times ensure that its copy of the Manual, if any, is maintained only at and is available at the Premises in current and up-to-date manner. At all times that the Manual is not in use by authorized personnel, Franchisee shall maintain the Manual in a locked receptacle at the Premises and only grant authorized personnel, as defined in the Manual, access to the key or lock combination of such receptacle. In any dispute as to contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's home office shall be controlling.

D. Franchisee shall operate the Franchised Restaurant in compliance with all the terms of this Agreement and the Manuals. Franchisee acknowledges and agrees that Franchisee alone shall exercise day-to-day control over all operations, activities and elements of the Franchised Restaurant, including over Franchisee's employees, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the System, all of which Franchisee must comply under this Agreement, the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Restaurant, which Franchisee alone controls, but only constitute standards to which Franchisee must adhere when exercising Franchisee's control over the day-to-day operations of the Franchised Restaurant consistent with the policies of Franchisor.

E. Franchisee shall take all action necessary to ensure that Franchisee's employees understand and acknowledge they are not employees of Franchisor, including, without limitation, requiring Franchisee's employees to sign written acknowledgements that Franchisee is an independently owned and operated franchisee and their sole employer, in a form specified by Franchisor in the Manuals or otherwise in writing from time to time.

7. CONFIDENTIAL INFORMATION

To protect the System, Marks, Trade Secrets and goodwill associated with these:

A. Franchisee acknowledges that its entire knowledge of the operation of an Epic Wings Franchised Restaurant including, without limitation, methods of preparation of Menu Items, food products and other specifications, product formulas, standards and operating procedures of an Epic Wings Franchised Restaurant is derived from information disclosed to Franchisee by Franchisor and that such information is proprietary, confidential and the Trade Secret of Franchisor. Any improvements developed by Franchisee or customer lists and databases obtained by Franchisee pursuant to Franchisee's operation of the Franchised Restaurant are proprietary information of Franchisor. "Trade Secrets" refers to the whole or any portion of know-how, knowledge, methods, recipes, formulae, specifications, processes, procedures and/or improvements regarding the Epic Wings Franchised Restaurant, the System and any information that is valuable and secret in the sense that it is not generally known to competitors of Franchisor. Franchisee shall maintain absolute confidentiality of all such information during and after the term of the franchise and Franchisee shall not use any such information in any other business or in any manner not specifically authorized or consented to in writing by Franchisor.

B. Franchisee shall divulge confidential information only to the extent and only to those employees who must have access to it to operate the Franchised Restaurant. Any and all information, knowledge and know-how including, without limitation, drawings, materials, equipment, techniques, restaurant systems, product formulae, recipes and other data which Franchisor designates as confidential shall be deemed confidential, except information which Franchisee demonstrates lawfully came to Franchisee's possession prior to disclosure by Franchisor; or which, at the time of disclosure by Franchisor to Franchisee, had lawfully become part of the public domain, through publication or communication by others; or which, after disclosure to Franchisee by Franchisor, lawfully becomes a part of the public domain, through publication or communication by others without fault or involvement of Franchisee.

C. Due to the special and unique nature of the confidential information, Marks and Manual, Franchisee acknowledges that Franchisor shall be entitled to immediate equitable remedies including, but not limited to, restraining orders and injunctive relief to safeguard such proprietary, confidential, unique and special information of Franchisor and that money damages alone would be an insufficient remedy to compensate Franchisor for any breach of Sections 5, 6, 7 and 15 of this Agreement. All owners, directors, shareholders, partners and employees of Franchisee having access to the confidential and proprietary information of Franchisor shall be required to execute Franchisor's form of Non-Disclosure and Confidentiality Agreement. Franchisee shall submit a copy of each executed Non-Disclosure and Confidentiality Agreement to Franchisor on execution and shall submit annual updates to Franchisor listing those individuals having access to the confidential and proprietary information of Franchisor.

D. Franchisor may authorize Franchisee to use certain copyrighted or copyrightable works ("Copyrighted Works"). Franchisee and Franchisor acknowledge and agree, that (i) as between Franchisee and Franchisor, the Copyrighted Works are the valuable property exclusively of Franchisor; and (ii) Franchisee's rights to use the Copyrighted Works are granted to Franchisee solely on the condition that Franchisee complies with the terms of this Section 7.

E. Franchisee acknowledges and agrees that Franchisor owns (or is licensee of the owner) of the Copyrighted Works. Franchisor may further create, acquire or obtain licenses for certain copyrights in various works of authorship used in the operation of Epic Wings Franchised Restaurants including, but not limited to, all categories of works eligible for protection under United States copyright law, all of which shall be deemed to be Copyrighted Works under this Agreement. Copyrighted Works include, but are not limited to, the Manual, advertisements, promotion materials, packaging, posters and signs and may include all or part of the Marks, software, trade dress and other portions of the System.

F. If Franchisee develops any new methods, recipes, formulas, specifications, processes, procedures, programs, projects, works of art or other materials in the course of operating its Epic Wings Franchised Restaurant which Franchisor approves for the use and/or sale in the Franchised Restaurant, the method, recipe, formula, specification, process, procedure, program, project, work of art or other material ("Work") shall be deemed to be a work-made-for-hire and shall automatically become the property of Franchisor as though Franchisor developed the Work. To the extent any such Work may not, by operation of law or otherwise, be a work-made-for-hire, Franchisee hereby assigns to Franchisor the ownership of and all rights and copyrights in and to such Work. At Franchisor's request Franchisee shall execute specific assignments or instruments and take any action necessary to enable Franchisor to secure all rights in such Work. If Franchisee fails to do so on Franchisor's request, then Franchisor shall be deemed to be Franchisee's attorney-

in-fact to execute such instrument for an on behalf of Franchisee in favor of Franchisor or Franchisor's designee.

8. UPDATING AND MODIFICATION OF SYSTEM

Franchisee acknowledges that from time to time, Franchisor may change, update or otherwise modify the System including, without limitation, adopting and using new or modified trade names, trademarks, service marks or copyrighted materials, new Menu Items, recipes, products, equipment, point-of-sale system, computers, technologies, techniques, marketing, promotion and any other aspects or elements. Modifications shall be communicated to Franchisee through the Manual or other means that Franchisor selects. Franchisee shall accept, comply with, use and display any changes in the System, as if they were part of this Agreement at the time of signing this Agreement. Franchisee shall make such expenditures as are reasonably required by such changes or modifications in the System. Franchisee shall not change, modify or alter the System in any way.

9. ADVERTISING

Recognizing the value of advertising and importance of the standardization of advertising and promotion to the goodwill and the public image of Epic Wings Restaurants, Franchisee agrees to the following provisions relating to advertising consents and expenditures.

A. Franchisee shall submit to Franchisor or its designated agency, for its prior consent, all promotion materials and advertising proposed to be used by Franchisee including, but not limited to, radio and television advertising, online advertising and social networking (if permitted by Franchisor), specialty and novelty items, signs, containers and boxes. If written withholding of consent or disapproval of the proposed advertising and promotion material is not given by Franchisor to Franchisee within one week from the date the material is received by Franchisor, the materials shall be deemed to be not consented to/approved.

B. Failure by Franchisee to conform to the provisions of this Section 9 and subsequent non-action by Franchisor to require Franchisee to cure or remedy this failure and default shall not be deemed a waiver of future or additional failures and defaults of any other provision of this Agreement. The submission of advertising to Franchisor for consent shall not affect Franchisee's right to determine prices at which Franchisee sells its products or services.

C. Franchisee shall pay Franchisor Twenty Thousand Dollars (\$20,000) for grand opening advertising at the time of signing this Agreement. Franchisor shall, from approximately thirty (30) to sixty (60) days before opening and sixty (60) to ninety (90) days after the opening of the Franchised Restaurant, advertise and promote Franchisee's Franchised Restaurant in direct mail advertising and/or promotion through other media ("Grand Opening Advertising"). The Grand Opening Advertising shall be conducted in accordance with a Grand Opening Advertising Program outline that Franchisor provides to Franchisee and any Grand Opening Advertising Plan that Franchisee shall submit to Franchisor and as to which Franchisee shall obtain Franchisor's approval.

D. Franchisee shall contribute an amount of up to three percent (3%) of the Net Sales (as defined in Section 10(A)(2) of this Agreement) from the Franchised Restaurant to the Epic Wings Promotion Fund ("Promotion Fund"). Franchisee's required payments to the Promotion Fund shall be made at the same time and same manner as, and in addition to, the Royalty Fee provided in Section 10(A).

E. The Promotion Fund, if and when established, shall be maintained and administered by Franchisor or its designee, as follows:

1. Franchisor or Franchisor's designee shall direct all advertising programs with sole discretion over the creative concepts, materials and media used in such programs and their placement and allocation. Franchisee agrees and acknowledges that the Promotion Fund is intended to assist in developing general public recognition and acceptance of the Marks for the benefit of the System and that Franchisor and its designee undertake no obligation in administering the Promotion Fund to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or pro rata from placement of advertising.

2. The monies may be used to meet any and all costs of maintaining, administering, directing, producing and preparing promotions and advertising including, without limitation, the cost of conducting public relations activities, advertising and producing promotional brochures and other marketing materials to franchisees in the System. Funds paid by Franchisee to the Promotion Fund may be commingled with Franchisor's other funds or may be maintained in a separate account from the other monies of Franchisor, as Franchisor elects.

3. The Promotion Fund shall not be used to solicit sales of franchises or defray Franchisor's general operating expenses, except for reasonable administrative costs and overhead, not to exceed twenty percent (20%) of the amounts contributed to the Promotion Fund, as Franchisor may incur in activities reasonably related to the administration or direction of the Promotion Fund and advertising programs including, without limitation, conducting market research, preparing marketing and advertising materials and collecting and accounting for assessments for the Promotion Fund.

4. Franchisor may spend, on behalf of the Promotion Fund, in any fiscal year or other period, an amount greater or less than aggregate contributions to the Promotion Fund in that time period. The Promotion Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. If Franchisor lends money to the Promotion Fund, Franchisor may charge interest at an annual rate one percent (1%) greater than the rate Franchisor pays lenders, or other reasonable rate. Franchisor shall have the right but is not obligated, to cause the Promotion Fund to be incorporated or operated through a separate entity whenever Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

5. Franchisor maintains the right to terminate the Promotion Fund. The Promotion Fund shall not be terminated, however, until all monies in the Promotion Fund have been expended for advertising and promotional purposes or returned to franchisees. If terminated, Franchisor reserves the right to restart the Promotion Fund or new Promotion Fund.

6. An accounting of operation of the Promotion Fund shall be prepared annually and made available to Franchisee on request. Franchisor reserves the right, at its option, to require that the annual accounting include an audit of the operation of the Promotion Fund prepared by an independent certified public accountant selected by Franchisor and prepared at the expense of the Promotion Fund.

7. Any rebates paid to Franchisor by suppliers on account of purchases by Franchisee shall, at Franchisor's election be allocated and paid, in whole or in part, to Franchisee

(and other franchisees) and/or the Promotion Fund, and/or working capital of Franchisor or other purposes, all in proportion(s) that Franchisor determines. For each Epic Wings restaurant offering products and services similar to the Franchised Restaurant, owned by Franchisor, such entity shall make contributions to the Promotion Fund similar to contributions required of Franchised Restaurants within the System. For Epic Wings restaurants operated by affiliates of Franchisor, Franchisor shall use reasonable efforts to cause them to make similar contributions. Such contributions of Franchisor or affiliates need not be the same amounts or according to the same formula as required of Franchisee.

F. Each calendar month, Franchisee shall spend at least an amount equal to three percent (3%) of Franchisee's Net Sales for such calendar month on local advertising and promotion. This local advertising and promotion expense shall be exclusive of labor costs for personnel employed by Franchisee and shall not include expenses of disposable menus. To the extent Franchisee conducts local advertising and promotion by bartering and/or giving away food or merchandise promoting Epic Wings or the franchised restaurant, only Franchisee's costs for such food items or merchandise shall count toward satisfying the required local advertising and promotion expense. Such expenditures shall be made directly by Franchisee, subject to approval of Franchisor or Franchisor's designated advertising agency. Within ten (10) days after the end of each calendar month, Franchisee shall provide Franchisor, in a manner approved by Franchisor, an accurate accounting of Franchisee's expenditures on local advertising and promotion for the calendar month just ended. Franchisee shall comply with rules, restrictions and guidelines for local advertising established by Franchisor.

G. Franchisee shall devote portions of time and attention to marketing efforts, in accordance with specifications in the Manual.

H. Franchisor shall have the right from time to time, to establish one or more local, regional or national advertising areas in which the Franchised Restaurant and at least one (1) other Epic Wings restaurant are located, as cooperative advertising region(s). Franchisor shall have the right to require any one or more cooperatives to be formed, changed, merged or dissolved. Franchisee shall participate in and contribute to the cooperative according to rules and procedures of the cooperative, as determined by a majority of the cooperative's members. Franchisee's contributions to the cooperative shall be additional to required contributions to the Promotion Fund but shall be credited toward the required expenditures for local advertising required by Section 9(F). Franchisor shall have the right to require that proposed organizational documents of the cooperative (such as articles of incorporation and bylaws or the like) and operating procedures be consented to by Franchisor before adoption and conform to specifications and guidelines established by Franchisor. Franchisor shall have the right but no obligation, to participate in deliberations of the cooperative and to veto any decision of the cooperative that Franchisor objects to or considers detrimental to the interests of the System.

I. Franchisee shall not advertise or use in advertising or any other form of promotion, the copyrighted materials, trademarks, service marks or commercial symbols of Franchisor without the appropriate © or ® registration marks or the designation **TM** or **SM** where applicable. The registered marks and designations shall be used in conjunction with "Epic Wings", the Epic Wings logo, the Manual and any other copyright materials, trademark, service mark, or commercial symbols as may be developed.

10. ROYALTY

A. Franchisee shall pay Franchisor, without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a weekly fee equal to five percent (5%) of Net Sales derived from the Franchised Restaurant (the "Royalty Fee"). The Royalty Fee shall be paid weekly, in the manner specified below, or as otherwise prescribed in the Manual.

1. Each week, Franchisee shall submit to Franchisor, on a form approved by Franchisor, a true statement, signed by Franchisee, of Franchisee's Net Sales for the preceding week just ended. Each weekly Net Sales statement shall be accompanied by the Royalty Fee payment based on the Net Sales reported in the statement. Franchisee shall make available to Franchisor all original books and records that Franchisor may deem necessary to ascertain Franchisee's Net Sales for inspection.

2. Franchisor reserves the right to collect Royalty Fees more frequently on fifteen (15) days prior written notice to Franchisee. If Franchisee fails to report Net Sales for any reporting period(s), for each such period, Franchisor is authorized to debit Franchisee's account in an amount equal to one hundred twenty percent (120%) of the Royalty Fee paid for the last reported period or equivalent period in a prior year or one hundred twenty percent (120%) of Franchisor's estimate of royalties. Once Franchisor receives the actual Net Sales report(s), any overpayments will be credited, without interest, against future Royalty Fees, and any underpayments shall be paid immediately by Franchisee plus interest. If at any time Franchisor determines that Franchisee under-reported Net Sales or underpaid any Royalty Fees, then Franchisor will be authorized to initiate immediately a debit to Franchisee's account in the appropriate amount, plus applicable interest. These Franchisor rights are additional to other rights and remedies of Franchisor under this Agreement or the Manual and does not permit late payment or excuse failure to pay in full and on time.

B. For this Agreement "Net Sales" means the total of all revenues and income from the sale of all Menu Items, food products, beverages and other merchandise, products and services whether to customers or others, or any other source or payor, whether or not sold or performed at or from the Franchised Restaurant and whether cash, services in kind, barter and/or exchange, on credit (whether or not payment is received therefore) or otherwise. There shall be deducted from the total revenues for purposes of computing Net Sales, but only to the extent they were included, the amount of all sales tax receipts which, by law, are chargeable to customers, if the taxes are separately stated when the customer is charged and are paid to the appropriate taxing authority. There shall be deducted from total revenues the amount of any documented refunds given in good faith to customers by Franchisee. All barter and/or exchange transactions pursuant to which Franchisee furnishes services and/or products in exchange for goods or services from a vendor, supplier or customer shall, for the purpose of determining Net Sales, be valued at the full retail value of the goods and/or services provided to Franchisee.

C. If state or local law where the Franchised Restaurant is located prohibits or restricts Franchisee's ability to pay or Franchisor's ability to collect Royalty Fees or other amounts based on revenue from sale of alcoholic beverages, Franchisor shall reset the amount of the Royalty Fees or other sums payable to Franchisor under this Agreement and redefine Net Sales to exclude the payment of Royalty Fees on revenue derived from the sale of alcoholic beverages to an amount that will have approximately the same basic economic result for both Franchisor and Franchisee that seeks to not conflict with the law.

D. All Royalty Fees, advertising contributions, amounts due for purchases from Franchisor, and other amounts which Franchisee owes to Franchisor, if not paid when due, shall bear interest after the due date at one-and-one-half percent (1½%) per month which equates to eighteen percent (18%) per year, but not to exceed the maximum applicable legal rate. Franchisee acknowledges this Section 10(D) does not permit or excuse late payment. Franchisee acknowledges that failure to pay all amounts when due shall be grounds for termination of this Agreement, as provided in Section 16.

E. Notwithstanding any designation by Franchisee, Franchisor shall have sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, advertising contributions, purchases from Franchisor, interest or any other indebtedness as Franchisor elects.

F. All Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor and other amounts which Franchisee owes to Franchisor shall be paid through an Automated Clearinghouse (ACH) payment method or other payment method for weekly automatic debits or otherwise as Franchisor prescribes. On Franchisor's request, Franchisee shall execute and deliver to Franchisor a written ACH Payment Authorization, in a form satisfactory to Franchisor, and all pre-authorized check forms and other instruments or drafts required by Franchisor's bank, payable against Franchisee's bank account, to enable Franchisor to draw Royalty Fees and other amounts payable to Franchisor. If an ACH transaction is rejected for nonsufficient funds or other reason, Franchisor may, at its discretion, attempt to process the charge again and charge an additional processing fee. Franchisor shall have access to the account for the purpose of receiving payment for Royalty Fees, advertising contributions, amounts due for purchases by Franchisee from Franchisor and any other amounts which Franchisee owes to Franchisor. This may, if Franchisor elects, include procedures for Franchisor to initiate and implement withdrawal of funds from Franchisee's account.

G. On or before 11:30 a.m. (PST) of the first day after each weekly close, Franchisee shall send a report of Net Sales to Franchisor by email to an email address Franchisor shall provide, or by other means Franchisor designates. On or before 4:30 p.m. (PST) of the first day after each weekly close, Franchisee shall make payments sufficient to cover amounts owed to Franchisor for Royalty Fees, advertising contributions and other monies owed to Franchisor through an Automated Clearinghouse (ACH) payment method or other payment method selected by Franchisor. Deposits for all other amounts owed to Franchisor shall be in accordance with the procedures set forth in the Manual.

11. ACCOUNTING, RECORDS AND REQUIRED WORKING CAPITAL

A. Franchisee shall maintain and preserve, full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain for a period of at least four (4) years all books and records related to the Franchised Restaurant including, without limitation, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals and general ledgers.

B. Franchisee shall supply to Franchisor on or before the fifteenth (15th) day of the following calendar month and/or the established accounting period (e.g. thirteen (13) period accounting if elected by Franchisor), in a form prescribed by Franchisor, a balance sheet as of the end of the last preceding calendar month and a profit and loss statement for such month and

Franchisee's fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within forty five (45) days after the end of each fiscal year, a profit and loss statement for such fiscal year and a balance sheet as of the last day of such fiscal year, prepared on an accrual basis including all adjustments necessary for fair presentation of the financial statements. Such financial statements will be certified to be true and correct by Franchisee. Franchisor reserves the right to require audited or reviewed financial statements and/or compilation reports prepared by a certified public accountant at Franchisee's expense.

C. Franchisee shall submit to Franchisor periodic reports, forms and records, including but not limited to federal, state and local income, sales and other tax returns relating to the business, as specified, in the manner and at the times specified in the Manual or as Franchisor shall otherwise require in writing from time to time. Franchisor shall have the right to require Franchisee to provide tax returns concurrently with filing with the taxing authority. If Franchisee fails to submit any required reports or other items, or submits reports or other items that are incomplete or contain errors, Franchisor shall have, in addition to any other rights granted in this Agreement or the Manual, or at law or equity for the breach, the rights to (i) obtain and/or correct such reports or other items and charge Franchisee for all expenses incurred by Franchisor in doing so, including without limitation the costs of any outside service providers engaged by Franchisor for such purposes, and/or (ii) require Franchisee to engage an outside service provider designated or consented to by Franchisor to obtain and/or correct such reports and other items at Franchisee's sole expense.

D. Franchisee shall record all sales and related activities on computer-based point-of-sale cash registers which are fully compatible with any program or system which Franchisor, in its discretion, may now or in the future employ. Franchisee must obtain a computer system, including royalty calculation software, anti-virus software and all other software and hardware we deem necessary, meeting the specifications and standards prescribed by Franchisor. All Net Sales and sales information shall be recorded on such equipment. Franchisor shall have full access to all data, system and related information by means of direct access in the form desired by Franchisor, including in-person or by remote access via telephone or other network connection. Franchisee shall immediately on request of Franchisor, supply Franchisor with the server, IP, or other network connection information (including passwords or passcodes) necessary for Franchisor to remotely access the sales, related sales activities and all other data.

E. Franchisor or its designated agents shall have the right at all reasonable times and without advance notice to examine and copy, the business records, bookkeeping and accounting records, sales and income tax records and tax returns of Franchisee. Franchisor shall have the right, at any time, to have an independent audit made of the books and records of Franchisee at Franchisor's expense. Franchisee shall fully cooperate with such inspection and audit. If an inspection or audit reveals any understatement in a report to Franchisor, or underpayment for any reason, then Franchisee shall immediately pay to Franchisor the amount understated or underpaid on demand, and interest from the date such amount was due until paid, at the rate in Section 10(C). If an inspection discloses an understatement or underpayment of two percent (2%) or more in any period, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection or audit. These remedies shall be in addition to any other remedies Franchisor may have.

F. Franchisee acknowledges that nothing in this Agreement consents to late or untimely payment. Franchisee acknowledges that failure to pay all amounts when due shall be a breach of and grounds for termination of this Agreement.

G. At all times, Franchisee shall maintain a cash reserve in its bank account(s) of not less than the greater of Seventy-five Thousand Dollars (\$75,000) or the amount necessary to cover one month's expenses of the Franchised Restaurant, as determined in good faith based on the average expenses for prior months. On request by Franchisor, Franchisee shall submit monthly balance sheets verifying such working capital. Franchisor or its designated agents shall have the right at all reasonable times to examine the books, records and accounts of Franchisee to ensure Franchisee maintains the required amount of working capital and otherwise complies with this Agreement.

12. STANDARDS OF QUALITY AND PERFORMANCE

To protect the System, Marks, Trade Secrets and goodwill associated with the same:

A. Franchisee shall comply with the entire System including, but not limited to, the requirements of this Section 12. Franchisee shall comply with all requirements in this Agreement, the Manual and other written policies supplied to Franchisee by Franchisor. Mandatory specifications, standards, operating procedures and rules prescribed from time to time by Franchisor in the Manual or otherwise communicated to Franchisee in writing, shall be complied with by Franchisee as if they were provisions stated in this Agreement. Changes to these shall be deemed to be made pursuant to this Agreement and are not modifications of this Agreement. All references herein to this Agreement shall include all mandatory specifications, standards and operating procedures and rules.

B. Franchisee shall operate the Franchised Restaurant in compliance with the terms of this Agreement and the Manuals. Franchisee acknowledges and agrees that Franchisee alone shall exercise day-to-day control over all operations, activities and elements of the Franchised Restaurant, including over Franchisee's employees, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the System with which Franchisee must comply under this Agreement, the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Restaurant, which Franchisee alone controls, but only constitute standards to which Franchisee must adhere when exercising Franchisee's control over the day-to-day operations of the Franchised Restaurant consistent with the policies of Franchisor.

C. Franchisor may, when not prohibited by law, establish and revise fixed, minimum or maximum standard and/or promotion prices to be charged for food and other products and services offered by the Franchised Restaurant and other policies relating to pricing, discounting, promotional pricing, advertising of prices and other price-related matters. This may include but is not limited to restricting or prohibiting discounting, limitations or prohibitions of certain kinds of advertising and other pricing-related restrictions. Franchisee shall be obligated to abide by pricing and related specifications established by Franchisor when not prohibited by law. Until such time as Franchisor establishes pricing specifications, Franchisee shall have the right to determine prices to be charged by the Franchised Restaurant. Franchisee shall notify Franchisor in writing on determining such prices and shall notify Franchisor in writing at least thirty (30) days prior to making any changes to such prices.

D. Franchisee shall start operating the Franchised Restaurant not later than twelve (12) months after the Effective Date. Prior to opening, Franchisee shall obtain all necessary licenses, permits and approvals and complied with all pre-opening standards and specifications prescribed by Franchisor.

E. Franchisee shall maintain the condition and appearance of the Premises in compliance with Franchisor's quality controls and standards. Franchisee shall effect reasonable maintenance of the Franchised Restaurant as required to maintain or improve the appearance and efficient operation of the Franchised Restaurant including, but not limited to, replacement of worn out or obsolete furniture, fixtures, equipment and signs, repair of exterior and interior and purchasing and installation of new or modified equipment. If at any time in Franchisor's judgment the state of repair or appearance of the Premises or its equipment, furniture, fixtures, signs or decor does not meet Franchisor's quality control and standards, Franchisor shall have the right to notify Franchisee, specifying action to be taken by Franchisee to correct the deficiency. If Franchisee fails or refuses to initiate within thirty (30) days after receipt of notice, and thereafter continue, a bona fide program to complete required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter the Premises and effect the repairs, painting, maintenance or replacements on behalf of Franchisee and Franchisee shall pay the costs on demand. Any maintenance or replacement under this Section 12(E) shall be additional to any requirement to remodel, modernize or redecorate costs in Section 3(F).

F. Franchisee shall make no material alterations to the Premises nor make material replacements of or alterations to the equipment, fixtures or signs of the Franchised Restaurant without the prior written consent of Franchisor.

G. The location of the Franchised Restaurant consented to by Franchisor in accordance with Section 3 shall be used only for operating an Epic Wings Franchised Restaurant.

H. Franchisor developed food products and will continue to further develop and own proprietary recipes. To protect its Trade Secrets and monitor the manufacture, packaging, processing and sale of food products, at such time as the food products are introduced into the System, if ever, Franchisor may (i) manufacture, supply and sell food products to franchisees of Franchisor; and/or (ii) disclose the formulas for and methods and preparation of food products to suppliers who shall be authorized by Franchisor to manufacture food products to Franchisor's specifications and sell food products to franchisees of Franchisor. Franchisee acknowledges that Franchisee shall be required to purchase and use food products from Franchisor or a limited number of suppliers authorized by Franchisor. For some or potentially all products Franchisor may designate itself as an approved supplier or as the sole approved supplier.

I. Franchisee shall offer for sale and sell at the Franchised Restaurant all Menu Items and other categories of food and beverage products that Franchisor from time to time authorizes and introduces and shall not offer for sale or sell at the Franchised Restaurant or the Premises, any other category of products or use the Premises for any purpose other than the operation of the Franchised Restaurant in full compliance with this Agreement.

J. Franchisee shall not offer catering services, except with Franchisor's prior written consent, and only in the manner and always subject to any and all restrictions prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall not offer for sale or sell any Menu Items offsite (i.e., at any location other than the Premises, including without limitation seasonal venues such as stadiums, fairs, resorts, etc.) without the prior written consent of Franchisor, which consent may be withheld in Franchisor's absolute discretion. Franchisee shall not operate any food truck, vehicle, mobile delivery or the like, except with Franchisor's prior written consent, and only in the manner and always subject to any and all restrictions prescribed by Franchisor in the Manual or otherwise in writing. If Franchisor does consent, the revenues from such activities shall be included in determining Net Sales.

K. To ensure that all Menu Items produced by Franchisee meet Franchisor's high standards of taste, texture, appearance, freshness and ingredients, and to protect Franchisor's goodwill and Marks, all food products, Menu Items and other food products shall be prepared only by properly trained personnel strictly according to Franchisor's recipes, cooking techniques and processes as designated by Franchisor in the Manual, and shall be sold only at retail to customers in conformity with Franchisor's marketing plan and concept. Franchisee acknowledges that recipes, cooking techniques and processes are integral to the System and failure to adhere to the recipes, cooking techniques and processes (including handling and storage of ingredients and fully prepared Menu Items) shall be detrimental to the System and Marks.

L. From time to time, Franchisor shall provide to Franchisee a list or information of approved manufacturers, suppliers and distributors ("Approved Suppliers List") and approved inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and other items or services necessary to operate the Franchised Restaurant ("Approved Supplies List"). The list(s) may specify any or all of: manufacturer, brand name, supplier, distributor, inventory, products, fixtures, furniture, equipment, signs, stationery, supplies and services which Franchisor approved to be carried or used in the System. For products and services for which one or more suppliers is designated on the Approved Suppliers List or information, Franchisee shall obtain such products and services only from suppliers on the Approved Supplier List. Franchisee shall obtain and use only products on the Approved Supplies List or information. Franchisor may revise the Approved Suppliers List and Approved Supplies List from time to time, in its sole discretion, and such lists shall be submitted to Franchisee as Franchisor deems advisable. For any, some or potentially all products or services Franchisor may designate itself or Franchisor's affiliate and/or one or more other specific supplier(s), as an approved supplier or as the sole approved supplier(s).

M. If Franchisee proposes to offer for sale at the Franchised Restaurant any brand of product, or use in the operation of the Franchised Restaurant any brand of food ingredient or other material or supply or service which is not then approved by Franchisor as meeting its minimum specifications and quality standards, or to purchase any product or service from a supplier that is not then designated by Franchisor as an approved supplier, Franchisee shall first notify Franchisor and shall, on request by Franchisor, submit samples and such other information as Franchisor requires for examination and/or testing or to otherwise determine whether such product, material, supply or service or such proposed supplier, meets its specifications and quality and other standards. A charge not to exceed the reasonable cost of the inspection and evaluation, and the actual cost of the test shall be paid by Franchisee or the supplier. Franchisor reserves the right, at its option, to re-inspect the facilities, products and services of any supplier and to revoke approval of any item or service which fails to continue to meet any of Franchisor's criteria. Franchisor reserves the right, in its sole discretion, to approve any and all supplies, services, suppliers, brand name products and other products and services, whether currently approved by Franchisor or submitted to Franchisor for approval, authorized for use by or sale from Franchised Restaurant.

N. All inventory, products, materials and other items and supplies and services used in the operation of the Franchised Restaurant which are not specifically required to be purchased in accordance with Franchisor's Approved Supplies List and Approved Suppliers List shall conform to the specifications and quality standards established by Franchisor from time to time.

O. Franchisee shall secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Restaurant and shall operate the Franchised Restaurant in full compliance with all applicable laws, ordinances and regulations including, without limitation, all government regulations relating to occupational hazards and health,

dispensing of food products, dispensing of beer and wine or alcoholic beverages (if applicable), consumer protection, trade regulation, workers' compensation, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales, use and property taxes. If Franchisee fails any health department inspection which results in the closure of the Franchised Restaurant, Franchisee shall submit a written plan of corrective action to Franchisor and shall comply with any health department orders.

P. Franchisee shall refrain from any merchandising, advertising or promotion practice which is unethical or may be injurious to the business of Franchisor and/or other Franchised Restaurants or to the goodwill associated with the Marks.

Q. Franchisee shall use only displays, trays, napkins, boxes, bags, wrapping paper, labels, forms and other paper and plastic products imprinted with the Marks and colors as prescribed from time to time by Franchisor and shall purchase such items only from such third parties licensed by Franchisor to duplicate the Mark on such items.

R. Franchisee acknowledges that the Franchised Restaurant shall at all times maintain an inventory of ingredients, food and beverage products and other products, materials and supplies that shall permit operation of the Franchised Restaurant at maximum capacity.

S. Franchisee shall be solely responsible for the operation of the Franchised Restaurant. The Franchised Restaurant shall at all times be under the direct, on-premises supervision of Franchisee and Franchisee shall devote its full time and attention to managing and supervising all administrative and operational activities of the Franchised Restaurant, both development obligations and store operations. If Franchisor consents to Franchisee assuming these responsibilities less than full time, Franchisee must employ and retain an individual who shall be vested with the authority and responsibility for the day-to-day operations of the Franchised Restaurant (the "Certified Manager"). Franchisor has no obligation to grant this consent. The Certified Manager shall, during the entire period he or she serves as such, meet the following qualifications: (a) actively supervise and manage the Franchised Restaurant on a full time basis and devote his or her full time and best efforts solely to operation of the Franchised Restaurant and to no other business activities; (b) meet Franchisor's education, experience, and other reasonable criteria for such position, set forth in the Manual or otherwise in writing by Franchisor; (c) be an individual acceptable to Franchisor; (d) successfully complete the initial training program to Franchisor's satisfaction; and (e) avoid actions or conduct that are unlawful and in view of such person's position as Certified Manager, may hurt the reputation of the Franchise Restaurant or any of the Marks or of Franchisor. If Franchisee is a business entity, Franchisee must designate a Certified Manager acceptable to Franchisor who will be principally responsible for communicating with Franchisor about the operational and other ongoing matters concerning the Franchised Restaurant.

T. If Franchisee operates more than one (1) franchise, Franchisee shall personally divide at least a forty (40) hour work week among all the Epic Wings Franchised Restaurants it operates and shall employ at least the number of Certified Managers for each Franchised Restaurant to meet the requirement in Sections 4(H) and 12(S). Franchisor is not obligated to permit or consent to Franchisee operating more than one (1) or any additional Franchised Restaurant.

U. Franchisee shall at all times supervise the operations of the Franchised Restaurant. Franchisee shall keep Franchisor informed at all times of the identity(s) of employee(s) acting as manager(s) of the Franchised Restaurant. If Franchisee selects a substitute or additional

supervisory or managerial staff member, Franchisee shall make sure such supervisory or managerial staff member becomes a Certified Manager by successfully completing the initial training and a six month qualification period. If Franchisee's manager fails to complete the initial training and qualification period, Franchisee must designate a new supervisory or managerial staff member to become a Certified Manager. Franchisor shall make training available, as is reasonable and necessary, for all managers designated by Franchisee. Franchisor shall provide such training at the then-current published rates. Franchisor shall have no obligation to provide individual training to Franchisee's managers. Franchisee shall, at all times, faithfully, honestly and diligently perform its obligations hereunder and shall not engage in any business or other activities that shall conflict with its obligations hereunder.

V. Franchisee shall not install or maintain on the Premises or use in the operation of the Franchised Restaurant, any newspaper rack, video game, juke box, gaming machine, gum machine, game, ride, vending machine, computer games, robot, automated serving device, drone or other device similar to any of the foregoing without the prior written consent of Franchisor.

W. Franchisor may, in the future (but is not obligated to), develop and/or design software and/or select and designate third-party software, or a combination of these, for accounting, inventory, point-of-sale functions and other activities. The software may be entirely or partly proprietary to and confidential information of Franchisor. At such time(s) as Franchisor introduces such software to the System (if ever), Franchisor shall have the right to require that Franchisee implement and utilize the software in the operation of the Franchised Restaurant and comply with all specifications and standards prescribed by Franchisor regarding the software. Franchisor shall have the right to require Franchisee to pay reasonable amounts for the license of and maintenance of the software whether to Franchisor or one or more third party(s) or a combination of them.

X. Franchisor may develop trademarked products consisting of certain private label novelty items and other products bearing the Marks. Franchisee shall carry and maintain a representative inventory of the trademarked products as required by Franchisor. Franchisee shall allocate sufficient display space in the Premises to the trademarked products for the Franchised Restaurant as described in the Manual. Franchisee shall purchase trademarked products for the Franchised Restaurant from Franchisor or other designated sources which manufacture or supply the trademarked products to Franchisor's specifications. Franchisee shall promote, offer and sell through the Franchised Restaurant all merchandise including the trademarked products and all other food and other services prescribed by Franchisor as part of the System.

Y. Franchisee shall notify Franchisor in writing within five (5) 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 Franchised Restaurant.

Z. Franchisee shall not engage in, and shall not permit its personnel to engage in, any form of online social networking (e.g. Facebook, LinkedIn, Twitter, Pinterest and others) using any of the Marks or otherwise referring to the Franchised Restaurant without Franchisor's prior written consent. Franchisee shall take all steps needed to ensure that its personnel refrain from using the Marks or otherwise referring to the Franchised Restaurant in online social networking.

AA. Franchisee shall enroll and participate in Franchisor's gift card program as in effect and revised from time to time and shall set up and maintain all necessary accounts in connection

therewith, all in accordance with the Manual. However, Franchisor has no obligation to maintain a gift card program or any particular gift card program.

BB. Franchisee shall participate in all promotion and marketing programs established by Franchisor and shall update its menus and promotion materials as mandated by Franchisor from time to time.

CC. Franchisee shall cooperate and when required by Franchisor, participate in any additional programs which may be established and designated by Franchisor from time to time, including coupons, smartphone, tablet and other mobile device applications, rewards and loyalty programs, and other programs seeking to benefit of the System, and comply with Franchisor's rules and regulations established from time to time. Franchisee shall redeem and accept all rewards and coupons issued by any programs designated by Franchisor, including any rewards or coupons issued by mobile, tablet and other mobile device applications.

DD. Franchisee shall sign up for and pay Franchisor's designated vendor(s) to participate in Franchisor's online ordering and delivery platform and Franchisor's customer loyalty and rewards programs platform that Franchisor designates from time to time.

EE. Franchisee shall refrain at all times from any and all forms of disparagement of Franchisor, Franchisor's personnel and affiliates of Franchisor, and from encouraging or supporting disparagement by others, including but not limited to disparaging communications to the public, to franchisees, and others, whether in social media, news media, or elsewhere.

13. FRANCHISOR'S OPERATIONS ASSISTANCE

A. Franchisor may from time to time advise or offer guidance to Franchisee relative to prices for the food and other products offered for sale by the Franchised Restaurant. Such guidance shall be based on the experience of Franchisor and analysis of the costs and prices charged for competitive products and other factors Franchisor takes into consideration. Franchisee shall be obligated to accept any such advice or guidance and related matters as provided in Section 12(C).

B. Franchisee acknowledges and agrees that the results of Franchisee's efforts to operate a Business rest solely with Franchisee. Franchisor may make recommendations that it deems appropriate to assist Franchisee's efforts. However, Franchisee alone shall establish all requirements, consistent with the policies of Franchisor, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, including minimum wage requirements, record keeping, including authorization of persons to work in the United States, supervision, and discipline of employees; (ii) the individuals to whom Franchisee will offer and sell its products and services; and (iii) the suppliers from whom Franchisee obtains any products or services used in or at the Business for which Franchisor has not established approved suppliers.

C. Franchisor shall furnish Franchisee with such assistance in the operation of the Franchised Restaurant as Franchisor deems to be necessary or useful from time to time. Operations assistance may consist of advice and guidance regarding: (1) adherence to procedures regarding the service and sale of Menu Items, other food and beverage items and related items and materials as approved by Franchisor; (2) additional products and services authorized for sale from Epic Wings Franchised Restaurants; (3) purchase of ingredients and other food and beverage items, materials and supplies; (4) administrative, bookkeeping, accounting, inventory control, supervisory and general operating procedures for the operation of the Franchised Restaurant; (5)

advertising and promotion programs; and (6) research and development of procedures and techniques, products and materials and other enhancements to the System.

D. Franchisor may make visits to the Franchised Restaurant for consultation, assistance, inspection and guidance as Franchisor deems appropriate. Franchisor or Franchisor's representatives who visit the Franchised Restaurant may prepare written reports regarding such visits, outlining observations and any suggested changes or improvements in the operations of the Franchised Restaurant and detailing any defaults in operations observed in or based on of any such visit. A report's silence on a subject does not constitute waiver by Franchisor. Franchisor shall have the right to determine whether or not to provide a copy of such written report(s) to Franchisee. Franchisor shall advise Franchisee of problems arising out of the operation of the Franchised Restaurant as disclosed by reports submitted to Franchisor by Franchisee or by inspections conducted by Franchisor of the Franchised Restaurant. Franchisor shall have the right to use the reports and information therein for any purposes Franchisor deems useful, which may extend well beyond matters relating to the particular restaurant.

E. Specifications, Approved Suppliers Lists, Approved Supplies Lists, training and operations manuals to be provided by Franchisor to Franchisee pursuant to this Agreement shall be delivered after the conclusion of training.

F. Franchisor is not and shall not be obligated to provide any services to Franchisee other than those, if any, expressly stated in this Agreement.

14. INSURANCE

A. Franchisee shall obtain, at its expense, and maintain in full force and effect during the term of this Agreement, an insurance policy or policies protecting Franchisee and Franchisor, and their officers, directors and employees against any loss, liability, injury, death, property damage or expense whatsoever arising or occurring on or in connection with the Franchised Restaurant, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisor and Franchisor's shareholders, directors, officers and personnel shall be named as additional insureds in such policy or policies.

B. The policy(s) shall be written by one or more insurance company(s) licensed in the state in which Franchisee operates and having at least an A.M. Best rating of A-VIII in accordance with standards and specifications in the Manual.

C. The policy(s) shall include, at a minimum (except as different coverages and policy limits may reasonably be specified from time to time by Franchisor in the Manual or otherwise in writing), the following:

1. Special Form with replacement cost coverage insurance on the Franchised Restaurant and all fixtures, equipment, supplies, products and other property used in the operation of the Franchised Restaurant (which coverage may include flood and/or earthquake coverage where applicable) for full repair and replacement value without any applicable co-insurance clause, except that an appropriate deductible clause shall be permitted.

2. Workers' compensation and employer's liability insurance with a limit of One Million Dollars (\$1,000,000), as well as other insurance as may be required by law where the Franchised Restaurant is located.

3. Employment practices liability insurance with a limit of at least Five Hundred Thousand Dollars (\$500,000) not counting defense costs.

4. Comprehensive general liability insurance including a per premises aggregate with at least the following coverages and at least the following limits: broad form contractual liability, personal and advertising injury; products/completed operation and, if applicable, liquor liability with coverage of at least One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate, fire damage liability of at least Three Hundred Thousand Dollars (\$300,000) per fire and medical expense coverage of at least Five Thousand Dollars (\$5,000) per person, with each policy insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based on or arising out of actual or alleged bodily injuries or property damage resulting from, occurring in the course of, on or about or otherwise relating to the Franchised Restaurant. Such policy shall not contain any exclusion for claims between insureds.

5. Business interruption insurance for actual losses sustained.

6. Automobile liability insurance, including owned, hired and non-owned vehicle coverage, with a combined single limit of at least One Million Dollars (\$1,000,000).

7. Such insurance and types of coverage as may be required by the terms of any lease for the Franchised Restaurant, or as may be required from time to time by Franchisor.

8. Umbrella coverage with a One Million Dollars (\$1,000,000) limit per occurrence.

9. Cyber security and data privacy coverage of at least Five Million Dollars (\$5,000,000).

D. Deductibles in the above coverages shall not exceed Five Thousand Dollars (\$5,000). The coverages and amounts required in this Section 14 and deductible limits may be increased, enlarged, or otherwise modified from time to time by Franchisor.

E. The liability and other insurance shall not be limited by reason of insurance which may be maintained by Franchisor. Within ninety (90) days after signing this Agreement, but in any event not later than the date Franchisee leases or acquires an interest in real property for the Franchised Restaurant location, Franchisee shall provide Franchisor a Certificate of Insurance showing compliance with the above requirements. The certificate shall state that the policy(s) shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums. Maintenance of the insurance and performance by Franchisee of the obligations in this Section 14 shall not relieve Franchisee of liability under any indemnity provisions in this Agreement. Minimum limits as required above may be modified from time to time by written notice to Franchisee.

F. If Franchisee fails to obtain and maintain all insurance required by this Agreement, Franchisor shall have the right, but not any obligation, to obtain all or part of the insurance coverage or comparable coverage that Franchisor is able or chooses to obtain. Franchisee shall pay the charges for the insurance together with a reasonable fee for expenses incurred by Franchisor immediately on demand.

15. COVENANTS

A. Franchisee acknowledges and agrees that prior to becoming a franchisee of Franchisor, Franchisee had no material experience, information or knowledge about a fast-casual restaurant that advertises or serves or emphasizes chicken or chicken products and related food items and beverages or an Epic Wings Restaurant and that Franchisee's knowledge of the confidential information described in Section 7 will be and was obtained solely from Franchisor, following Franchisee's training by Franchisor and Franchisee's subsequent operation of the Franchised Restaurant under this Agreement. Franchisee acknowledges that, pursuant to this Agreement, Franchisee will and did receive valuable specialized training and confidential information, including, without limitation, confidential information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

B. Franchisee (if Franchisee is an individual), a shareholder of a beneficial interest of ten percent (10%) or more of the securities of Franchisee (if Franchisee is a corporation), a member or manager owning ten percent (10%) or more of the membership interests of Franchisee (if Franchisee is a limited liability company), a general partner of Franchisee (if Franchisee is a partnership) or Franchisee's full-time manager shall devote full-time energy and best efforts to the management and operation of the Franchised Restaurant.

C. During the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any person, persons, partnership, corporation, limited liability company or other entity:

1. Divert or attempt to divert any business or customer of the Franchised Restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

2. Own, maintain, engage in or have an interest in any business or division of any business (including any business operated by Franchisee prior to entry into this Agreement) engaged in the preparation and sale of chicken and/or chicken products or services, where revenues from the sale of chicken and/or chicken products equal or exceed thirty percent (30%) of revenue of the business or of the division of the business.

D. Franchisee acknowledges that, pursuant to this Agreement, Franchisee shall receive valuable training and confidential information including, without limitation, information regarding the promotional, operational, sales and marketing methods and techniques of Franchisor and the System. Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee (also including the Restricted Persons, as defined in Section 15(I)) shall not, for a period of one (1) year after the transfer, cancellation, expiration or termination of this Agreement, regardless of the cause of the transfer, cancellation or termination or expiration, either directly or indirectly, for him/her-self or through, on behalf of or in conjunction with any person, persons, partnership, limited liability company, corporation or other entity, own, maintain, engage in, consult with or have any interest in any restaurant business or prepared food business or division of any such business, engaged in the preparation and sale of chicken and/or chicken products or

services, where revenues from the sale of chicken and/or chicken products equal or exceed thirty percent (30%) of either revenue or volume of the business or division of the business that is located or has a location or operates: (1) within a distance of twenty (20) miles of the Franchised Restaurant; or (2) within a distance of twenty (20) miles of the location of any other business using the System, whether franchised or owned by Franchisor.

E. Franchisee shall not at any time, in perpetuity, divulge to any person, partnership, corporation or any other entity, or use in any other business or venture or for any purpose, any information, Trade Secrets, ingredients, recipes, cooking techniques and processes, used in the food products, Menu Items and other food and beverage products used in the System or any information stated in the Manual.

F. 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 Section 15 is held unreasonable or unenforceable by a tribunal having valid jurisdiction in a final decision to which Franchisee and Franchisor is a party, Franchisee shall 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 15.

G. Franchisee acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant in Sections 15(C) and 15(D) or any portion, without Franchisee's consent, effective immediately on receipt by Franchisee of written notice, and Franchisee shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 27.

H. Franchisor shall have the right to require all of Franchisee's officers, directors, shareholders, general partners, limited partners, personnel performing managerial or supervisory functions and all personnel receiving training from Franchisor, to execute similar covenants in favor of and in a form satisfactory to Franchisor.

I. If Franchisee or any of its owners and/or affiliates, and/or the respective officers, directors, managers and affiliates of each of them, and/or the spouse and/or family members of any of the foregoing ("Restricted Person") commits any violation of Section 15(D) (including any act that would violate Section 15(D) if committed by Franchisee) during the term of this Agreement or in the one (1) year period after the transfer, expiration, cancellation or termination of this Agreement or the cessation of the Restricted Person's relationship with Franchisee, in addition to all other remedies available to Franchisor, Franchisee and the Restricted Person shall, jointly and severally, pay Franchisor, throughout the one (1) year period, ten percent (10%) of the revenue (a "Post Termination Fee") derived by Franchisee and/or the Restricted Person from the sale of all products and services and all other income of every kind and nature ("Post Termination Gross Revenue") of the restaurant business or prepared food business engaged in the preparation and sale of food products or services, the same as or similar to the type sold in the System. Franchisee and the Restricted Person shall account for and pay the ten percent (10%) of the Post Termination Gross Revenue to Franchisor on the fifteenth (15th) day of each month on the Post Termination Gross Revenue of the competitive business during the previous month. Franchisor shall have the right to audit the books and records of the competitive business to confirm Franchisee's and the Restricted Person's compliance with this Section 15(I).

J. Sections 15(C) and 15(D) shall not apply to ownership by Franchisee or by a Restricted Person of less than two percent (2%) of a class of the outstanding equity securities of a business listed on the New York Stock Exchange or NASDAQ stock market.

K. Franchisor and Franchisee acknowledge and agree that it would be impracticable and very difficult to determine the precise amount of damages and expenses Franchisor will incur if Franchisee or any Restricted Person violates Section 15(D) due to complications in determining revenue lost by Franchisor, uncertainty regarding number of months left to complete the then-current term, uncertainty regarding Royalty Fees that would have been payable by the Franchised Restaurant during the remainder of the then-current term, and/or damages caused by Franchisee to Franchisor and the System on the occurrence of the circumstances described in Section 15(D). Franchisor and Franchisee acknowledge and agree that the Post Termination Fees are a reasonable, good faith estimate of those damages.

L. Franchisee acknowledges that the goodwill associated with all telephone and facsimile numbers, email addresses, domain names and social media and other Internet addresses used in the operation of the Franchised Restaurant is an asset of Franchisor. On cancellation, termination or expiration of this Agreement, Franchisee shall be deemed to have assigned to Franchisor or its designee, all Franchisee's right, title and interest in and to the telephone and facsimile numbers and electronic mail addresses, domain names, social media and Internet addresses, and/or service associated with these. Franchisee shall sign instruments requested by Franchisor to further confirm the assignments and transfers. On Franchisor's request Franchisee shall notify the telephone companies, internet service providers, listing agencies and websites and others whom Franchisor requests that Franchisee notify, of the termination, cancellation or expiration and transfer to Franchisor of Franchisee's right to use any telephone and facsimile numbers and electronic mail addresses, and domain names and social media and internet addresses and any regular, classified or other telephone directory listing associated with the Marks and to give notice of transfer of same to Franchisor.

M. Franchisee shall not take any action, or omit to take any action, or cooperate or allow any action by a Restricted Person, with the purpose or effect of circumventing the provisions of this Section 15.

16. DEFAULT AND TERMINATION

A. Franchisee shall have no right to terminate this Agreement prior to expiration of its term. If Franchisee is in substantial compliance with this Agreement and claims that Franchisor has materially breached and failed to cure the breach within a reasonable time after written notice is delivered to Franchisor, Franchisee's exclusive remedy shall be a claim, if justified, for foreseeable damage caused by that breach. Any purported termination of this Agreement by Franchisee for any reason shall constitute breach of this Agreement by Franchisee.

B. This Agreement shall terminate automatically on delivery of written notice of termination to Franchisee, unless otherwise indicated by Franchisor, if Franchisee or its owner(s), member(s), shareholder(s), officer(s), director(s) or manager(s):

1. Fails to satisfactorily complete the training program as provided in Section 4 of this Agreement;

2. Made any material misrepresentation or omission in its application for the Franchised Restaurant even if not discovered until later;

3. Is convicted of or pleads no contest, where such plea is applicable, to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisee or the Franchised Restaurant;

4. Is or becomes a subject of attention for any act, omission, statement, conduct or behavior of any kind or there is a risk of attention for any of the foregoing in print, broadcast or other media, social media, on the internet or in the public, which may injure the reputation or goodwill of the Marks (regardless of whether the matter that is the basis of the attention is true or not);

5. Makes any unauthorized use, disclosure or duplication of any portion of the Manual or duplicates or discloses or makes any unauthorized use of any Trade Secret or confidential information provided to Franchisee by Franchisor;

6. Abandons, fails or refuses to actively operate the Franchised Restaurant for two (2) business days in any twelve (12) month period, unless the Franchised Restaurant has been closed for a purpose consented to by Franchisor or due to force majeure, or fails to relocate to approved premises within an approved period of time following expiration or termination of the lease for the Premises;

7. Surrenders or transfers control of the operation of the Franchised Restaurant, makes an unauthorized direct or indirect assignment of the franchise or an ownership interest in Franchisee or fails or refuses to assign the franchise or the interest in Franchisee of a deceased or disabled controlling owner, as herein required;

8. Submits to Franchisor on two (2) or more separate occasions at any time during the term of the franchise, any reports or other data, information or supporting records which understate by more than two percent (2%) the Net Sales for any period or periods;

9. If Franchisee shall be adjudicated a bankrupt, becomes insolvent, commits any affirmative act of insolvency or files any action or petition of insolvency, or if a receiver (permanent or temporary) of its property or any part is appointed by a court of competent authority, or if it makes a general assignment for the benefit of its creditors, or if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless supersedeas bond is filed), or if execution is levied against Franchisee's business or property, or if suit to foreclose any lien or mortgage against its Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days, or is not in the process of being dismissed; provided, however, that Franchisor reserves the right to be named as trustee or receiver in any voluntary petition for bankruptcy or insolvency filed by Franchisee;

10. Materially misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to materially impair the goodwill associated with any of the Marks;

11. Materially misuses or makes an unauthorized use of software licensed by Franchisor or be a third party designated by Franchisor;

12. Fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other information or supporting records, to pay when due the Royalty Fees, advertising contributions, amounts due for purchases from Franchisor or other payments due to Franchisor, Franchisee's landlord or otherwise fails to comply with this

Agreement, whether or not such failures to comply are corrected after notice is delivered to Franchisee;

13. Violates any health, safety or sanitation law, ordinance or regulation, fails any health department inspection which results in a permanent or temporary closure of the Franchised Restaurant, or operates the Franchised Restaurant in a manner that presents a health or safety hazard to its customers or the public; or

14. Fails to maintain the required amount of working capital as provided by Section 11(G) and does not cure such deficiency within thirty (30) days of written notice from Franchisor or fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to maintain the required amount of working capital.

C. This Agreement shall terminate on the election of Franchisor without further notice to Franchisee if Franchisee:

1. Fails or refuses to make payments of any amounts due Franchisor for Royalty Fees, advertising contributions, purchases from Franchisor or any other amounts due to Franchisor, and does not correct such failure or refusal within seven (7) days after written notice of the failure is delivered to Franchisee;

2. Fails or refuses to comply with any other provision of this Agreement, or any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise in writing, and does not correct such failure within thirty (30) days, or lesser time specified by Franchisor that is reasonable in the circumstances (or provide proof acceptable to Franchisor that it has made all reasonable efforts to correct such failure and shall continue to make all reasonable efforts to cure until a cure is effected, if such failure cannot reasonably be corrected within thirty (30) days or lesser time specified by Franchisor that is reasonable in the circumstances) after written notice of such failure to comply is delivered to Franchisee.

D. To the extent a provision of this Agreement provides for periods of notice less than those required by applicable law, or provide for termination, cancellation, nonrenewal or the like, other than in accordance with applicable law, such provisions shall, to the extent such are not in accordance with applicable law, be subject to the period of time provided by applicable law.

E. In addition to Franchisor's right to terminate this Agreement and not in lieu of such right or other rights against Franchisee, Franchisor, in the event Franchisee has not cured a default under this Agreement within ten (10) days after receipt of a written notice to cure from Franchisor, may, at its option, enter on the Premises and exercise complete authority with respect to the operation of the Franchised Restaurant until such time as Franchisor determines that the default of Franchisee has been cured and there is compliance with the requirements of this Agreement or until termination, or until Franchisor elects to have Franchisee resume operating the Restaurant. Franchisee acknowledges and agrees that a designated representative of Franchisor may take over, control and operate the Franchised Restaurant (or exercise any lesser level of control and operation, at such representative's discretion). Franchisee shall pay Franchisor the then-current Royalty Fee plus all travel expenses, food, lodging and other expenses incurred by the representative, and a management fee equal to five hundred (\$500) per day for the duration of time in which Franchisor exercises such right. Franchisee shall indemnify, defend and hold harmless Franchisor and any representative of Franchisor who may act under this Section 16(E), with regard to any and all acts

and omissions which Franchisor may perform, or fail to perform as regards the interests of Franchisee or third parties.

F. Any default by Franchisee under the terms and conditions of this Agreement, or any other agreement between Franchisor, or its affiliates, and Franchisee, or its owners or affiliates, shall be deemed to be a default of each and every agreement. In the event of termination or cancellation for any cause, of this Agreement or any other agreement between the parties, Franchisor may, at its option, terminate any or all of the agreements.

G. For purposes of this Agreement, including this Section 16 and all provisions of this Agreement, the acts and omissions of Franchisee, Franchisee's managers and employees of Franchisee shall be deemed to be and are the acts and omissions of Franchisee and Franchisee is and shall be deemed to be responsible for such acts and omissions.

17. RIGHTS AND DUTIES AT AND AFTER END OF AGREEMENT

To protect the System, Marks, Trade Secrets and goodwill associated with the same, on cancellation, termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall forthwith terminate, and:

A. Franchisee shall immediately stop operating the Franchised Restaurant under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

B. On written demand by Franchisor, if Franchisor elects to make such demand, Franchisee shall within three (3) days provide all information that Franchisor requests regarding the lease for the Premises including but not limited to a copy of the lease; and on further written demand by Franchisor, if Franchisor elects to make such demand, Franchisee shall in writing assign all Franchisee's interest in the lease for the Premises to Franchisor, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation to assign the lease, within seven (7) days after Franchisor's written demand.

C. Franchisee shall immediately and permanently stop using, whether by advertising or in any other manner whatsoever, any confidential methods, procedures and techniques associated with the System, the Marks, any distinctive forms, slogans, signs, symbols, logos or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms and any other articles which display the Marks associated with the System.

D. Franchisee shall take such action as may be necessary to cancel or assign to Franchisor or Franchisor's designee, at Franchisor's option, any assumed name rights or equivalent registration filed with state, city or county authorities which contains the name "Epic Wings" or any Mark. Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

E. Franchisee shall make such modifications or alterations to the Premises (including, without limitation, changing telephone and facsimile numbers) immediately on termination or expiration of this Agreement, as may be necessary to prevent any association between Franchisor or the System and any business thereon subsequently operated by Franchisee or others, and shall make such specific additional changes as Franchisor may reasonably request for this purpose including, without limitation, removal of all distinctive physical and structural features identifying

the System. If Franchisee fails or refuses to comply with the requirements of this Section 17, Franchisor shall have the right to enter the Premises, without liability for trespass, interference or other tort or claim, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay on demand.

F. Franchisee shall, in the event it continues to operate or subsequently begins to operate any other business (subject to the covenants in Section 15), not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or promotion of such business, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks and shall not utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition.

G. Franchisee shall promptly pay all sums owing to Franchisor. In the event of termination for default of Franchisee, Franchisee shall pay Franchisor as liquidated damages an amount equal to the lesser of (i) two (2) times the amount of Royalty Fees payable to Franchisor for the immediately preceding twelve (12) months (or if the Franchised Restaurant has been operating for less than twelve (12) months, two (2) times the average monthly Royalty Fees payable over the actual operating period multiplied by twelve (12)), and (ii) the number of months remaining until the expiration of then-current term times the average monthly Royalty Fees payable to Franchisor for the immediately preceding twelve (12) months. Franchisee and Franchisor agree that the actual damages that Franchisor would suffer for the loss of prospective fees and other amounts payable to Franchisor under this Agreement would be difficult if not impossible to ascertain and that the above calculation of liquidated damages represents a reasonable estimation of Franchisor's actual damages. Payment of the liquidated damages will not limit any other remedy Franchisor may have at law or in equity resulting from Franchisee's failure to perform its obligations under this Agreement.

H. Franchisee shall pay Franchisor all damages, costs and expenses, including attorneys' fees, incurred by Franchisor to enforce the terms of this Agreement, including but not limited to matters relating to termination or expiration of the franchise, and/or obtaining injunctive or other relief pertaining to Section 15.

I. Franchisee shall immediately turn over to Franchisor all manuals, including the Manual, customer lists and databases, records, files, instructions, brochures, agreements and any and all materials provided by Franchisor to Franchisee relating to the operation of the Franchised Restaurant (all of which are acknowledged to be Franchisor's property). Franchisee shall not retain any copies of the Manual on or after expiration or termination or cancellation of this Agreement.

J. Franchisor shall have the right, title and interest to any sign, sign faces or other items bearing the Marks and any graphics, memorabilia, stickers, wraps, banners or novelty items supplied by Franchisor. Franchisee shall provide Franchisor access to the Premises to take possession of such signs or items, or, on Franchisor's election, Franchisee agrees to destroy such signs or items.

K. Franchisor shall have the right (but not the obligation), to be exercised by written notice of intent to do so within thirty (30) days after cancellation, termination or expiration, to purchase for cash any or all assets of the Franchised Restaurant that Franchisor selects, including leasehold improvements, equipment, supplies and other inventory, advertising materials and all items bearing the Marks based on the depreciated value of such assets using a five (5) year straight line

depreciation formula, but in no event shall such amount be less than ten percent (10%) of the original book value of the assets. Franchisor shall have the right to set off all amounts due from Franchisee, if any, against any payment therefore.

L. Franchisee shall comply with the covenants in Section 15 of this Agreement.

18. TRANSFERABILITY OF INTEREST

A. This Agreement and all rights hereunder can be assigned and transferred by Franchisor and/or Franchisor's successors-in-interest, in whole or in part, on one or more occasions. By way of example, and without limiting the foregoing, Franchisor may: sell its assets, Marks or System to a third party; make a public offering of securities; engage in a private placement of some or all of its securities; merge, acquire other entities or be acquired by other entities even if competitive Franchisee and/or with the System; refinance, recapitalize, engage in a leveraged buyout or other restructuring. Franchisor shall have the right to purchase, merge, acquire or affiliate with a competitive or non-competitive franchise network, chain or other business regardless of location(s) of the chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Franchised Restaurants operating under the Marks or any other marks regardless of effect(s) on Franchisee or the System. Franchisee waives any claims, demands or damages arising from or related to the above transactions, activities and their effects including without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of implied covenant of good faith and fair dealing.

B. This Agreement and all rights hereunder may not be Transferred (as defined in Section 18(B)(1) below) by Franchisee without first obtaining Franchisor's written consent. Franchisor may, as conditions to granting consent, require that Franchisee comply with the following conditions and requirements:

1. No Franchisee, partner of Franchisee (if Franchisee is a partnership) member of Franchisee (if Franchisee is a limited liability company) or shareholder of Franchisee (if Franchisee is a corporation) (such Franchisee, partner, member or shareholder collectively referred to herein as a "Transferring Franchisee"), without Franchisor's prior written consent, such consent to be withheld pursuant to the terms of Section 18(B)(2) below, whether voluntarily or involuntarily, by operation of law or otherwise shall sell, assign, transfer, convey, give away or encumber, or sell, assign, transfer, convey, give away or encumber Control (as defined below) of Franchisee (collectively "Transfer") to any Person (as defined below), all or any part of its interest in Franchisee, this Agreement, its interest in the franchise or the Franchised Restaurant, or its interest in or ownership of any proprietorship, partnership, limited liability company, corporation or other organization which owns any interest in Franchisee, this Agreement, the franchise, or the Franchised Restaurant, nor offer, permit or suffer the same to be Transferred in any way to any Person. Franchisee may not, without the prior written consent of Franchisor, fractionalize any of the rights of Franchisee granted pursuant to this Agreement. The restriction on transferability also applies to any purported transfers through a shell, or through divorce or separation proceedings. Withholding consent to one or more Transfer(s) shall be deemed to be reasonable if Franchisee fails to meet any of the conditions on transferability in Section 18(B)(2);

2. Provided that the conditions and requirements in Section 18(B)(2)(a) below are first satisfied to Franchisor's satisfaction, Franchisor shall not unreasonably withhold consent to a Transfer by a Transferring Franchisee of less than Control of Franchisee, or any Transfer of less than Control of the rights of any Person in and to this Agreement, the franchise, and/or the

Franchised Restaurant. For this Article 18, "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities or general partnership or managing member interests, by contract or otherwise. The definition shall be construed to apply equally to variations of the word "Control" including "Controlled," "Controlling" or "Controlled by." Without limiting the generality of the foregoing, a Person shall be deemed to Control any other Person in which it owns, directly or indirectly, a majority of the ownership interests. "Person" means any individual, corporation, partnership, joint venture, limited liability company, limited liability partnership, association, joint stock company, trust, unincorporated organization, or other organization, whether or not a legal entity, and any government authority. Franchisee, and any Person owning an interest in Franchisee, or this Agreement, whether an individual, partnership, limited liability company, corporation or other organization or entity, shall maintain adequate and accurate accounts, books and records of its business and the ownership interest of Franchisee. All such accounts, books and records shall be kept at the principal executive office of Franchisee in the state of operation of the Franchised Restaurant, and Franchisor shall have the right, on 24 hours' notice, to inspect such records for compliance with the conditions and restriction contained in this Agreement.

a. If the Transferring Franchisee desires to make a Transfer as described in Section 18(B)(2):

(1) the transferee Person shall be either an individual or a newly organized entity, and if an entity, its charter and/or organizational documents shall provide that its activities are confined exclusively to acting as an Epic Wings franchisee as provided under this Agreement and owning an ownership interest in Franchisee;

(2) the Transfer shall not constitute nor result in a change in Control of Franchisee;

(3) the Transfer shall not cause a change to be made to the president and/or chief executive officer, sole manager, sole general partner, or Person otherwise holding the highest position of power in Franchisee;

(4) the transferee Person shall enter into a written assumption agreement (in a form satisfactory to Franchisor), in which the transferee Person assumes and agrees to be jointly and severally liable, as applicable, for all of the Transferring Franchisee's obligations hereunder;

(5) all owners, shareholders, members, or partners of such transferee Person who own ten percent (10%) or more of the equity interests in such transferee Person or each individual who becomes an owner of ten percent (10%) or more of Franchisee as a result of such Transfer, or through a series of Transfers, shall enter into a written agreement, in a form satisfactory to Franchisor, jointly and severally guaranteeing the full payment and performance of Franchisee's obligations under this Agreement;

(6) each stock certificate of a transferee corporation shall have conspicuously endorsed on it a statement that it is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignments by this Agreement;

(7) the formation, operation, management, or ownership documents of the Person, and the certificates of membership interests, partnership interests, or ownership interests (if any) shall be in writing and shall conspicuously state that all such formation, operation,

management, or ownership documents, and all such membership, partnership or ownership interests are held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignments by this Agreement;

(8) no new shares of common or preferred voting stock, membership interests, partnership interest, or other ownership interest (of whatever nature) in the transferee Person shall be issued to any person, partnership, trust, foundation, limited liability company, corporation or other organization without obtaining Franchisor's prior written consent and then only on disclosure of the terms and conditions contained herein being made to the prospective new holders of the stock, membership, partnership, or other ownership interests; and

(9) all accrued monetary obligations of Franchisee to Franchisor, its subsidiaries or assignees, shall be satisfied prior to assignment or transfer, and Franchisee shall not be in default under the terms of this Agreement.

b. If the Transferring Franchisee desires to make a Transfer, other than a Transfer authorized under Section 18(B)(2)(a) , or if a Transfer if consummated alone or together with other related previous, simultaneous or proposed transfers, would constitute a Transfer of Control of Franchisee or any Person with which Franchisor has entered into this Agreement, or the rights of any such Person in and to this Agreement to someone other than an original signatory of this Agreement, Franchisor may withhold its consent to such Transfer for any reason or for no reason, as determined in Franchisor's sole and absolute discretion. Notwithstanding the foregoing, Franchisor may consent to such Transfer, provided that, in addition to the conditions and requirements described in Sections 18(B)(2)(a)(1)-(9) above, the Transfer and the Transferring Franchisee shall meet the following conditions:

(1) The Transfer shall be subject to Franchisor's right of first refusal as described in Section 20;

(2) the proposed transferee(s) shall be of good moral character and reputation and shall have a good credit rating and good business qualifications reasonably acceptable to Franchisor, and Franchisee shall provide Franchisor with such information as Franchisor may require to make the foregoing determinations concerning each such proposed transferee(s);

(3) the proposed transferee(s) or such other individual(s) who shall be the actual manager of the franchise shall have successfully completed the training course then in effect for franchisees, or otherwise demonstrated to Franchisor's satisfaction, sufficient ability to operate the business being transferred;

(4) the proposed transferee(s), including all shareholders, officers, directors, members, managers and partners of the transferee(s) shall jointly and severally execute any or all of the following, at Franchisor's sole discretion and as Franchisor shall direct:

(a) a Franchise Agreement and other standard ancillary agreements with Franchisor on the current standard forms being used by Franchisor, except that an additional initial franchise fee shall not be charged and the term and any extensions or renewals shall be as provided in this Agreement; and/or

(b) a written assignment from Franchisee in a form satisfactory to Franchisor, wherein such proposed transferee shall assume all of Franchisee's obligations hereunder;

(5) consent by Franchisor to a Transfer by a Transferring Franchisee of such Transferring Franchisee's rights in and to the franchise, and/or the Franchised Restaurant herein granted or any of Franchisee's rights under this Agreement shall in no way be deemed a release by Franchisor of such Transferring Franchisee's obligations pursuant to this Agreement, and consent by Franchisor to a Transfer of the franchise shall not constitute or be interpreted as consent for any future Transfer;

(6) Franchisee, prior to the Transfer, shall execute a general release, in a form prescribed by Franchisor, of any and all existing claims against Franchisor, and its respective officers, directors, agents and employees, except such claims as are not permitted to be waived under applicable law;

(7) Franchisee shall have fully paid and satisfied all of Franchisee's obligations to Franchisor, and the transferee or Franchisee shall have fully paid to Franchisor a non-refundable transfer fee equal to fifty percent (50%) of the then-current initial franchise fee charged by Franchisor for start-up franchises. The transfer fee shall be paid by Franchisee to Franchisor on Franchisee's request for Franchisor's consent to the proposed Transfer. This transfer fee does not apply to a Transfer under Section 18(B)(2)(a) of this Agreement.

(8) The sale price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in Franchisor's judgment, there is a significant risk that the proposed transferee will not be able to meet the proposed transferee's financial and other obligations to Franchisor, third party suppliers and creditors following the closing. Franchisor shall have no liability to either Franchisee or the proposed transferee if Franchisor approves the Transfer and the proposed transferee thereafter experiences financial difficulties.

(9) If the proposed transferee is an entity, each owner and each owner's spouse of the proposed transferee shall jointly and severally guarantee the proposed transferee's performance of its obligations in the then-current Franchise Agreement under Franchisor's form of a Guarantee and Assumption of Obligations.

(10) Franchisee will remain subject to all obligations stated in this Agreement that expressly, or by implication due to their nature, survive the Transfer, termination or expiration of this Agreement, including, without limitation, the provisions prohibiting competition, non-interference and non-disclosure of confidential information.

(11) Franchisee must simultaneously transfer its rights to all contracts for which continuation is necessary for operation of the Franchised Restaurant to the proposed transferee and satisfy any separate conditions to obtain any third party consents required for the transfer of Franchisee's rights to the proposed transferee. The proposed transferee must execute all other documents and agreements required by Franchisor to consummate the Transfer, and, at Franchisor's request, Franchisee, as transferor or assignor, shall execute a continuing guarantee in favor of Franchisor of the performance and payment by the proposed transferee, as transferee or assignee, of all obligations and debts to Franchisor and its Affiliate under the replacement Franchise Agreement. All required third party consents to the Assignment must be obtained.

3. No Transfer of Franchisee, any right in this Agreement, in the franchise, or in the Franchised Restaurant, shall relieve Franchisee or any Person participating in any Transfer, of the obligations of the covenants contained in Section 15, except where expressly authorized by Franchisor in writing.

4. Franchisee must give Franchisor ninety (90) days written notice prior to any sale or assignment. The purpose of this Section is to enable Franchisor to comply with any applicable state or federal franchise disclosure laws or rules. Franchisee shall indemnify and hold harmless Franchisor for Franchisee's failure to comply with this Section 18.

5. Franchisee shall not, without prior written consent of Franchisor, place in, on or on the location of the Franchised Restaurant, or in any communication media, any form of advertising, or list with any business, real estate broker, agent or attorney any information relating to the sale of the Franchised Restaurant, or the rights granted hereunder.

6. Any purported Transfer of any ownership of Franchisee, or of Franchisee's rights in and to this Agreement, the franchise, or the Franchised Restaurant not meeting the conditions and requirements set forth in Section 18, shall be null and void and without effect, and shall constitute a material default hereunder.

C. Franchisee shall notify Franchisor within ten (10) days of any change in the information set forth in the Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Franchisee to be true, correct and complete in all material respects.

19. DEATH OR INCAPACITY OF FRANCHISEE

A. In the event of the death or incapacity of an individual Franchisee, any partner of a Franchisee which is a partnership, any member of a limited liability company owning twenty five percent (25%) or more membership interests of a Franchisee which is a limited liability company, any shareholder owning twenty five percent (25%) or more of the capital stock of a Franchisee which is a corporation, or any Person, which, on the death or incapacity of such Person, will result in a change in Control of Franchisee, the heirs, beneficiaries, devisees or legal representatives of said individual, partner, shareholder, or Person, shall, within ninety (90) days of such event:

1. If such parties so desire, apply to Franchisor for the right to continue to operate the franchise for the duration of the term of this Agreement and any renewals, which right shall be granted on the fulfillment of all of the conditions in Section 18(B)(2)(b) of this Agreement (except that no transfer fee shall be required); or

2. Sell, assign, transfer or convey Franchisee's interest in compliance with the provisions of Sections 18(B) and 20 of this Agreement; provided, however, in the event a proper and timely application for the right to continue to operate has been made and rejected, the ninety (90) days to sell, assign, transfer or convey shall be computed from the date of said rejection. For purposes of this Section 19, Franchisor's silence on an application made pursuant to Section 19(B) through the ninety (90) days following the event of death or incapacity shall be deemed a rejection made on the last day of such period.

B. In the event of death or incapacity of an individual Franchisee, or any partner, shareholder, or member of a Franchisee which is a partnership, corporation or limited liability company, where the aforesaid provisions of Section 19(A) have not been fulfilled within the time

provided, all rights granted to Franchisee under this Agreement shall, at the option of Franchisor, terminate forthwith and automatically revert to Franchisor, and all of the provisions set forth in Section 17 shall apply.

C. For this Agreement, "incapacity" means the inability of an individual Franchisee, or a partner, shareholder, or member of a Franchisee which is a partnership, corporation, or limited liability company, to operate or oversee the operation of the Franchised Restaurant on a regular basis by reason of any continuing physical, mental or emotional incapacity, chemical dependency or other limitation. Any dispute as to the existence of an incapacity shall be resolved by majority decision of three (3) licensed medical physicians practicing in the state in which the Franchised Restaurant is located, with each party selecting one (1) medical physician and the two (2) medical physicians so designated selecting the third medical physician. The determination of the majority of the three (3) medical physicians shall be binding on the parties and all costs of making the determination shall be borne by the party against whom it is made.

20. RIGHT OF FIRST REFUSAL

In the event of a Transfer or proposed Transfer as described in Section 18(B)(2)(b) above, or in the event a bona fide third party offer is made to purchase the Franchised Restaurant, or Franchisee or any interest in any of these, which Franchisee is interested to accept, Franchisee shall obtain and deliver a bona fide, executed written offer to purchase the same to Franchisor, which shall, for a period of thirty (30) business days from the date of delivery of such offer, have the right to deliver written notice to Franchisee or its owners, that Franchisee elects to purchase the Franchised Restaurant or such ownership for the price and on the terms and conditions in the offer to Franchisor. Franchisor shall have the right to substitute cash for any form of payment proposed in the offer and shall have at least ninety (90) days for closing the purchase. If Franchisor does not exercise this right of first refusal, the offer may potentially be accepted by Franchisee or its owners, subject to the conditions and the prior written approval of Franchisor, as provided in Section 18, provided that if such offer is not so accepted within one hundred twenty (120) days of its date, Franchisor shall again have the right of first refusal under this Section 20. A transferee franchisee that assumes the rights and obligations under this Agreement shall be subject to Franchisor's right of first refusal under terms and conditions in this Section 20. This right of first refusal is a continuing right of first refusal. Franchisor's failure to exercise or election not to exercise its right of first refusal shall not be deemed a waiver of future exercise of the right of first refusal.

21. OPERATION IN EVENT OF ABSENCE, BREACH, INCAPACITY OR DEATH

To prevent or reduce disruption of the Franchised Restaurant which would cause harm to the Franchised Restaurant and depreciate its value and potentially injure the Marks, Franchisee authorizes Franchisor to operate the Franchised Restaurant for so long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor may have under this Agreement, in the event Franchisee is absent or incapacitated by reason of illness or death, or is breach of this Agreement, and/or, in the sole judgment of Franchisor, is or appears, for the foregoing or any other reason not able to operate the Franchised Restaurant. However, Franchisor shall not be obligated to so operate the franchise. This provision is an additional, optional course of action by Franchisor and shall in no way be an obligatory course of action or remedy. If Franchisor elects to assume operation of the Franchised Restaurant, Franchisor will have the right to charge a reasonable fee for its management services, plus its costs. All monies from the operation of the business during such period of operation by Franchisor shall be kept in

a separate account and the expenses of the Franchised Restaurant, including reasonable compensation and expenses for Franchisor's representative, shall be charged to said account. Franchisee shall indemnify and hold harmless Franchisor and any representative of Franchisor who may act pursuant to this Section 21, from any and all claims arising from the operation of the Franchised Restaurant including, without limitation, the acts and omissions of Franchisor and its representative if, as herein provided, Franchisor temporarily operates the Franchised Restaurant for Franchisee.

22. FRANCHISOR'S EXERCISE OF BUSINESS JUDGMENT

Franchisee acknowledges and agrees that Franchisor may operate and change the System and its business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever Franchisor has expressly reserved in this Agreement or is deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant Franchisee a right to take or withhold an action, Franchisor may make such decision or exercise its right and/or discretion on the basis of Franchisor's judgment of what is in Franchisor's best interests, including without limitation Franchisor's judgment of what is in the best interests of the System, at the time Franchisor's decision is made or its right or discretion is exercised, without regard to whether: (a) other reasonable alternative decisions or actions, or arguably preferable alternative decisions or actions, could have been made by Franchisor; (b) Franchisor's decision or the action taken promotes Franchisor's financial or other individual interest; (c) Franchisor's decision or the action applies differently to Franchisee and one or more other franchisees or Franchisor's company-owned or affiliate-owned operations; or (d) Franchisor's decision or the exercise of its right or discretion is adverse to Franchisee's interests. Franchisor will have no liability to Franchisee for any such decision or action. Franchisor and Franchisee intend that the exercise of Franchisor's right or discretion will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, Franchisor and Franchisee agree that such 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 Franchisor a wide range of discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisee's rights and obligations hereunder.

23. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. This Agreement does not constitute Franchisee as an agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose whatsoever. Franchisee may not represent to third parties that it is an agent of Franchisor and it is understood between the parties that Franchisee shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on behalf of Franchisor. Franchisor and Franchisee further agree that this Agreement does not create a fiduciary relationship between them.

B. Franchisee shall prominently display, by posting a sign within public view, and include in all printed material including business cards, stationary, fliers, circular ads, radio and television and internet advertising, statements that the Franchised Restaurant is independently owned and operated by Franchisee as an Epic Wings Franchised Restaurant of Franchisor and not as an agent. Franchisee shall inform all personnel by prominently posting in the area for personnel, and on stationery, that personnel are employed by Franchisee, which is an independently owned and operated franchisee.

C. Franchisee shall defend, at its own cost, and indemnify and hold harmless Franchisor, its shareholders, directors, officers, employees and agents, from and against any and all loss, costs, expenses (including attorneys' fees), damages and liabilities, however caused, resulting directly or indirectly from or pertaining to the use, condition or construction, equipping, decorating, maintenance or operation of the Franchised Restaurant including the sale of any food products, service or merchandise sold from the Franchised Restaurant. Such loss, claims, costs, expenses, damages and liabilities shall include, without limitation, those arising from latent or other defects in the Franchised Restaurant, whether or not discoverable by Franchisor, and those arising from the death or injury to any person or arising from damage to the property of Franchisee or Franchisor, their 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 Franchisor or any of its agents or employees, or resulted from any strict liability imposed on Franchisor or any of its agents or employees.

24. NON-WAIVER

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist on strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

25. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, delivered by messenger or delivery service, mailed by certified mail return receipt requested, overnight delivery such as Fedex, UPS or the like, or facsimile transmission, and shall be effective when received or confirmation of receipt is acknowledged to the respective parties at the addresses stated in the introductory paragraph of this Agreement unless and until a different address has been designated by written notice to the other party.

26. COST OF ENFORCEMENT OR DEFENSE

If a claim for amounts owed by a party to another party is asserted in any legal proceeding before a court of competent jurisdiction, or if Franchisor or Franchisee is required to enforce this Agreement in a judicial proceeding, the prevailing party shall be entitled to reimbursement of its costs, including all accounting and attorneys' fees, in connection with such proceeding.

27. APPROVALS

A. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. All approvals

and consents shall be granted or withheld in the sole and absolute discretion of Franchisor, except as otherwise provided herein.

B. Franchisor makes no warranties or guarantees on which Franchisee may rely and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of a request.

28. ENTIRE AGREEMENT

This Agreement, any Exhibit to this Agreement and the documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between the parties concerning the subject matter of this Agreement, and supersedes all prior discussions, correspondence, negotiations, drafts, and agreements. No other representation has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not stated herein, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change or variance from this Agreement shall bind either party unless executed in writing by both parties. Nothing in this or in any related agreement, however, is intended to disclaim representations made by Franchisor in the Franchise Disclosure Document provided to Franchisee.

29. SEVERABILITY AND CONSTRUCTION

A. 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, such shall not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, 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 part of this Agreement.

B. Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer on any person or legal entity other than Franchisor or Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement.

C. Franchisee shall be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision hereof, as though it were separately stated 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 Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

D. All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. The singular usage includes the plural, where appropriate in the context, and the masculine and neuter usages include the other and the feminine.

E. This Agreement may be executed in multiple copies, and each copy so executed shall be deemed an original. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original

copy of this Agreement for all purposes, provided that the electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

F. The recitals set forth in this Agreement are specifically incorporated into the terms of this Agreement and hereby constitute a part thereof.

30. LAW, VENUE FOR LITIGATION.

A. THIS AGREEMENT AND THE RIGHTS OF THE PARTIES TAKE EFFECT ON ACCEPTANCE AND EXECUTION BY FRANCHISOR AND SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF CALIFORNIA, WHICH LAWS SHALL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW. IF ANY PROVISION OF THIS AGREEMENT WOULD NOT BE ENFORCEABLE UNDER CALIFORNIA LAW, AND IF THE FRANCHISED RESTAURANT IS LOCATED OUTSIDE OF CALIFORNIA AND SUCH PROVISION WOULD BE ENFORCEABLE UNDER THE LAWS OF THE STATE IN WHICH THE FRANCHISED RESTAURANT IS LOCATED, THEN SUCH PROVISION SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THAT STATE. NOTHING IN THIS SECTION IS INTENDED BY THE PARTIES TO SUBJECT THIS AGREEMENT TO ANY FRANCHISE OR SIMILAR LAW, RULES, OR REGULATION OF THE STATE OF CALIFORNIA TO WHICH IT WOULD NOT OTHERWISE BE SUBJECT.

B. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT IS ENTERED INTO IN SAN DIEGO COUNTY, CALIFORNIA, AND THAT ANY ACTION BY EITHER PARTY SHALL BE BROUGHT EXCLUSIVELY IN THE U.S. DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA OR THE SUPERIOR COURT OF CALIFORNIA IN AND FOR SAN DIEGO COUNTY, CALIFORNIA. THE PARTIES CONSENT TO PERSONAL JURISDICTION AND VENUE IN THOSE COURTS.

C. NO RIGHT OR REMEDY CONFERRED ON OR RESERVED TO FRANCHISOR OR FRANCHISEE BY THIS AGREEMENT IS INTENDED TO BE, NOR SHALL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH SHALL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.

31. FORCE MAJEURE

Whenever a period of time is provided in this Agreement for a party to do or perform any act or thing, other than payment of monies by Franchisee, that party shall not be liable or responsible for delay due to strike, lockout, casualty, act of God, war, government regulation or control, where the cause is beyond the reasonable control of that party, and in any event the time period for the performance of the obligation shall be extended for the amount of time of the delay but not more than forty-five (45) days. This clause shall not apply to any obligation to pay money and shall not apply in any way that would result in the operation of this clause extending the term of this Agreement.

32. "FRANCHISEE" DEFINED AND GUARANTEE

A. As used in this Agreement, the term "Franchisee" shall include all Persons who succeed to the interest of the original Franchisee by permitted transfer or operation of law and shall be deemed to include the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement and all partners of the entity that executes this Agreement (if the entity is a

partnership), all shareholders, officers and directors of the entity that executes this Agreement (if the entity is a corporation) and all members of the entity that executes this Agreement (if the entity is a limited liability company). In exchange for Franchisor granting the franchise to and entering into this Agreement with Franchisee, each person holding an ownership interest in Franchisee must sign and deliver Franchisor's form of Guarantee and Assumption of Obligations or if the ownership interest is acquired after the date of this Agreement, must do so within ten (10) days after obtaining the interest as an owner.

B. If the party entering into this Agreement as Franchisee is married and the party's spouse is not a party to this Agreement, the concurrently with signing this Agreement, Franchisee shall cause Franchisee's spouse to execute Franchisor's form of Spousal Consent.

33. ACKNOWLEDGMENTS

A. Franchisee acknowledges receiving a copy of this Agreement and its attachments, at least seven (7) days before the date on which this Agreement was executed. Franchisee acknowledges that Franchisee received the Franchise Disclosure Document at least fourteen (14) calendar days before the date on which this Agreement was executed or any payment was made to Franchisor or any affiliate in connection with the proposed franchise sale.

B. Franchisee has been advised to consult with Franchisee's own advisors regarding the legal, financial and other aspects of this Agreement, the business franchised hereby, and the prospects for that business.

C. The covenants not to compete in this Agreement are fair and reasonable, and will not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors.

D. Franchisee represents and warrants that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying on the truthfulness, completeness and accuracy of such information.

Executed as of the date stated in the introductory paragraph of this Agreement.

FRANCHISEE:

SACCO RESTAURANTS INC.

Signature:_____

Signature:_____

Printed Name:_____

Printed Name:_____

Title: _____

Title: _____

Signature:_____

Printed Name:_____

Title: _____

EXHIBIT A TO THE FRANCHISE AGREEMENT

ENTITY INFORMATION DISCLOSURE

Entity Name: _____

Franchisee represents and warrants that the following information is accurate and complete in all material respects:

- (1) Franchisee is a (check as applicable):
- ☐ corporation
 - ☐ limited liability company
 - ☐ general partnership
 - ☐ limited partnership
 - ☐ Other (specify): _____

State of incorporation/organization: _____

(2) Franchisee shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation/Organization, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (the “**Entity Documents**”).

(3) Franchisee promptly shall provide all additional information that Franchisor may from time to time request concerning all persons who may have any, direct or indirect, financial interest in Franchisee.

- (4) The name and address of each Owner is:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(5) Franchisee hereby designates the individual named below as Franchisee's executive manager/officer ("Certified Manager") who shall at all times have all requisite authority to act on behalf of Franchisee, and Franchisor shall have the right to rely on any decision made or action taken by the Certified Manager as binding on Franchisee. Franchisee agrees that such designation shall remain in effect until ten (10) days after Franchisor has received written notice from Franchisee of a substitute Certified Manager. Franchisee further agrees to take all corporate or other entity action consistent with this designation.

Certified Manager: _____.

(6) The address where Franchisee's financial records and Entity Documents are maintained _____.

The Parties have executed this Exhibit A on the Effective Date.

FRANCHISEE:

SACCO RESTAURANTS INC.

Signature:_____

Signature:_____

Printed Name:_____

Printed Name:_____

Title: _____

Title: _____

EXHIBIT B TO THE FRANCHISE AGREEMENT

MAP OF DESIGNATED AREA

FRANCHISEE:

SACCO RESTAURANTS INC.

Signature: _____

Signature: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

EXHIBIT C

FAMILY MEMBER ADDENDUM

ADDENDUM TO FRANCHISE AGREEMENT FOR SACCO FAMILY MEMBERS

This Addendum to Franchise Agreement (this “Addendum”) is made and entered into on _____, 20__ by and between Sacco Restaurants, Inc., a California corporation (“Franchisor”), and Sacco Family Member, _____ (“SFM”) owner of the entity _____, a _____ (“Franchisee”), with reference to the following facts:

Background

SFM is a member of the extended Sacco family. In view the familial relationship, Franchisor is willing to adjust fees due under the _____, 20__ Franchise Agreement (the “Franchise Agreement”) between Franchisor and Franchisee. Accordingly, the parties have agreed as follows:

Agreement

1. The initial franchise fee under Section 1(I) of the Franchise Agreement is deleted. There is no initial franchise fee.
2. Section 9(C) of the Franchise Agreement is deleted. Franchisee shall have no grand opening advertising obligations.
3. Section 9(D) of the Franchise Agreement is amended to require Franchisee to contribute two percent (2%) of Net Sales to the Promotion Fund. Franchisor shall have the right to increase Franchisee’s Promotion Fund contribution obligations to three percent (3%) on 60 days’ prior written notice.
4. The Royalty Fee payable under Section 10(A) of the Franchise Agreement is amended to two percent (2%) of Net Sales. Franchisor shall have the right to increase the Royalty Fee up to five percent (5%) of Net Sales on 60 days’ prior written notice.
5. Franchisor is willing to enter into only one Addendum with SFM. Franchisor has no obligation to enter into the same or similar addendum with SFM for any other restaurant or franchise agreement.
6. This Addendum is the entire understanding between the parties regarding its subject matter. This Addendum may not be modified except by a written instrument signed by both parties. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties regarding the subject matter of this Addendum.
7. This Addendum may be executed in counterparts, each of which shall collectively and separately constitute one agreement. This Addendum may be executed by manual signature, facsimile or electronic means, all of which shall be equally valid.
8. Defined terms not defined in this Addendum shall have the meaning provided in the Franchise Agreement. This Addendum shall be deemed to be part of, and shall be subject to all other terms and conditions in, the Franchise Agreement. In any conflict between the Franchise Agreement and this Addendum, the provisions in this Addendum shall control.

FRANCHISOR
Sacco Restaurants Inc.

FRANCHISEE

By: _____

By: _____

Its: _____

Its: _____

EXHIBIT D
LONGTIME MANAGER ADDENDUM

ADDENDUM TO FRANCHISE AGREEMENT FOR LONGTIME MANAGER

This Addendum to Franchise Agreement (this “Addendum”) is made and entered into on _____, 20____ by and between Sacco Restaurants, Inc., a California corporation (“Franchisor”), and _____, a _____ (“Franchisee”), with reference to the following facts:

Background

Franchisee is an entity whose owners have, for many years, owned and/or managed restaurants affiliated with Franchisor. In view of this relationship, Franchisor is willing to adjust fees due under the Franchise Agreement. Accordingly, the parties have agreed as follows:

Agreement

1. The initial franchise fee under Section 1(I) is waived. There is no initial franchise fee.
2. For purposes of Sections 3(E), 4(F) and other provisions of the Franchise Agreement, the initial franchise fee is deemed to be zero (0).
3. Franchisee will reimburse costs Franchisor incurs to enter into the Franchise Agreement and provide initial services to Franchisee through opening the Franchised Restaurant for business, not to exceed Ten Thousand Dollars (\$10,000). Franchisor will invoice Franchisee for these costs. Payment is due within ten (10) days after each invoice date.
4. Payment of the Royalty Fee under Section 10(A) is waived, so long as and conditioned on Franchisee’s full compliance with the Franchise Agreement, until the fifth (5th) anniversary of the date the Franchised Restaurant starts conducting business by making sales to the public.
5. For purposes of Section 17(G) and other provisions measuring payment to Franchisor based on the Royalty Fee, the Royalty Fee shall be deemed to be five percent (5%) of Net Sales.
6. The parties acknowledge that: (a) the initial offer of the franchise to Franchisee was the offer registered with the State of California; (b) no prior negotiated changes were disclosed in an addendum to the Franchise Disclosure Document because there have not been any prior negotiated changes; (c) the terms of this Addendum were negotiated, and the negotiated terms, on the whole, confer additional benefits on Franchisee; and (d) all owners of Franchisee had, within the seven (7) years preceding the date of this Addendum, at least twenty-four (24) months’ experience being responsible for the financial and operational aspects of a business offering products or services substantially similar to those offered by the Epic Wings restaurant; and such owners are not controlled by Franchisor.
7. Franchisor is willing to enter into only one Addendum for Longtime Managers with Franchisee and has no obligation to enter into the same or similar addendum with Franchisee for any other restaurant or Franchise Agreement.
8. This Addendum is the entire understanding between the parties regarding its subject matter. This Addendum may not be modified except by a written instrument signed by both parties. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties regarding the subject matter of this Addendum.
9. This Addendum may be executed in counterparts, each of which shall collectively and separately constitute one agreement. This Addendum may be executed by manual signature, facsimile or electronic means, all of which shall be equally valid.

FRANCHISOR
Sacco Restaurants Inc.

By: _____

Its: _____

FRANCHISEE

By: _____

Its: _____

EXHIBIT E

NON-DISCLOSURE AND
CONFIDENTIALITY AGREEMENT

NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT

This NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT (this “Agreement”) is made this ____ day of _____, 20__ (the “Effective Date”), by and between _____ (“Franchisee”), and _____ (“Recipient”), with reference to the following facts:

A. Sacco Restaurants Inc., a California corporation (“Franchisor”), developed a “System” for the establishment and operation of Epic Wings Restaurants which are fast-casual restaurants that serve chicken and chicken products and related food items and beverages, and, at some locations, beer and wine, prepared according to specified recipes and/or procedures (“Epic Wings Restaurants”), and use the trade name and service mark “Epic Wings” and related trademarks, service marks, logos and commercial symbols (the “Marks”).

B. The System includes, without limitation, the operations and training manuals and any other written directives related to the System (the “Manuals”), the operating methods and business practices related to Epic Wings Restaurants, the relationship between Franchisor and its franchisees, interior and exterior Epic Wings Restaurant design, other items of trade dress, specifications for equipment, fixtures and uniforms, defined product offerings, recipes and preparation methods, Franchisor specified pricing and promotions, restrictions on ownership, standard operating and administrative procedures, management and technical training programs, marketing and public relations programs, and Franchisor’s website (collectively, the “Confidential Information”), all of which may be modified by Franchisor from time to time and may be disclosed to Recipient by Franchisee.

C. Franchisor has and continues to protect the confidentiality of the Confidential Information by, among other things, (i) not revealing the confidential contents of the Confidential Information to unauthorized parties, (ii) requiring Epic Wings franchisees to acknowledge and agree in writing that the Confidential Information is confidential, (iii) requiring Epic Wings franchisees to agree in writing to maintain the confidentiality of the Confidential Information, (iv) restricting and limiting access to the Confidential Information to authorized parties, and (v) requiring its franchisees to return all Confidential Information to Franchisor on the expiration and termination of their Franchise Agreements.

D. Franchisor and Franchisee have entered into a Franchise Agreement and if applicable, entered into a Longtime Manager Addendum, (the “Franchise Agreement”) under which Franchisor granted Franchisee the right to own and operate an Epic Wings Restaurant (the “Franchised Restaurant”) and to use the System, the Marks, the Manuals, and the Confidential Information in the operation of the Franchised Restaurant.

E. Franchisee is obligated under the Franchise Agreement to obtain a written agreement from each employee employed by Franchisee and each independent contractor engaged by Franchisee who may have access to the Confidential Information and who may be the recipient of disclosure of the Confidential Information to maintain the confidentiality of the Confidential Information, to obtain the written agreement of each employee and independent contractor to not use the Confidential Information other than in the course of their employment or engagement by Franchisee and to not disclose any of the Confidential Information to any unauthorized person or entity.

THEREFORE, IT IS AGREED:

1. ACKNOWLEDGMENTS OF RECIPIENT.

1.1 No Prior Experience, Information or Knowledge. Prior to his or her employment or engagement by Franchisee, Recipient had no experience, information or knowledge whatsoever about a restaurant business that sells chicken and chicken products and related food items and beverages, and, at some locations, beer and wine. Recipient's knowledge of the Confidential Information was obtained only from Franchisee following the Effective Date and only in the course of Recipient's employment or engagement by Franchisee.

1.2 Confidential Information. The Confidential Information includes all of the items included elsewhere in this Agreement and, in addition, without limitation, all tangible and intangible information (whether in print, paper, electronic or other form) relating to Franchisor's business operations, styles, products and services, recipes, sources of materials and equipment, customer service management and other software, data, compilations, programs, processes, business relationships, contact information for suppliers, industry professionals, and other service providers, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements, marketing and selling methods and/or plans, business plans, budgets, unpublished financial information, licenses, prices and costs, vendors, current customer and prospective customer names and addresses, pricing strategies, designs, drawings, specifications, diagrams, flowcharts, research, development, marketing techniques and materials, sales/license techniques, inventions, copyrightable material, databases, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable in the circumstances to maintain secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding disclosure, would be considered confidential. Confidential Information also includes negative confidential information consisting of information, and other matters developed and not used. Confidential Information may also include information that, although available publicly, is not publicly known to be in existence or used by Franchisor. Confidential Information does not include information that was in the lawful and unrestricted possession of Recipient prior to disclosure by Franchisee to Recipient; or that is lawfully and in good faith received by Recipient, without purpose of circumventing this Agreement, from a third party who did not derive it from Franchisor, Franchisee or Recipient.

1.3 Independent Value. The Confidential Information (i) is not generally known by the public or parties other than Franchisor, its affiliates, its franchisees and Franchisee, (ii) derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or Franchisee, and (iii) is the subject of efforts by Franchisor that are reasonable in the circumstances to maintain their secrecy.

2. COVENANTS OF RECIPIENT.

Recipient agrees that so long as Recipient is employed or engaged by Franchisee and forever after his or her employment or engagement by Franchisee ends:

2.1 Maintain Confidentiality. Recipient shall fully and strictly maintain the confidentiality of the Confidential Information, exercise the highest degree of diligence in safeguarding the Confidential Information and not disclose or reveal the Confidential Information to any person or entity other than Franchisee or another person employed or engaged by Franchisee while an employee or independent contractor of Franchisee and will then do so only to the degree necessary to carry out Recipient's duties as an employee or independent contractor of Franchisee.

2.2 No Reproduction or Use. Recipient shall not directly or indirectly reproduce or copy any Confidential Information and shall not use any Confidential Information for any purpose whatsoever except as required while Recipient is employed or engaged by Franchisee and then shall do so only according to the provisions of this Agreement and only to the degree necessary to carry out Recipient's duties as an employee or independent contractor of Franchisee.

2.3 Restrictions. Recipient acknowledges and agrees Recipient may receive valuable specialized training and Confidential Information, including, without limitation, Confidential Information regarding the operational, sales, promotion, and marketing methods and techniques of Franchisor and the System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable in the circumstances to maintain their secrecy. Recipient shall not, directly or indirectly, for himself or herself, or through, on behalf of, or in conjunction with any person, or legal entity (a) divert or attempt to divert any present or prospective Epic Wings customer to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System, and/or (b) own (beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any restaurant business that derives thirty (30%) or more of its revenue from chicken and/or chicken products as menu item and/or any restaurants business that looks like, copies, imitates, or operates similarly to an Epic Wings Restaurant.

2.4 Third Party Beneficiary. This Agreement is for the benefit of Franchisor. Franchisor is, and shall be and remain, a third party beneficiary of this Agreement and will have the independent right to enforce the terms of this Agreement even though Franchisor may not have signed this Agreement.

3. GENERAL TERMS.

3.1 Injunction. Recipient acknowledges and agrees that Recipient's noncompliance with the terms of this Agreement or any unauthorized or improper use of the Confidential Information by Recipient will cause irreparable damage to Franchisor and its franchisees. Recipient agrees that if Recipient engages in any unauthorized or improper use or disclosure of any of the Confidential Information, Franchisor and Franchisee, independently, will be entitled to permanent and temporary injunctive relief from any court having jurisdiction, without notice or posting of a bond, to prevent unauthorized or improper use or disclosure of the Confidential Information, in addition to other available remedies. Due to irreparable damage that would result to Franchisor and Franchisee from violation of this Agreement, Recipient acknowledges and agrees that any claim Recipient believes he or she may have against Franchisor or Franchisee will be deemed to be a matter separate and apart from Recipient's obligations under this Agreement and will not entitle Recipient to violate or justify any violation of the provisions of this Agreement.

3.2 Heirs and Successors; Entire Agreement. This Agreement shall bind and benefit the parties, their heirs, successors and assigns. This Agreement represents the entire understanding between the parties regarding its subject matter and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Recipient that expressly modifies this Agreement. The parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties.

3.3 No Right to Use Marks or System. This Agreement is not a license and does not grant Recipient any right to use or to license the use of, the Confidential Information, which right is expressly reserved by Franchisor.

3.4 Waiver and Validity. Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default in any one instance, shall not constitute a continuing waiver or a waiver in any other instance. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect.

3.5 Headings. Headings in this Agreement are for convenience only and shall not be used in construing the provisions of this Agreement. As used in this Agreement, the male gender includes the female and neuter genders, the singular includes the plural and vice versa.

3.6 Attorneys' Fees. If Franchisor becomes a party to any legal proceeding concerning this Agreement by reason of any act or omission of Recipient, Recipient shall be liable to Franchisor for reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceeding. If any party to this Agreement commences any legal proceeding against another party arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees and costs of suit.

3.7 Cumulative Remedies. Any specific right or remedy in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies stated herein or allowed or allowable by law.

3.8 Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties under this Agreement shall be deemed delivered at the time delivered by hand, one (1) business day after transmission by fax or email (with a confirmation copy sent by regular United States mail), or three (3) days after placement in the United States mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

Any notice or demand to Franchisee shall be given to:

Email: _____

With a copy to:

Email: _____

Any notice or demand to Recipient shall be given to:

Email: _____

Any party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party.

3.9 Governing Law and Venue. This Agreement shall be interpreted and construed under the laws of California. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the Franchised Restaurant is located outside of California and such provision would be enforceable under the laws of the state in which the Franchised Restaurant is located, then such provision shall be interpreted and construed under the laws of that state. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the State of California in the County of San Diego, and the parties all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

3.10 Counterparts and Electronic Copies. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures. Electronic copies of this Agreement shall constitute and be deemed an original copy of this Agreement for all purposes, provided that such electronic copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

The parties have executed this Agreement on the Effective Date.

FRANCHISEE:

RECIPIENT:

_____,
a _____

By:

Name: _____

Title: _____

EXHIBIT F

GUARANTEE AND ASSUMPTION
OF OBLIGATIONS

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

This GUARANTEE AND ASSUMPTION OF OBLIGATIONS is made and given this ____ day of _____, 20____ by the undersigned.

In consideration of and as an inducement to the execution of:

- ☐ Franchise Agreement dated _____
- ☐ Longtime Manager Addendum, if applicable, dated _____
- ☐ Family Member Addendum, if applicable, dated _____

(the "Agreement") by Sacco Restaurants Inc. ("Franchisor"), each of the undersigned personally and unconditionally, jointly and severally (1) guarantees to Franchisor, its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall fully and punctually pay and perform each and every undertaking, agreement and covenant in the Agreement; and (2) shall be personally bound by and personally liable for breach of each and every provision in the Agreement, including monetary obligations and obligations to take or refrain from taking actions or to engage or refrain from engaging in activities including, without limitation, the provisions of Section 15. Each of the undersigned waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he/she may be entitled.

Each of the undersigned consents and agrees that: (1) his/her direct and immediate liability under this Guarantee shall be joint and several; (2) he/she shall render any payment or performance required under the Agreement on demand if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned on pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the Agreement.

This Guarantee shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. If any provision of this Guarantee would not be enforceable under the laws of California, and if the Franchised Restaurant is located outside of California and such provision would be enforceable under the laws of the state in which the Franchised Restaurant is located, then such provision shall be interpreted and construed under the laws of that state. Nothing

in this paragraph is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. Venue for purposes of any legal proceedings brought in connection with or arising out of this Guarantee shall be conclusively presumed to be in the State of California, County of San Diego.

Each of the undersigned executed this Guarantee and Assumption of Obligations on the same day and year as the Agreement was executed.

GUARANTOR(S) Name:	Signature:	PERCENTAGE OF OWNERSHIP
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %
_____	_____	_____ %

EXHIBIT G
CONSENT OF SPOUSE

CONSENT OF SPOUSE

The undersigned, being the spouse of the person whose name appears beneath the undersigned's signature below, acknowledges and confirms that a copy of that certain [Please check all that apply]:

- ☐ Franchise Agreement dated _____ by and between Sacco Restaurants, Inc., a California corporation ("**Company**") and _____, a _____ (the "**Franchise Agreement**"); and/or
- ☐ Guarantee and Assumption of Obligations dated _____ (the "**Guarantee**")

For the purposes of this consent, the Franchise Agreement and Guarantee shall individually and collectively be referred to herein as, and deemed applicable to the documents selected above, the "**Agreement(s)**".

The undersigned acknowledges and confirms that the undersigned read and understands the Agreement(s) or voluntarily chose not to seek explanation of any provisions the undersigned does not understand. The undersigned acknowledges that the undersigned has the right and had the opportunity to seek independent legal counsel and was advised by counsel as to all the undersigned's rights, interests and obligations relating to the Agreement(s) and the transactions contemplated thereby, or voluntarily chose not to retain independent legal counsel. Being so advised by legal counsel or having voluntarily chosen not to retain legal counsel, the undersigned consents to, approves of and agrees with the execution and delivery of the Agreement(s) and the consummation of the transactions contemplated thereby by the undersigned's spouse with the understanding that the undersigned may have a beneficial interest, community property interest, quasi-community property interest or other interest in the property rights of the undersigned's spouse which are the subject of the Agreement(s).

The undersigned understands the provisions in the Agreement(s) and consents to and agrees to be bound by all of the provisions of the Agreement(s). The undersigned acknowledges that the undersigned signed this consent voluntarily and of the undersigned's own free will without relying on any promises, commitments or other inducements by the Company, the undersigned's spouse or any other person. The undersigned promises not to take any action at any time to hinder the transactions contemplated in the Agreement(s).

Dated and effective as of _____, 20__

Signature: _____

Print Name: _____

Spouse of: _____ (please print)

EXHIBIT H

CONDITIONAL LEASE ASSIGNMENT

CONDITIONAL LEASE ASSIGNMENT

This Conditional Lease Assignment is made on _____, 20____, by and between Sacco Restaurants Inc. ("SRI") and _____ ("Franchisee") and _____ ("Landlord") concerning the Epic Wings Restaurant ("Restaurant") located or to be located at _____ ("Franchise Location"), with reference to the following facts:

On _____, 20____, Franchisee leased the Franchise Location from Landlord to operate the Restaurant, pursuant to a lease, attached as Exhibit "A" ("Lease"). On _____, 20____ Franchisee obtained a franchise from SRI to operate the Restaurant at the Franchise Location, pursuant to a written Franchise Agreement. If any of certain events occurs, the parties want SRI to have the right to accept an assignment of the lease from Franchisee, on the terms in this Agreement. Accordingly, the parties have agreed as follows:

1. Conditional Assignment. Franchisee conditionally assigns to SRI all of Franchisee's right, title and interest in and to the Lease. Landlord consents to this conditional assignment. This assignment shall become effective only on SRI's exercise of the option, granted hereby, to accept the assignment, which may be exercised any time after the occurrence of any of the following events:

a. If Franchisee breaches or defaults under any term of the Lease, unless cured within the period provided in the Lease or 10 days after written demand by SRI, whichever is sooner;

b. Any act that would result in termination as provided in the Franchise Agreement, applicable law, or the continuance beyond the period or periods specified in the Franchise Agreement or applicable law of any breach or default by Franchisee under the Franchise Agreement;

c. If Franchisee shall have had an option to renew or extend the Lease and shall have failed or elected not to do so within the time specified in the Lease for renewal or extension;

d. Franchisee's abandonment of or sale of Franchisee's interest in and to the Restaurant operated at the Franchise Location.

e. Any other event or occurrence that would result in loss of Franchisee's right to continue to lease the premises as lessee under the Lease.

2. Notice. Landlord shall deliver to SRI copies of all breach or default notices that Landlord delivers to Franchisee, concurrently with delivery to Franchisee. If Franchisee fails to cure a breach or default within the period stated in the lease or notice, Landlord shall promptly give SRI written notice, specifying each default Franchisee failed to cure. SRI shall have at least thirty-five (35) days after receipt of the notice to exercise by written notice to Landlord and Franchisee its right to assume the lease.

3. Lease Default. SRI shall not be required to cure defaults or begin paying rent until after SRI exercises the option and Landlord delivers possession of the premises to SRI or its designee. If Landlord is unable to deliver possession of the premises to SRI within 3 months after the date SRI exercises its option, SRI shall have the right, at any time until Landlord delivers possession of the premises to rescind its exercise of the option, by written notice to Landlord.

4. SRI Determination. SRI's reasonable determination that an event in Sections 2(a) - 2(e) occurred and SRI's notice to Landlord and exercise of its option shall be sufficient to permit and

require Landlord to assign the lease to SRI and shall release Landlord from any liability to Franchisee as a result of the assignment.

5. SRI Exercise of Option. SRI may exercise the option and make this assignment unconditional by delivering written notice to Franchisee and Landlord of its exercise of the option.

6. Further Assignment. SRI shall have the right, concurrently with or after exercising the option herein, to assign its rights under this Agreement and the Lease to a different franchisee selected by SRI, or affiliate, to operate the Restaurant, with prior written consent of Landlord, which shall not be unreasonably withheld. That franchisee or affiliate shall obtain the assignment and assume the obligations of the Lease in place of SRI. On receipt by Landlord of an assumption agreement pursuant to which the franchisee or affiliate agrees to assume the lease and to perform its terms, SRI shall be released from all liability from and after the date of assignment, without need for written acknowledgment by Landlord. Franchisee shall not purport to assign any interest in this Agreement, or to sublet the Franchise Location, without SRI's prior written consent.

7. Termination of Franchisee Rights. On SRI exercising the option, Franchisee shall no longer be entitled to use the Franchise Location, and all Franchisee's rights under the Lease will have been terminated and, by the terms of this Agreement, assigned to SRI, or SRI's assignee.

8. Vacate Location. Franchisee shall immediately vacate the Franchise Location within the time permitted by the Lease or one week after delivery of the notice from SRI under Section 6, whichever is sooner. If Franchisee fails or refuses to do so, then in addition to all the parties' other remedies SRI shall have the right to enter and take possession of the Franchise Location.

9. Indemnification. Franchisee shall indemnify, defend and hold Landlord and SRI harmless from and against any and all loss, costs, expenses, (including attorney's fees), damages, claims and liabilities, however caused, resulting directly or indirectly from or pertaining to the exercise by SRI and/or Landlord of the rights and remedies granted under this Agreement.

10. Remedies. The remedies granted in this Agreement are additional to and not in substitution of other remedies available at law or in equity.

11. NO LIABILITY. BY EXECUTING THIS AGREEMENT, SRI DOES NOT ASSUME ANY LIABILITY WITH RESPECT TO THE PREMISES OR ANY OBLIGATION AS TENANT UNDER THE LEASE, UNLESS AND UNTIL SRI EXPRESSLY ASSUMES SUCH LIABILITY AND/OR OBLIGATION AS DESCRIBED IN SECTION 6.

12. Liability. Franchisee shall remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment of the Lease to SRI or its designee.

13. Further Acts. The parties agree to execute such other documents and perform such further acts as may be necessary or desirable to carry out the purpose of this Agreement.

14. Successors. This Agreement shall bind and benefit the parties, their heirs, successors and assigns.

15. Notices. Notices, requests, demands, payments, consents and other communications hereunder shall be transmitted in writing and shall be deemed to have been duly given when sent by registered or certified United States mail; postage prepaid, addressed as follows:

To SRI:
Sacco Restaurants Inc,
12075 Carmel Mountain Rd., #201
San Diego, CA 92128

To Franchisee:

To Landlord:

Mailed notices shall be deemed communicated within three (3) days from time of mailing or one day after being sent by Federal Express or other receipt overnight courier service. Any party may change its address by giving notice of such change of address to the other parties.

16. Assignment. Neither this Agreement nor any rights under this Agreement may be assigned by the Franchisee without prior written consent of SRI. SRI and the Landlord have no limitations on assigning their interest granted herein. Additionally, the Lease shall not be amended, assigned, extended or renewed, without SRI's prior written consent

17. Waiver. Failure by a party to enforce rights under this Agreement shall not be construed as a waiver of such rights. A waiver, including waiver of default, in any instance shall not constitute a continuing waiver or a waiver in any other instance.

18. Headings. The headings herein are for convenience only and shall not be used in construing any provisions. The provisions of this Agreement shall be interpreted according to their fair meanings and not strictly for or against any party.

19. Attorney Fees. In any dispute between any of the parties, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs of suit.

20. Governing Law. Except as precluded by applicable law, this Agreement shall be governed by and construed in accordance with the laws of the State of California.

21. Entire Agreement. This is the parties' entire Agreement on its subject and supersedes all negotiations, agreements, representations and covenants, oral or written. This Agreement may not be amended or modified except by a written instrument signed by the party to be charged.

Signed as of the date first written above.

FRANCHISEE

LANDLORD:

FRANCHISOR:

Name: _____

Name: _____

Name: Sacco Restaurants, Inc.

Signature _____

Signature _____

Signature _____

Print name _____

Print name _____

Print name _____

Title: _____

Title: _____

Title: _____

EXHIBIT I
ACH PAYMENT AUTHORIZATION



ACH PAYMENT AUTHORIZATION

By filling in and signing this form you ("Franchisee") authorize Sacco Restaurants, Inc. ("SRI") periodically, to electronically debit Franchisee's account to collect royalty and marketing fees and any other amounts due from Franchisee to SRI pursuant to the Franchise Agreement between Franchisee and SRI. A receipt for each payment will be provided to you and the charge will appear on your bank statement. You agree that no prior notification will be required or provided unless there is a change to the terms of the agreement, in which case you will receive notice from SRI at least ten (10) days prior to the payment being collected.

Franchisee authorizes and instructs the financial institution to debit the below account for amounts specified by SRI from time to time. This is ongoing permission, request, authorization and instruction for debits in amounts SRI specifies.

I _____ authorize SRI to charge my bank account identified below:

My Billing Details	
My Billing Address _____	Phone # _____
City, State, Zip _____	Email _____

Bank (ACH) Information	
Account type: _____	Checking _____ Savings _____
Name on Account _____	
Bank Name _____	
Account Number _____	
Bank Routing Number _____	
Bank City/State _____	

I understand this authorization will remain in effect for the duration of the Franchise Agreement. I agree to notify SRI in writing of any change in my account information or termination of this authorization fourteen (14) days prior to the next billing date. If the billing date is on a weekend or holiday, I understand the payment will be executed on the next billing date.

If an ACH transaction is rejected for nonsufficient funds or other reason, I understand SRI may at its discretion attempt to process the charge again and charge an additional Fifty Dollars (\$50.00) processing fee. I understand failure to timely make all payments may result in default of the Franchise Agreement.

I certify that I am the authorized user of this bank account and will not dispute these transactions with my bank, so long as the transaction corresponds to the terms in this authorization form.

Signature: _____

Date signed: _____

Printed Name: _____

Title: _____

EXHIBIT J

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 - Overview
 - Budget Definition
 - Budget Procedure
 - Organizing the Process
 - Income Statement
 - 1. Sales Revenue (excluding sales tax, promotional items)
 - 6. Income Operating Expenses

Chapter 3 | Hiring

29 Pages

- Preparing to Hire
 - Good Personnel Practices
 - Recommended Hiring Policies
 - Corporate Policies Vs. Your Policies
 - Selection Process Overview
 - Guidelines
 - Your Role: Owner/General Manager
 - Applying Human Resources Policy
 - Legal Issues
- Recruiting
 - Employee Sources

Job Descriptions and Skills Needed

Overall Skills for All Employees

Job Descriptions

- Area Manager
- Unit Manager
- Assistant Manager
- Front Lead
- Kitchen Lead
- Cashier
- Food Runner
- Cook
- Bartender

Interviewing

Hiring People

- Rehiring Former Employees
- Hiring of Epic Wings Employees from Other Locations
- Epic Wings “MUST HAVE” Personal Attributes
- Overview of the Interview/Selection Process
- The Application
- Control the Climate
- Topics to Be Sure You Cover
- Candidate Interview Structure
- Interview Questions
- Interviewing Legally
 - POLICY
 - GUIDELINES
- Unacceptable Interview Questions
- Selecting Interviewees
- How to Check References
- Reference Questions

New Hire Procedures

- Make a Formal Offer
- New Employee Introductory Period
- Personnel File
 - I-9: Immigration and Other Paperwork
- Personal Appearance

Compensation

- Minimum Wage
- Part-Time Employees
- Pay as a Motivator
 - Incentive to Change
- Wages, Working Hours, and Overtime
 - When Wages are Due and Payable
 - Call-In Pay - California
 - Meals and Break Periods - California

Benefits

- Sick Pay - California
- Health Insurance
- Worker's Compensation

- Unemployment Compensation
- Social Security
- Holidays
- Vacation Pay
- How to Apply for Vacation
- Leaves of Absence

Chapter 4 | Management Responsibilities

20 Page

- Management Responsibilities
- Overall Management Duties
- Food Handling Certification
- Establish a Routine
 - First Thing in the Morning
 - Mid - Day Duties
 - Evening
- Six Priorities of Daily Management
 - Priority 1 - Safety
 - Priority 2 - Products
 - Priority 3 - Guest Service
 - Priority 4 - Restaurant and Staff Appearance
 - Priority 5 - Cost Controls
 - Priority 6 - Miscellaneous
- Script
 - Phone Answering
 - Walk In Orders
- Guest Service Checklist
- Guest Service Checklist 2
- Guest Service Checklist 3
- 1 Scheduling Your Staff
- 2 Communicating With Your Team
 - Information Boards
- Shift Meetings - Daily
 - Prepare Yourself
 - Start on time
 - Welcome!
 - Inform
 - Create a Motivational Environment
 - Build Relationships
 - Make It Fun and Action Oriented
 - Give Them An Energetic Send Off
 - End on Time
- Staff Meetings - Monthly
 - Agenda

Chapter 5 | Food and Kitchen Procedures

3 Pages

- Kitchen Procedures

- Authorized Products and Ingredients
- Fryer Oil Preparation
 - Filtering Adding and Disposing
 - Bagging
 - Handing Out

Chapter 6 | Opening & Closing Procedures

16 Pages

Opening Procedures

- Supervisor Opening Checklist
- Morning Expeditor Checklist
- Stock Levels Checklist
- Bar Opening Checklist
- Dining Room Opening Checklist
- Supervisor Afternoon Checklist
- Supervisor Pre-Dinner Checklist

Closing Procedures

- Dining Room Closeout Checklist
- Kitchen Closeout Checklist
- Beverage Closeout Checklist
- Scullery Closeout Checklist
- Supervisor Closeout Checklist

Chapter 7 | Ordering, Receiving, Storing & Inventory

9 Pages

Food Receiving

- Procedure for Receiving
 - Manager Invoice Duties

Handling Unpaid Merchandise

- Procedure for Adjusting Uncredited Return
- HACCP Rules for Receiving Food (Official)

Food Storage

- First In, First Out
- Security
- Correct Storage
- Date Marking
- HACCP Rules for Food Storage

Chapter 8 | Quality Assurance

5 Pages

Quality Assurance

- The Importance of Quality
 - The Quality Assurance Program
- Consistency
 - The Responsibility as an Epic Wings Member
- Your Quality Assurance Checklists
 - Quality Assurance Point Sheet

Chapter 9 | Marketing Basics

23 Pages

Advertising and Marketing Your Business

Overview of Marketing

Our Brand Platform

Marketing Points

Message

Ongoing Marketing

The Support Center

Coupons and Discounts

Corporate Promotions

How Not to Say “No,” to Our Guests (without losing control)

Market Research... A Continuous Effort

Generating New Business

Marketing Methods

E-Club

Networking - “Word of Mouth”

You Already have a Network

The Epic Wings Networking Way

Your 17 Second Commercial

The 10 Commandments for Networking

Referrals

Local Store Marketing

Cause Marketing

Sensible Giving

You Can’t Do It All

Sponsorships

Schools

Achievement Certificates

Lunch and Dinner Fundraisers

Special Charity Requests

Saying No

Gift Cards

Gift Cards as Donations

Card Security

New Business from Current and Previous Guests

Understanding Why Guests Leave You

Chapter 10 | Advertising Methods & Media

12 Pages

Methods of Advertising

Digital Marketing

Website

Email Marketing

Social Media and Personal Websites - Company Policy

Overall Franchisee Roles and Responsibilities

Addressing Complaints

- Setup
- Twitter
- Social Media Policy Agreement
- Social Media Policy
- Television – Broadcast and Cable
- Billboards
- Seasonality
- Radio
 - Online Radio
- Newspapers
 - Neighborhood Newspapers
- Public Relations
 - Newsworthy Events
 - Press Releases
 - Photos
- Brochures
- Direct Mail

Chapter 11 | Cleaning & Sanitation

20 Pages

- Floor Cleaning
 - Floor Cleaning - DAILY
 - Cleaning Floor Drains (Monthly)
 - Baseboards – Twice a Month
- Back of House Cleaning
 - Sanitary Water Set-Up for Warewashing
 - Bread Mixer Equipment – Every Day
 - Lincoln Oven
 - Daily
 - Weekly
- Prep Areas
- Deep Fryer Oil Maintenance & Cleaning Procedures
 - Fryer Oil Filtering
 - Fryer Cleaning
 - Oil Rotation
- Refrigeration
 - Refrigerator
 - Walk-In Refrigeration – Clean Monthly
 - Reach-In Refrigeration Units -- Clean Monthly
- Front of House Cleaning
 - Table Clean-Up
 - Trash Container Cleanup
 - Opening Cleaning Routines
 - Mid-Shift Cleaning Routines
 - Closing Cleaning Procedures
- Rest Rooms
 - Restroom QA Cleaning Checklist
 - Interior Checklist 5

- Restroom Cleaning Form
- Window Washing
 - Equipment
 - How to Wash Windows
- Exterior Cleaning
- Preventative Maintenance
- Food Handling and Safety Tips

Chapter 12 | Safety & Security

32 Pages

Safety

- Accident Prevention
 - Preventing Fires
 - WHAT TO DO IN CASE OF FIRE
 - Portable Fire Extinguishers
 - Maintaining Fire Extinguishers
- WHAT TO DO IN CASE OF EARTHQUAKES
- WHAT TO DO IN CASE OF POWER OUTAGE
 - Prevent Surge Problems
 - Keep It Calm
 - Contact the Right People
- WHAT TO DO IN CASE OF STORM CLOSING
 - Planning for Winter Weather
- WHAT TO DO IN CASE OF A TORNADO
- WHAT TO DO IN CASE OF A BOMB THREAT
- WHAT TO DO IN CASE OF ACCIDENTS or ILLNESS
 - Guest Accidents or Illness
 - Employee Accidents or Illness
 - Worker's Compensation
- When Guests Call to Claim Foodborne Illness
- Hazardous Products in the Workplace
- WHAT TO DO IN CASE OF ROBBERY
 - PROCEDURE AFTER A ROBBERY
 - Our Guests Could Be Victims
- Suggested Keying System
 - Procedures for the Safe
 - Safe Maintenance
- Correct Cash Handling
 - Shortchange Theft
 - Counterfeit Money
- Bad Checks
- Credit Card and Debit Card Fraud
- Computer Manipulation
- Controlling Cashier Shortages
- Inventory Theft Prevention
- Security Tapes/Computerized Monitoring
- Examples of Internal Theft
- Internal Theft Early Warning Signs

Internal Theft Prevention Techniques
Overview Employers' Duties and Legal Obligations
Preventing Workplace Violence

Chapter 13 | HR Management

25 Pages

Performance Management Process

- Importance Of Evaluating Employees
- Employee Performance Ratings
- Employee Performance Reports/Ratings
- Employee Evaluation Form
- Owner/Manager Performance Standards

Dealing with Employee Problems

- Check Yourself First
- Complaint Resolution
- Poor Performance
- How to Change Behavior
- Getting the Correct Behavior Worksheet
- Employee Warning Report

Considering Termination

- Thorough Analysis of the Situation
- Your Liability as an Owner or Manager
- Grounds for Immediate Termination

Leaving Your Employ

- Resignation
 - Abandonment
- Involuntary Separation (Termination)
- Reducing Unemployment Claims
- Your Liability as an Owner or Manager
- Termination Interviews
 - Termination Interview – Steps to Follow
- Termination Interview Preparation Form
- Termination Notice Form
- COBRA
- Personnel Regulatory Agencies

Total: 233 pages

EXHIBIT K

STATE ADDENDA

CALIFORNIA
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

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

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO EXECUTION OF ANY AGREEMENT.

OUR WEBSITE AT WWW.EPICWINGS.COM HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT FINANCIAL PROTECTION & INNOVATION at WWW.DFPI.CA.GOV.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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 (1) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (2) 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.

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

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

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

“Notwithstanding any provision of the Franchise Agreement that requires you to sign a general release of claims if you renew or transfer your franchise,

California Corporations Code Section 31512 voids any waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516), and California Business and Professions Code Section 20010 voids any waiver of your rights under the Franchise Relations Act (California Business and Professions Code Sections 20000 through 20043).

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

Any provisions of the Franchise Agreement that provide for termination upon bankruptcy may be unenforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

Any provisions of the Franchise Agreement that provide for liquidated damages may be unenforceable under California Civil Code Section 1671.

Certain provisions of the Franchise Agreement may be unenforceable if they provide for: (i) a covenant not to compete that extends beyond the termination of the franchise; (ii) a waiver of rights to punitive damages or to a trial by jury; (iii) forum selection or choice of law; or (iv) an interest rate greater than 10% per annum.

EXHIBIT L

SBA ADDENDUM TO FRANCHISE
AGREEMENT



ADDENDUM TO FRANCHISE

¹ AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Franchisor"), located at _____, and _____ ("Franchisee"), located at _____.

Franchisor _____ and Franchisee _____ entered into a Franchise _____ Agreement on _____, 20____, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee _____ is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise _____ Agreement:

CHANGE OF OWNERSHIP

- If Franchisee _____ is proposing to transfer a partial interest in Franchisee _____ and Franchisor _____ has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor _____ may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee _____. If the Franchisor _____'s consent is required for any transfer (full or partial), Franchisor _____ will not unreasonably withhold such consent. In the event of an approved transfer of the (Enter type of) _____ interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee _____.

FORCED SALE OF ASSETS

- If Franchisor _____ has the option to purchase the business personal assets upon default or termination of the Franchise _____ Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee _____ owns the real estate where the franchisee _____ location is operating, Franchisee _____ will not be required to sell the real estate upon default or termination, but Franchisee _____ may be required to lease the real estate for the remainder of the (enter type of) _____ term (excluding additional renewals) for fair market value.

¹ While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHISOR:

By: _____

Print Name: _____

Title: _____

Authorized Representative of FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the (type of agreement) system must meet all SBA eligibility requirements.

EXHIBIT M

STATE AGENTS FOR SERVICE OF PROCESS
AND STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677 website: www.dfpi.ca.gov email: Ask.DFPI@dfpi.ca.gov	California, Commissioner of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, California 90013 (213) 576-7505 (866) 275-2677 website: www.dfpi.ca.gov email: Ask.DFPI@dfpi.ca.gov
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Attn: Franchise Section 525 West Ottawa G. Mennen Williams Building, 1 st Floor Lansing, Michigan 48933 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, Michigan 48909 (517) 241-6345
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEBRASKA	Nebraska Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171	Nebraska Department of Banking and Finance Bureau off Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, New York 10005 (212) 416-8236 (Phone) (212) 416-6042 (Fax)	New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, New York 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Securities Division State of Rhode Island Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920 (401) 462-9582	Director, Securities Division Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, Rhode Island 02920 (401) 462-9582
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director, Department of Labor and Regulation Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, Ninth Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, First Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Securities Division Department of Financial Institutions P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W. Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Franchise Registration Division of Securities Wisconsin Department of Financial Institutions 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-1064	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, Wisconsin 53703 (608) 266-1064

EXHIBIT N

**LIST OF FRANCHISEES AND ADDRESSES OF
AFFILIATE RESTAURANTS**

**LIST OF EPIC WINGS FRANCHISEES
DECEMBER 31, 2023***

Owner(s)	Address	City	State	Zip	Phone
Homayoun Pourshirazi Negar Youssefi HPLS Corporation	1098 North State College	Anaheim	CA	92806	(714) 833-5594
Andrew Y. Kim AK Restaurants+	4200 Stine Road, Ste. F&G	Bakersfield	CA	93313	(661) 228-3519
Felizardo Fontillas/ Stacy Cano Wing Dream Inc.	350 McKinley Street, Suite 101	Corona	CA	92879	(951) 272-9700
Javier Gomez+	9610 Sierra Avenue, Suite 500	Fontana	CA	92335	(909) 320-8622
Wendy M. Crain/ Patrick R. Crain Epically Wingin It, LLC+	9524 W. Camelback Road, Suite C-100	Glendale	AZ	85305	(602) 773-1477
Corey Detert Wingtastic, LLC+	3667 W. Florida Ave.	Hemet	CA	92545	(951) 765-9261
Leslie Kashan Lewis Kashan GVKK Group, Inc.	4494 Atlantic Ave	Long Beach	CA	90807	(562) 422-0269
Greg Sacco, Alihan Koch, Mehmet Koc Recep Koc , Best Wings, Inc.	28621 Marguerite Parkway, Suite B6	Mission Viejo	CA	92692	(949) 481-0999
Constancia E. Hudspeth Brian J. Hudspeth Huddy Corp.	10877 Foothill Blvd, Suite #160	Rancho Cucamonga	CA	91730	(909) 481-9990
Kulwinder Sandhu/ Parmveer Sandhu Avtar Enterprise LLC+	3540 Riverside Plaza Dr., Ste 330	Riverside	CA	92506	(951) 823-0669
Ty Jacob Leaf Florida Hot Wings, LLC+	5300 East Bay Drive, #300	Clearwater	FL	33764	(727) 559-1622
Translucent Management, LLC**	4801 Sauk Trail	Richton Park	IL	60471	
Translucent Management, LLC**	17120 S. Harlem Ave., Suite C	Tinley Park	IL	60464	
Luca2, LLC ⁺	4331 Medical Drive, Suite 202	San Antonio	TX	78229	(210) 332-5100

* This list provides names and contact information for Epic Wings franchisees who you may choose to contact for information. Information they may provide you is on their own individual behalf and is not on behalf of us. You must not view any information you receive from Epic Wings franchisees as representations or statements authorized by us. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

+ Multi-Unit Developer

**These two units subsequently closed in January of 2024.

**LIST OF FRANCHISEES WHO SIGNED EPIC WINGS
FRANCHISE AGREEMENTS BUT THE
LOCATIONS ARE NOT YET OPEN
DECEMBER 31, 2023**

Owner(s)	Address	City	State	Zip
Andrew Y. Kim AK Restaurants+	9815 Panama Lane, Ste 300	Bakersfield	CA	
HPLS Corporation+	TBD	TBD	CA	TBD
JSSK Enterprise, Inc.+	8107 Creedmoor Road, #105	Raleigh	NC	27613
Phenomenal Wings LLC	8017 Atlantic Ave	Cudahy	CA	TBD
State Wings, Inc.	12098 Fury Lane, #A	El Cajon	CA	TBD

+ Multi-Unit Developer

**OUTLETS THAT WERE TERMINATED, NOT RENEWED
OR CEASED OPERATIONS FOR OTHER REASONS**

Owner(s)	Address	City	State	Zip	Phone
Karen Kupetsky Ken Kupetsky Q-Wings LLC	8742 Corbin Avenue	Northridge	CA	91324	(818) 280-3269
Translucent Management, LLC*	13037 S LaGrange Road	Palos Park	IL	60464	

*This unit opened in 2023 and then closed later that year.

ADDRESSES OF AFFILIATE RESTAURANTS* DECEMBER 31, 2023					
Owner(s)	Address	City	State	Zip	Phone
Kathy Russo Wings N Things Inc.	245 W. El Norte Pkway	Escondido	CA	92026	(760) 796-7906
Kathy Russo Wings N Things Inc.	3904 Convoy St., Suite 100	San Diego	CA	92111	(858) 576-2526
Christopher & Cindy Sacco Wing Works LLC	31045 Temecula Pkwy., Ste 104	Temecula	CA	92592	(951) 303-6205
Sam & Caryl Sacco HotFoods Inc.	40942 California Oaks Rd.	Murrieta	CA	92562	(951) 461-2331
Sam & Caryl Sacco HotFoods Inc.	481 Broadway, Suite A	Chula Vista	CA	91910	(619) 476-7667
Sam & Caryl Sacco Kick'n Wings Inc.	23125 Otay Lakes Rd., Suite 301	Chula Vista	CA	91915	(619) 216-3000
Sam & Caryl Sacco Kick'n Wings Inc.	39650 Winchester Rd., Suite A	Temecula	CA	92591	(951) 699-3336
Frank & Cierra Sacco Fricken Franks Inc.	35 Main Street, Suite C140	Vista	CA	92083	(760) 806-9464
Frank & Cierra Sacco Fricken Franks Inc.	2525 Vista Way, Suite A	Oceanside	CA	92054	(760) 722-8895
Joe Sacco, Bianca Sacco, Marisa Sacco HotWings, Inc..	6715 El Cajon Blvd.	San Diego	CA	92115	(619) 462-9464
Joe & Mike Sacco Wing-n-it Inc.	528 North Second Street	El Cajon	CA	92109	(619) 579-9464
Joe & Mike Sacco Wing-n-it Inc.	9311 Mission Gorge Road	Santee	CA	92071	(619) 596-2777
Joe & Greg Sacco Wing Biz Inc.	1499 E. Plaza Blvd.	National City	CA	91950	(619) 474-2006
Greg & Dawn Sacco California Wing Ventures, Inc.	12075 Carmel Mtn. Rd., Ste 201	San Diego	CA	92128	(858) 451-9464
Greg & Dawn Sacco California Wing Ventures, Inc.	9174 Mira Mesa Blvd.	San Diego	CA	92126	(858) 536-9293
Greg & Dawn Sacco California Wing Ventures, Inc.	8660 Rio San Diego Dr., Ste 102	San Diego	CA	92108	(619) 230-5998
Anthony & Christina Leighton Wings N Things Development Corp.	324 S. Twin Oaks Valley Road	San Marcos	CA	92078	(760) 591-9464
Bianco Sacco Epic Wings, Inc.	5120 College Avenue #126	San Diego	CA	92115	(619) 286-3742
Kathy Russo Wings N Things Inc.	1054 W. Valley Parkway	Escondido	CA	92025	(760) 480-9464

Joe Sacco, Bianca Sacco, Marisa Sacco HotWings, Inc.	764 Dennery Road, Suite 101	San Diego	CA	92154	(619) 271-2742
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*This list is names and contact information for certain Wings N' Things, Epic Wings N' Things and Epic Wings restaurants owned by members of the Sacco Family who you may choose to contact seeking information. Information they may provide you is on their own individual behalf and is not on behalf of us. You must not view any information you receive from owners of family-owned restaurants as representations or statements authorized by us.

EFFECTIVE DATES

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:

<u>State</u>	<u>Effective Date</u>
California:	Pending

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.

<u>State</u>	<u>Effective Date</u>
Florida	September 21, 2024
Texas	July 23, 2018

EXHIBIT O
RECEIPTS

RECEIPT
(Franchisee's Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sacco Restaurants 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.

Michigan requires that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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.

If Sacco Restaurants 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit "M" above.

The name, principal business address and phone number of the franchise seller offering this franchise is: Sam Sacco, President and Chad Presley, President of Franchising, Sacco Restaurants Inc., 12075 Carmel Mountain Road #201, San Diego, California 92128 (858) 451-9464. Any additional representative of Sacco Restaurants Inc. acting as franchise seller to be identified here:

_____.

This Disclosure Document is issued: April 19, 2024.

I received a disclosure document dated April 19, 2024, that included the following Exhibits:

- | | |
|---|---|
| A. Financial Statements | I. ACH Payment Authorization |
| B. Franchise Agreement | J. Table Of Contents Of Operating Manual |
| C. Family Member Addendum | K. State Addenda |
| D. Longtime Manager Addendum | L. SBA Addendum to Franchise Agreement |
| E. Non-Disclosure And Confidentiality Agreement | M. State Agents For Service Of Process And State Administrators |
| F. Guarantee and Assumption Of Obligations | N. List of Franchisees and Addresses Of Affiliate Restaurants |
| G. Consent of Spouse | O. Receipts |
| H. Conditional Lease Assignment | |

DATED: _____

SIGNED: _____, individually or as an officer, partner or _____

(a _____ corporation)
(a _____ partnership)
(a _____ limited liability company)

NAME: _____

ADDRESS: _____

PHONE: _____

Please return this Receipt to:
SACCO RESTAURANTS INC.
Attn: Sam Sacco
12075 CARMEL MOUNTAIN
ROAD #201, SAN DIEGO,
CALIFORNIA 92128

RECEIPT
(Franchisor's Copy)

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