

# FRANCHISE DISCLOSURE DOCUMENT

## ATOMIC WINGS FRANCHISOR INC.



**Atomic Wings Franchisor Inc.**  
a New Jersey Corporation  
5010 Branchville Road  
College Park, Maryland 20740  
(917) 284-2910  
[info@atomicwings.com](mailto:info@atomicwings.com)  
[www.atomicwings.com](http://www.atomicwings.com)

— a New Jersey Corporation  
5010 Branchville Road  
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The franchise offered is for a fast-casual restaurant operating under the name “Atomic Wings” featuring Buffalo-style chicken wings that are Halal and are hormone and antibiotic free. We offer chicken wings in varying degrees of spiciness, appetizers, burgers, sandwiches, chili, soups, Mexican food, desserts and beverages. With prior written approval, the Restaurant may offer the additional menu items of gyros, falafel and chicken over rice and if permitted by applicable law, may serve beer and wine. An Atomic Wings restaurant operates using the franchisor’s proprietary recipes, formulae, techniques, trade dress, trademarks and logos.

—The total investment necessary to begin operation of an Atomic Wings restaurant is \$180,900 to ~~\$428,538~~500. This includes \$25,000 to ~~\$25,500~~ that must be paid to the franchisor and/or its affiliate.

The total investment necessary to begin operation of a multi-unit developer business for a required minimum of three Atomic Wings franchises is ~~\$232,230~~900 to ~~\$481,000~~588,500. This includes \$75,000 to ~~\$75,500~~ that must be paid to the franchisor and/or its affiliates.

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

—You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Zak Omar at 5010 Branchville Road, College Park, Maryland 20740 and (917) 284-2910.

———The terms of your contract will govern your franchise relationship. 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, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

———**Issuance Date: April 29, 2023, amended August 31, 202330, 2024.**

## 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.

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	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 D.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Atomic Wings business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement and multi-unit developer agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be an Atomic Wings franchisee?</b>	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 G.

———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.

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## Special Risks to Consider About *This Franchise*

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

- 1) **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit developer agreement require you to resolve disputes with the franchisor by arbitration and/or litigation only in Maryland. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Delaware than in your own state.
- 2) **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise ~~fails~~fails.
- 3) **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to ~~you~~you.
- 4) **Going Concern.** The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business. This means that the franchisor may not have the financial resources to provide services or support to you.

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

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List of Exhibits

- Exhibit A – Financial Statements
- Exhibit B – Franchise Agreement
- Exhibit C – Multi-Unit Developer Agreement
- Exhibit D – List of Franchisees and Franchisees Who Have Left the System
- Exhibit E – Table of Contents of Confidential Operations Manual
- Exhibit F – State Specific Addenda
- Exhibit G – List of State Administrators/Agencies/Agents for Service of Process

~~H – Franchisee Acknowledgment Statement~~

Exhibit H – Form of General Release

Exhibit I – Items 2, 3, and 4 Disclosures Regarding Area Representatives

Exhibit J - Franchisee Acknowledgment Statement

~~-State Effective Dates Page-~~

Receipts

- Receipt Pages -

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

**The Franchisor**

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

—We are a franchising company which promotes and sells franchises for the operation of restaurants known as “Atomic Wings” (“Restaurant” or “Franchised Business”). We began offering franchises 2006.

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

We have never offered franchises in any other line of business and have not conducted business in any other line of business. In this Disclosure Document we offer franchises for single unit franchises and multi-unit franchises only. We previously offered Fractional Franchise and Express opportunities, but we ceased offering those concepts in March 2017.

We offer area representative opportunities, which we began offering in August 2016, in a separate Franchise Disclosure Document. Area representatives can solicit franchise prospects on our behalf within a specific development area, and can provide continuing support services to franchisees operating within that development area.

Our agents for service of process are listed in Exhibit G.

**Our Parents, Predecessors and Affiliates**

We have no predecessors, parents or affiliates.

**Description of Franchise**

The franchise offered is for a fast-casual restaurant that features Buffalo-style chicken wings that are Halal and are hormone and antibiotic free. We offer chicken wings in varying degrees of spiciness. ~~We also offer,~~ appetizers, burgers, sandwiches, chili, soups, Mexican food, desserts and beverages ~~for dine in, delivery and carry out.~~ With our prior written approval, you the Restaurant may also offer the additional menu items of gyros, falafel and chicken over rice. ~~Each~~ Restaurant will offer dine-in, delivery and take-out services. With our prior written consent and if permitted by applicable law, you may also serve beer and wine. The Restaurants are generally located in densely populated suburban or urban areas. Restaurants will typically need between 800 to 1,500 square feet of space.

The Restaurants operate under the trade name and mark “Atomic Wings” and the additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin identified in Item 13. These principal marks and all other marks which may be designated by us in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the “Marks” or “Proprietary Marks”.

———The Restaurants are established and operated under a comprehensive and unique system (the “System”). The System includes distinctive signage, interior and exterior design, décor and color scheme; special recipes and menu items, including proprietary products and ingredients; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point-of-sale and tracking systems); training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and the Confidential Operations Manuals, which you should expect to evolve over time, that are provided to you as a franchisee.

Atomic Wings Restaurants are operated under the Marks and the System in accordance with the terms of the Franchise Agreement.

### **Franchise Agreement**

———We offer the right to establish and operate a Restaurant under the terms of a single unit franchise agreement (the “Franchise Agreement”), Exhibit B to this Disclosure Document. You may be an individual, corporation, partnership or other form of legal entity. If you are an entity, then under the Franchise Agreement, each of your owners will be characterized as Franchisee’s Principals (referred to in this Disclosure Document as “your Principals”). The Franchise Agreement is signed by us, by you, and by your Principals. By signing the Franchise Agreement, your Principals agree to be individually bound by the obligations contained in the Franchise Agreement.

———You must also designate a minimum of one “General Manager” and two “Managers” who will be the main individuals responsible for operating your Restaurant.

### **Multi-Unit Developer Agreement**

———In certain circumstances, we will offer to you the right to sign a Multi-Unit Developer Agreement in the form attached as Exhibit C to this Disclosure Document (the “Multi-Unit Developer Agreement”) to develop multiple ~~franchised Restaurants~~ Franchised Business to be located within a specifically described geographic territory (the “Development Area”). We will determine the Development Area before you sign the Multi-Unit Developer Agreement and it will be included in the Multi-Unit Developer Agreement. Under the Multi-Unit Developer Agreement, you must establish a certain number of Franchised Businesses within the Development Area. We require you to commit to develop a minimum of three Franchised Businesses to enter into the Multi-Unit Developer Agreement. The person or entity signing the Multi-Unit Developer Agreement is referred to as the “Multi-Unit Developer”.

———The Restaurants must be opened according to a minimum performance schedule, and you must sign a separate Franchise Agreement for each Restaurant established under the Multi-Unit Developer Agreement. The Franchise Agreement for the first Restaurant developed under the Multi-Unit Developer Agreement will be in the form attached as Exhibit B to this Disclosure Document. For each additional Franchised Business developed under the Multi-Unit Developer Agreement, you must sign the form of

Franchise Agreement that we are then offering to new franchisees, but the Royalty Fee, Local Advertising, Worldwide Creative Marketing Fee and other continuing fees will be the same as for your first Restaurant. The size of the Development Area will vary depending upon local market conditions and the number of Restaurants to be developed. You may not open a Restaurant for business until a fully executed Franchise Agreement is in place for that Restaurant and the initial franchise fee has been fully paid.

### **Market and Competition**

———The market for restaurants featuring Buffalo-style chicken wings and related products is well-established. You will serve the general public and will compete with a variety of businesses, including locally owned to regional, national and chain restaurants, some of which may be franchise systems. Some of our competitors have longer operating histories than ours. The restaurant business is highly competitive based on price, service, restaurant location and food quality and is subject to fluctuations in consumer tastes, economic conditions, population and traffic patterns. The ability of each Atomic Wings Restaurant to compete depends on its location, ingress and egress, signage, parking, service, employee attitudes, overhead, changing local market and economic conditions and many other factors both within and outside your control. See Items 12 and 16 for a description of your permitted activities and your rights, and our permitted and restricted activities and rights.

### **Industry Regulations**

———A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Restaurant, and may include those which: (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Restaurant's premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; available of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling; and (e) regulate advertisements. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

———The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce laws and regulations that govern food preparation and service and restaurant sanitary conditions. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation.

———The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants. While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required.

———If your Restaurant will offer beer and wine, you must comply with any federal, state, county, municipal, or other local laws and regulations relating to alcohol that may apply to your Restaurant. You should consult with your attorney concerning those and other local laws and ordinances that may affect the operation of your Restaurant. You must obtain any applicable real estate permits (such as zoning),

real estate licenses, a beer and wine licenses and operational licenses. You must have your license to offer beer and wine before you open the Restaurant. The difficulty and cost of obtaining a beer and wine license and the procedures for securing the license vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In addition, state “dram shop” laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

———The general manager, managers and other employees we designate must be ServSafe (or similar) certified and TIPS (or similar) certified.

## **ITEM 2** **BUSINESS EXPERIENCE**

### **CEO – Zaki Omar**

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

### **President – Rafey Ray Omar**

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

### **Vice President of Development – Michael Domico**

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

### **Vice President of Operations – Michael Harmon**

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

———See Exhibit I for a list of our Area Representatives.

## **ITEM 3** **LITIGATION**

———No litigation is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

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

**ITEM 5**  
**INITIAL FEES**

———**Franchise Agreement:** You must pay an initial franchise fee of \$25,000 (“Initial Franchise Fee”) to purchase an Atomic Wings Restaurant. The Initial Franchise Fee is paid in a lump sum when you sign the Franchise Agreement and is not refundable under any circumstances. The Initial Franchise Fee is imposed uniformly on all franchisees that purchase a Restaurant franchise.

From time to time, we may offer special incentive programs as part of our franchise development activities. We have the right to offer, modify or withdraw any incentive program without notice to you. We currently offer an incentive program for qualified military veterans where we will discount the initial franchise fee by 20% for the first business purchased. You must have been honorably discharged and provide a copy of your DD-214.

During our fiscal year ended December 31, 2023, we have waived and discounted 2022, the initial franchise fees ~~were waived for three franchisees. No other franchise fees were discounted or waived in 2023~~2022.

**On-Site Location Evaluation:** If you request us to perform an evaluation of the prospective site for the Restaurant after we conduct our remote evaluation of the prospective site, you must pay to us our per diem fee of \$500 and reimburse our representative’s expenses, including travel, lodging and meals.

———**Multi-Unit Developer Agreement:** If you qualify to develop and operate multiple Restaurants, then you will pay to us a development fee equal to \$25,000 times the number of units to be developed under the Multi-Unit Developer Agreement. If you commit to develop the minimum of three Restaurants, the development fee will be \$75,000. The development fee is imposed uniformly on all multi-unit developers, is fully earned by us when received and is not refundable under any circumstances.

———You must sign the Franchise Agreement for the first Restaurant at the same time you sign the Multi-Unit Developer Agreement, and you will pay the development fee in one full lump sum at this time. For each Restaurant after the first that you develop under the Multi-Unit Developer Agreement, no initial franchise fees are due when you sign the Franchise Agreement for that Restaurant.

———There are no other payments to or purchases from us or any affiliate that you must make before you open your Restaurant for business.

**ITEM 6**  
**OTHER FEES**

Column 1 Type of Fee <sup>(1)</sup>	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty	5% of Gross Sales	Payable each Tuesday (unless Tuesday is not a business day, then it is due on the next business day) for the previous week ending Sunday	“Gross Sales” means all revenue from the sale of services and products and all other income related to the Franchised Business (including income and fees related to the use of third-party delivery services), except sales taxes. Royalty Fees are payable by automatic debit and funds must be made available in your account for withdrawal (see note 2).
Worldwide Creative Marketing Fee	2% of Gross Sales	Payable at the same time and in the same manner as the Royalty	See Item 11 for a detailed discussion about the Worldwide Creative Marketing Fund
Local Advertising	1% of Gross Sales	Must be spent each month	Payable directly to your local advertising vendors. Any advertising that you propose to use must first be approved by us
Advertising Cooperative	As determined by the members, but not more than 2% of Gross Sales	Quarterly	See Item 11 for a discussion of advertising cooperatives. Any amount you contribute to an advertising cooperative will count toward your local advertising requirement, but if the amount you contribute to an advertising cooperative is less than the amount you must spend for local advertising, you must still spend the difference locally (see note 3)
Promotional Programs	Varies, depending on length and type of promotion.  Not to exceed \$600/day	As incurred	You must participate in the additional promotional programs that we require. Costs could include labor, marketing materials, furniture, equipment, food and services by creative advertising vendors.

<b>Column 1 Type of Fee<sup>(1)</sup></b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
Headquarter Initial Training Program for Additional or Replacement Employees	Our then-current training fee per person, plus expenses  Current training fee = \$1,000 per person, plus expenses	10 days before training begins	Training for 3 individuals (the General Manager and 2 Managers), is included in the Initial Franchise Fee, but you must pay your trainees' expenses, including third party off-site training program fees, travel, lodging, meals and wages. This amount does not include the cost of any required third-party off-site training program (Pal's or similar program). If you request that we provide our headquarter initial training program to any additional employees, or to new or replacement employees during the term of your Franchise Agreement, you must pay our training fee as well as the trainees' expenses. If a new or replacement trainees do not complete our training program to our satisfaction, the training fee will be applied to another trainee you send to us
Additional On-Site Training	Our then-current per diem rate per trainer, plus expenses  Current per diem rate = \$500 to \$1,000, depending on the expertise of the trainer sent to you	Within 30 days after billing	If you request that we provide additional training at your Restaurant or if we determine that additional training is necessary for you, you must pay our daily fee for each trainer we send to your Restaurant and you must reimburse each trainer's expenses, including travel, lodging and meals
Transfer Fee (Franchise Agreement)	\$7,500	With request for our consent to transfer	No fee is imposed for a one-time transfer to a corporate entity you form for the convenience of ownership
Transfer Fee (Multi-Unit Developer Agreement)	50% of our then-current Initial Franchise Fee	With request for our consent to transfer	
Successor Agreement Fee	\$7,500	Before you sign successor Franchise Agreement	You will only need to pay this fee if you enter into a successor Franchise Agreement.
Relocation Fee	\$10,000	With your request to relocate the Restaurant	If you wish to relocate your Restaurant, you must apply to us for our consent to the relocation and pay the relocation fee

<b>Column 1 Type of Fee<sup>(1)</sup></b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
Interest	Lesser of 18% per annum of balance due or highest commercial contract interest rate law allows, but not less than \$100 per occurrence	With payment of past due amount	Due on all overdue amounts. Interest accrues from the original due date until payment is received in full
Audit	Cost of audit (estimated to be between \$1,000 and \$5,000)	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us or Gross Sales by 2% or more. You must also pay the understated amount plus interest
Prohibited Product or Service Fine	\$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us.
Non-Compliance Fine	\$1,000 each time you are not in compliance, \$3,000 fee if the event of non-compliance is not corrected within 30 days	If incurred	In addition to other remedies available to us. We may require you to submit information to us, such as photos, videos and other items, to verify that you are in compliance
Insurance	Premiums and our costs and expenses plus 10% administrative fee	When billed	Due only if you fail to maintain insurance and we (at our option) obtain insurance on your behalf
Management Fee	5% of Gross Sales plus expenses	If incurred	We may step in and manage your Restaurant in certain circumstances, including your death, disability or prolonged absence. We will charge a management fee if we manage your Restaurant, and you must reimburse our expenses
Indemnification	Will vary under circumstances	As incurred	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business, or for costs associated with defending claims that you used the Marks in an unauthorized manner

<b>Column 1 Type of Fee<sup>(1)</sup></b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	If you default under a franchise or multi-unit developer agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement
Product and/or Supplier Evaluation	Reimbursement of our evaluation costs, but not more than \$2,500	On demand	Applies to new products and suppliers you wish to use that we have not previously approved. May be paid by suppliers.
Gift Cards and Loyalty Cards	Will vary depending on the number of gift and/or loyalty cards you distribute to customers.	To be determined	Payable to a vendor. We reserve the right to develop a gift card and/or loyal card program for all Atomic Wings Restaurants. If we develop this program, you must participate in it
Liquidated Damages	The lower of your average monthly Royalty Fees paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated	15 days after termination	If we terminate your Franchise Agreement for cause, you must pay us liquidated damages.
Customer Satisfaction Evaluations ("Mystery Shops")	Up to \$100 per month	As incurred	Payable to our approved supplier. You must participate in the mystery shop program
Violation of Non-Competition Covenant	\$500 per week	On demand, if incurred	If you violate the covenant not to compete in your agreement with us

<b>Column 1 Type of Fee<sup>(1)</sup></b>	<b>Column 2 Amount</b>	<b>Column 3 Due Date</b>	<b>Column 4 Remarks</b>
ServSafe / TIPS (or similar) Certification	\$150 per person or the then-current market rate	As needed	Payable to an approved supplier. Each of your general managers, managers and other employees we designate must be ServSafe / TIPS or similarly certified.
Restaurant Refurbishment	Will vary under the circumstances, not more than \$75,000 every five years.	As incurred	You must regularly maintain your Restaurant and its equipment. We may periodically require you to refurbish your Restaurant to meet our then-current image for new Atomic Wings Restaurants, but we will not require this more frequently than every 5 years
On-Site Location Evaluation	\$500 per day, plus expenses	As arranged	We will conduct one remote location evaluation of the proposed site for the Restaurant at no charge. You will incur this fee for any on-site location evaluation you request after our remote evaluation, and you will pay this fee to us. You must also reimburse us for our costs related to the evaluation, such as travel and living expenses while conducting the evaluation of the site.
On-line Ordering	\$100/month	As incurred	Payable to an approved supplier. If we establish an on-line ordering program, you must participate in it.
Refresher Training or Franchisee Meeting	Up to \$1,000 per diem per person, plus expenses	Before training or meeting begins	If we conduct a refresher training course or hold a meeting of our franchisees.
POS System Maintenance Fee	\$99 to \$399 depending on the number of terminals	Monthly	Payable to an approved supplier. The supplier may increase or decrease the monthly fee.
Technology Fee	\$49 to \$269	Monthly	This fee is for technology-related expenses like website maintenance, SEO efforts, and maintenance on our Atomic Wings branded app.

Notes:

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

- (2) You must sign and deliver to us the documents required by us, our designated EFT supplier Intercept EFT, our bank and/or your bank to authorize us to debit your bank account automatically for the Royalty Fee, Worldwide Creative Marketing Fee and other amounts due under the Franchise Agreement or any related agreement between us (or our affiliates) and you. The automatic debit program must be ready for use before you will be permitted to schedule your headquarter initial training. Under the automatic debit program for the Restaurant, we will debit your account for these fees on Tuesday of each week based on the Gross Sales of your Restaurant for the previous week ending Sunday. If Tuesday is not a business day, then payment is due on the next business day. You must make the funds available for withdrawal by electronic transfer before each due date. In our automatic debit program, we may require you to obtain, at your expense, overdraft protection for your bank account in an amount that we specify.

If you fail to report the Restaurant's Gross Sales for any week, we may debit your account for 120% of the Royalty Fee and Worldwide Creative Marketing Fee that we debited for the previous week. If the amount we debit from your account is less than the amount you actually owe us (once we have determined the true and correct Gross Sales of the Restaurant), we will debit your account for the balance due on the day that we specify. If the amount we debit from your account is greater than the amount you actually owe us (once we have determined the true and correct Gross Sales of the Restaurant), we will credit the excess, without interest, against the amount that we otherwise would debit from your account for the next payment due.

We have the right, at our sole option upon notice to you, to change periodically the timing and terms for payment of Royalty Fees, Worldwide Creative Marketing Fees and other amounts payable to us under the Franchise Agreement. For example, we may change the frequency at which we calculate payments to bi-weekly or monthly

If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

If a state or local law applicable to your Restaurant prohibits or restricts in any way your ability to pay Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Restaurant, then the percentage rate for calculating Royalty Fees shall be increased, and the definition of Gross Sales shall be changed to exclude sales of alcoholic beverages, so that the Royalty Fees to be paid by you shall be equal to the amounts you would have had to pay if sales from alcoholic beverages were included in Gross Sales. For example, if you generated \$1,000 in Gross Sales, of which \$200 is from the sale of alcoholic beverages, then your weekly Royalty Fee is \$50 (5% x \$1,000). If you are not permitted by law to pay Royalty Fees on the sale of alcoholic beverages, then we must recalculate your royalty percentage so that you still pay the full Royalty Fee. In our example, we must deduct \$200 from the Gross Sales and raise your royalty percentage to 6.25% so that we may collect the same \$50 Royalty Fee ( $\$1,000 - \$200 = \$800 \times 6.25\% = \$50$ ).

- (3) Cooperatives will include all Restaurants in a designated geographic area, whether owned by us, our affiliates or our franchisees. Each Restaurant has one vote on all cooperative matters, but no single Restaurant or group of commonly controlled Restaurants will have more than 25% of the total vote. No Cooperatives have been established as of the date of this Disclosure Document.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

<b><u>YOUR ESTIMATED INITIAL INVESTMENT</u></b> <b>FRANCHISE AGREEMENT</b>					
<b>Column 1</b>	<b>Column 2</b>		<b>Column 3</b>	<b>Column 4</b>	<b>Column 5</b>
<b>Type of Expenditure</b>	<b>Amount</b>		<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
	<b><u>Low</u></b>	<b><u>High</u></b>			
Initial Franchise Fee (1)	\$25,000	<u>\$25,000</u>	Lump Sum	On Signing Franchise Agreement	Us
Leasehold Improvements, Construction Cost (2)	<del>\$38,500</del> \$90,000	<u>\$200,000</u>	As Incurred	As Agreed	Contractor, Suppliers
Licenses and Permits (Not Including Beer / Wine License) (3)	<u>\$800</u>	<del>\$800</del> \$2,000	As Incurred	As Agreed	Government Agencies
Rent – 3 months (4)	<u>\$3,600</u>	<del>\$3,600</del> \$30,000	As Incurred	As Agreed	Landlord
Security Deposits	<del>\$1,000</del> \$5,000	<u>\$5,000</u>	As Arranged	As Arranged	Landlord, Utility Companies
Blueprints (5)	<u>\$5,000</u>	<del>\$5,000</del> \$20,000	As Arranged	As Arranged	Architect, Engineer
Furnishings, Fixtures & Equipment (6)	<u>\$50,000</u>	<del>\$50,000</del> \$150,000	As Arranged	As Incurred	Approved Suppliers
Signage – Interior and Exterior (7)	<u>\$5,000</u>	<del>\$5,000</del> \$15,000	As Arranged	As Incurred	Approved Suppliers
Computer System (8)	<del>\$1,000</del> \$5,000	<u>\$5,000</u>	As Arranged	As Incurred	Approved Suppliers
Travel & Living Expenses While Training (9)	<del>\$2,500</del> \$5,000	<u>\$5,000</u>	Lump Sum	As Incurred	Airline, Hotel, Restaurants, etc.
Third Party Off-Site Training (10)	<u>\$2,000</u>	<del>\$2,000</del> \$10,000	Lump Sum	As Agreed	Supplier
Insurance – Three Months (11)	<u>\$1,500</u>	<del>\$1,500</del> \$10,000	As Incurred	As Incurred	Insurance Companies

**YOUR ESTIMATED INITIAL INVESTMENT**  
**FRANCHISE AGREEMENT**

Column 1 Type of Expenditure	Column 2 Amount		Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
	Low	High			
Professional Fees (12)	\$1,500 to <del>\$2,500</del>	<u>\$2,500</u>	As Arranged	As Arranged	Attorney, Accountant
Grand Opening Advertising Campaign (13)	\$10,000	<u>\$10,000</u>	As Arranged	As Arranged	Suppliers
Opening Inventory and Supplies (14)	<u>\$8,500</u>	<del>\$8,500 to</del> \$11,000	As Incurred	As Incurred	Suppliers
Delivery Vehicle (15)	<u>\$0</u>	<del>\$0 to</del> \$2,500	As Arranged	As Arranged	Third Parties
On-Site Location Evaluation (16)	<u>\$0</u>	<del>\$0 to</del> \$500	As Incurred	Before evaluation	Us
Additional Funds – Three Months (17)	<del>\$25,000 to</del> \$35,000	<u>\$35,000</u>	As Incurred	As Incurred	Third Parties
<b>Totals</b>	<b>\$180,900 to</b> <b><del>\$428,500</del></b>	<b><u>\$538,500</u></b>			

————None of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment. All of our estimates assume that you will purchase the required items. Your costs may be lower if you choose to lease some items.

**Notes:**

- 1. Initial Franchise Fee.** The Initial Franchise Fee is discussed in Item 5.
- 2. Leasehold Improvements, Construction Costs.** Leasehold improvement and construction costs vary significantly depending on the condition, location, size and configuration of the Restaurant premises and other factors relating to the geographic location of the business, suppliers, government regulations, labor costs and other considerations. You will contract directly with the licensed architect and general contractor, that we have approved, and possibly other construction suppliers on terms negotiated by you. Our estimate does not include the cost of a licensed architect and general contractor Leasehold improvements do not include exterior costs. These estimates do not include extraordinary costs such as developing in a historical property.

Atomic Wings Restaurants will generally occupy between 800 to 1,500 square feet. In some instances the Restaurants may be larger depending on the size of available sites and/or franchisee

preferences. Calculations regarding estimates for leasehold improvements, building construction and site work are based upon these square foot estimates. If you are able to locate a site that previously operated as a restaurant, your estimated cost for leasehold improvements will be significantly lower.

- 3. Licenses and Permits – Not including Beer & Wine License.** Our estimate includes the cost of obtaining local business licenses which typically remain in effect for one year. The cost of these permits and licenses will vary substantially depending on the location of the Restaurant. Our estimate does not include tap-in, fixture or similar fees which, depending on the municipality, and could cost several thousand dollars. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement.

Our estimate does not include the cost of obtaining license to serve beer and wine, which you will need if we approve your Restaurant to serve beer and wine. Since the availability and expenses of acquiring a liquor license vary substantially from jurisdiction to jurisdiction, you should consult the appropriate governmental authority concerning the availability of the required license and the associated expenses for your Restaurant before you sign a Franchise Agreement. The cost of a liquor license can range from under \$1,000 to over \$100,000, depending on the location and jurisdiction, but can be even higher in some states. We strongly recommend that you verify the cost and availability of a liquor license in your jurisdiction before signing the Franchise Agreement.

- 4. Rent – 3 months.** If you do not own adequate property, you must lease the property for your Restaurant. We relied on our franchisees' experience in operating Atomic Wings businesses in New York City when preparing these estimates. Rental costs will vary widely and may be significantly higher than projected in this table depending on factors such as property location, population density, economic climate, prevailing interest rates and other financing costs, conditions of the property and extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish a Restaurant.

Landlords may vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you to pay common area maintenance charges ("CAM Charges") your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges. The actual amount you pay under the lease will vary depending on the size of the Restaurant, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

If you choose to purchase real property on which to build your Restaurant, your initial investment will probably be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

- 5. Blueprints.** We will provide you with one set of prototype plans and specifications for the build-out of an Atomic Wings Restaurant. You must hire a licensed architect and general contractor that meet our approval to adapt our prototype plans and specifications to the specific shape and dimensions of the accepted location for your Restaurant. Our estimate includes the cost of the licensed architect and general contractor. You may not use your adapted plans, specifications and blueprints until they have been accepted by us, which acceptance relates to how well they comply with our System, specifications, prototype plans and presentation of the Proprietary Marks. You and your architect and general contractor must make sure that the plans and blueprints comply

with all applicable laws, rules, regulations, ordinances and building codes, including any relating to accommodations for disabled persons (the Americans with Disabilities Act).

6. ***Furnishings, Fixtures & Equipment.*** You must lease or purchase, as arranged by you, the following: prep tables, dining area tables and chairs. The fixtures you will need include décor accessories, wallpaper and lights. This estimate includes the cost of equipment: hot holding unit, hood and ventilation, digital fryers, fire suppression system, refrigerators, sandwich station refrigerator, soda fountain, combi oven, walk-in cooler, walk-in freezer and smallwares. Our estimates assume that all furnishings and equipment will be purchased, not leased.
7. ***Signage – Interior and Exterior.*** This estimate only includes signage for the interior and exterior of the Restaurant. This estimate does not include any temporary vehicle signage you may wish to put on a delivery vehicle.
8. ***Computer System.*** You must purchase or lease an approved computer system (including the point-of-sale system, software, hardware and multi-function printer) that we require. You must purchase the required point-of-sale system from an approved supplier. The computer system may from time to time evolve and change. The computer system is described in Item 11.
9. ***Travel & Living Expenses While Training.*** These estimates include only your out-of-pocket costs associated with attending our headquarter initial training program, including travel, lodging, meals and applicable wages for the first 3 trainees. These amounts do not include any fees or expenses for training any other personnel. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation.
10. ***Third Party Off-Site Training.*** We require you to participate in third party off-site training program (Pal's or similar program). Our estimate includes the third-party off-site training program fee, plus the associated cost of travel and lodging expenses.
11. ***Insurance – 3 months.*** This estimate includes the estimated quarterly insurance premium for the insurance policies we require you to maintain general liability insurance, liquor liability (if you serve beer and wine), worker's compensation insurance, automobile liability coverage, business interruption and extra expense insurance, employment practices liability coverage, employee theft, theft, disappearance and destruction coverage, employer's liability, and any insurance required by the terms of lease. Our insurance requirements are described in detail in Item 8. You should contact your insurance agent and obtain an estimate of your actual insurance costs.
12. ***Professional Fees.*** We strongly recommend that you engage the services of an attorney and/or accountant to assist you in evaluating this franchise offering. You may also wish to use an attorney to assist you in lease negotiations and/or to form an entity to own the franchise. Your costs may vary depending on how much you rely on your chosen advisors and the hourly rates your advisors charge.
13. ***Grand Opening Advertising Campaign.*** You must submit your grand opening advertising plan for our approval. Before you will be permitted to schedule your headquarter initial training, you must have received our approval of the grand opening advertising plan, and you must have commitments with advertising suppliers.

14. **Opening Inventory and Supplies.** The opening inventory and supplies that you must purchase includes the consumable items that you must purchase from approved suppliers including retail food products, beverage supplies, office materials, menus, paper goods, to-go packaging, uniforms and similar items.
15. **Delivery Vehicle.** The low end of our estimate assumes that your employees will use their personal vehicles to provide delivery services. We do not require you to purchase or lease a vehicle. The high end of our estimate assumes you will purchase a delivery vehicle. We have the right to require you to place temporary signage on each delivery vehicle. Any vehicle that you use must meet our standards and must at all times be kept clean and in good working order. You must make sure that each person providing those services will comply with all laws, regulations and rules of the road and will use due care and caution operating and maintaining the motor vehicles. Except as described in this paragraph, we do not have any standards or exercise control over any motor vehicle that you use. Costs related to the vehicle vary depending on whether you purchase or lease the vehicle.
16. **On-Site Location Evaluation.** If you request us to perform an on-site location evaluation of a prospective site for the Restaurant, you must pay our per diem fee of \$500 and reimburse us for our representative's expenses, including travel, lodging and meals.
17. **Additional Funds – 3 months.** We relied on our franchisees' experience in operating Atomic Wings businesses in New York City when preparing these estimates. This amount is the minimum recommended for your first three months of operations. The amount of working capital needed will depend on the time necessary to achieve cash flow to cover operating expenses. Shortfalls of capital may arise from independent factors such as labor shortages, delays in construction or delivery and installation of leasehold improvements and equipment, or possible recession. If you begin operating your Restaurant with inadequate cash, you may experience a total loss of your investment.

This category includes estimated payroll, utilities, vendor, advertising, promotion and similar costs during the initial phase of a new Restaurant, which we estimate will be three months, but we have not included or factored in any sales revenue your Restaurant may have generated during this period. Your costs will depend on factors such as how much you follow our System and procedures, the local market for purchasing food products, the prevailing wage rate, competition, and the sales level reached during the initial period.

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<b>YOUR ESTIMATED INITIAL INVESTMENT MULTI-UNIT DEVELOPER AGREEMENT FOR THREE RESTAURANTS</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Development Fee (for three Restaurants) (1)	\$75,000	Lump Sum	When Multi-Unit Developer Agreement is Signed	Us

YOUR ESTIMATED INITIAL INVESTMENT MULTI-UNIT DEVELOPER AGREEMENT FOR THREE RESTAURANTS				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
<del>Vehicle — Three Months (2)</del>	\$2,000 to \$2,500	As incurred	As arranged	Third Parties
Other Expenditures** for the <b>First</b> Restaurant (3)	\$155,900 to \$403 <u>513,500</u>	As Disclosed in First Table	As Disclosed in First Table	As Disclosed in First Table
<b>Totals</b>	<b>\$232<u>230,900</u> to \$481,<u>000</u>588,500</b>			

1. **Development Fee.** The development fee is discussed in detail in Item 5.
2. ~~Vehicle — Three months.~~ We expect that you will need a vehicle to view potential sites, oversee the buildouts, supervise multiple locations, etc. Our estimate includes expenses related to loan or lease payments, gas and maintenance for three months.
32. **Other Expenditures for first Restaurant.** A Multi-Unit Developer is expected to incur these same costs for **each Atomic Wings Restaurant** it develops, subject to inflation and other increases over time. If you are a Multi-Unit Developer, your professional fees (such as legal and financial) will probably be higher.

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

———You must purchase or lease and install all fixtures, furnishings, equipment, computer system (including point-of-sale system, hardware, software and multi-function printer), décor items, signs and related items we require, all of which must conform to the standards and specifications in our Confidential Operations Manual (“Manual”) or otherwise in writing. You may not install or permit to be installed on the Restaurant premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications. You must hire a licensed architect and general contractor that meet our approval to adapt our prototype plans and specifications to the specific shape and dimensions of the accepted location for your Restaurant.

———To make sure that the highest degree of quality and service is maintained, you must operate the Restaurant in strict conformity with the methods, standards and specifications that we prescribe in the Manual or otherwise in writing. You must maintain in sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, materials, supplies and paper goods that meet our standards and specifications. Supply amounts are at your discretion as we do not currently require minimum levels of inventory. All menu items must be prepared according to the recipes and procedures specified in the Manual or other written materials. You must not deviate from these standards and specifications by the use or offer of non-conforming items, or differing amounts of any items, without obtaining our written consent first. We can, and expect to, modify our standards and specifications as we

deem necessary. We will provide you notice in the Manual or other methods (such as by e-mail) of any changes in the standards and specifications.

———You must permit us or our agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from your inventory or from the Restaurant free of charge for testing by us or by an independent laboratory to determine whether the samples meet our then-current standards and specifications. In addition to any other remedies we may have, we may require you to pay for the testing if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications.

———You must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including the computer system), and other products used or offered for sale at the Restaurant solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications. All consumable food items must be purchased from approved suppliers whose items are prepared according to Halal standards. A complete list of our approved products and suppliers will be included in the Manual and is subject to change over time. We will provide you notice in the Manual or otherwise in writing (such as via e-mail) of any changes to the lists of approved products and approved suppliers.

Our officers do not have an ownership interest in any approved suppliers. Neither we nor our affiliates are an approved supplier of any item that you must purchase or lease. If we or our affiliates become a designated or approved supplier, then we and our affiliates will reserve the right to earn a profit from the sale of products to our franchisees. During the fiscal year ended December 31, ~~2023~~2022, we and our affiliates did not earn any revenue from the sale of products to our franchisees.

———If you wish to purchase, lease or use any unapproved products or other items, or obtain them from an unapproved supplier, you must submit a written request for approval or you must request the supplier to do so. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. You or the supplier must reimburse our costs related to our evaluation of the proposed product or supplier, but not more than \$2,500. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. We will notify you within 30 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier. We are not required to make available to you or to any supplier our criteria for product or supplier approval that we deem confidential. We will permit you to purchase certain items from any supplier, provided that the product or supplier has met our criteria.

———We and/or our affiliates have developed and may continue to develop for use in the System certain proprietary products which are prepared from confidential proprietary recipes and other proprietary products manufactured according to our specifications, or which bear the Marks. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. You will use only our proprietary recipes and other proprietary products mentioned below and will purchase these proprietary products only from the approved suppliers we designate.

———We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. There are currently no purchasing or distribution cooperatives for any of the items described above in which you must participate, but we may form purchasing or distribution cooperatives in the future. We reserve the right to set up a purchasing or distribution cooperative for the ingredients and other items you must purchase. We do not provide material benefits to you (including successor rights or the right to additional franchises) based on whether you purchase through the sources we designate or approve.

———We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Restaurants in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services you must purchase or lease, and we may refuse to approve proposals from franchisees to add new products or suppliers if we believe that approval would not be in the best interests of the System or the franchised network of Restaurants. We do not provide any material benefit, such as the grant of additional or successor franchises, to franchisees for using the suppliers we designate. When determining whether to grant new or additional franchises we consider many factors, including compliance with the requirements described in this Item 8.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, “Allowances”) offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor). If we contribute any Allowances from approved suppliers to the Worldwide Creative Marketing Fund, it does not reduce or eliminate your obligation to pay the Worldwide Creative Marketing Fee.

You must purchase or lease and use a computer system (including point-of-sale system, software, hardware and multi-function printer) that meets our specifications and that is capable of electronically interfacing with our computer system. The approved suppliers for the computer system will be included in the Manual. You must purchase the required point-of-sale system from an approved supplier and must pay any ongoing maintenance fees.

———You must obtain any upgrades and/or updates to the software used with the computer system, at your expense. In addition, we may require you to update and/or upgrade all or a portion of your computer system during the term of your Franchise Agreement, at your expense. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your computer system or the cost of any update and/or upgrade. Neither we nor any of our affiliates will provide you with any maintenance, updates and/or upgrades for your computer system.

You must obtain and maintain high speed internet access or other means of electronic communication, as specified by us. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement.

———You must use Intercept EFT services for your EFT payments to us. You must offer Pepsi beverages and you must purchase these beverages from the designated supplier, Pepsi Co. You must purchase your Atomic Wings proprietary wings, proprietary sauces and French fries from Sysco and/or

Maximum Quality Foods. During the fiscal year ended December 31, ~~2023~~2022, we received \$57,75744,194.00 from vendor rebates, which represents ~~64.2~~% of our total revenue of \$911,7221,054,180.12.

We estimate that your purchases from approved suppliers, or that must conform to our specifications, will represent approximately 70% to 80% of your total purchases in establishing the Restaurant, and approximately 80% to 90% of your total purchases in the continuing operation of the Restaurant.

———All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Restaurant) and other items we designate must bear the Marks in the form, color, location and manner we prescribe. In addition, all advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements specified in the Manual or otherwise in writing. You must obtain our approval before you use any advertising and promotional materials and plans if we have not prepared or approved them during the 12 months before their proposed use. Any advertising and promotional materials you submit to us for our review will become our property.

———We must accept your request for a Restaurant site before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Restaurant before you sign the contract or lease. At our request, you and your landlord must sign a Collateral Assignment of Lease with us (Attachment 2 to the Franchise Agreement) which will permit your lease to be assigned to us on the expiration or termination of your Franchise Agreement.

———We anticipate that your employees will use their personal vehicles to provide delivery services from your Restaurant. It is not a requirement to have your car wrapped, but we have the right to require you to place temporary signage on each delivery vehicle. We expect that all delivery vehicles will be kept clean, in good working order and properly insured. You must require that each person providing those services complies with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles. Except as described in this paragraph, we do not have any standards or exercise control over any motor vehicle that you use. You may choose to, but are not required to, offer delivery through third-party delivery services like Grubhub, DoorDash, and Uber Eats.

———Before you open your Restaurant, you must obtain the insurance coverages we require. Our current insurance requirements are described below. We may modify our insurance requirements during the term of your Franchise Agreement, and any modifications will be communicated to you in our Manual or otherwise in writing. This insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible, duly licensed carrier or carriers acceptable to us. All insurance must be on an “occurrence” basis. You must provide us with certificates of insurance showing that you have obtained the required insurance coverages no later than 30 days before your Restaurant opens and then upon renewal of each policy.

———We currently require our franchisees to have the following insurance coverages: (a) commercial general liability insurance in the amount of \$1,000,000 per occurrence, \$2,000,000 general aggregate and \$1,000,000 products/completed operations aggregate (placement will address medical expenses for a limit of \$5,000 per accident); (b) liquor liability insurance (if you offer beer and wine) with limits no less than \$1,000,000 per occurrence and \$2,000,000 aggregate (if your Restaurant is authorized to offer and sell alcoholic beverages); (c) worker’s compensation insurance and any other insurance required by statute or rule of the state or locality in which the Restaurant is located (this coverage must also be in effect for all of your employees who participate in any of our training programs); (d) automobile liability coverage,

including coverage of owned, non-owned and hired vehicles, in the amount of \$1,000,000 per accident; (e) business interruption and extra expense insurance, including rental payment continuation for a minimum of 12 months, loss of profits and other extra expenses experienced during the recovery from property loss; (f) employment practices liability coverage in the amount of \$1,000,000 per claim and in the aggregate; (g) employee theft coverage in the amount of \$15,000; (h) theft, disappearance and destruction coverage (inside and outside premises) in the amount of \$5,000; and (i) employer’s liability insurance in the amount of \$100,000 per person, \$500,000 in the aggregate and \$100,000 for occupational disease; (j) any insurance required by the terms of the lease (or mortgage) for the Restaurant; (k) any insurance coverages required by the terms of the lease for the Restaurant premises; and (l) any other insurance coverages we may require in the future.

In addition, related to any construction, renovation or remodeling of the Restaurant, you must maintain builders’ risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, satisfactory to us. All of the policies must name us, those of our affiliates and or parents, that we specify, and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds and must include a waiver of subrogation in favor of all those parties.

———We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We reserve the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes. If you fail to obtain the insurance coverages we require we may, but are not obligated to, obtain the insurance coverage on your behalf. You must reimburse us for our expenses, the cost of insurance and a 10% administrative fee if we choose to obtain insurance coverage on your behalf.

**ITEM 9**  
**FRANCHISEE’S OBLIGATIONS**

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

———In the table below, the following abbreviations have these meanings: FA means the Franchise Agreement and MUDA means the Multi-Unit Developer Agreement.

Obligation	Article or Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/ lease	FA – Article 2 MUDA – Section 3	Items 8 and 11
b. Pre-opening purchases/leases	FA – Articles 6, 7 and 8	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	FA – Article 2	Items 1, 8 and 11
d. Initial and ongoing training	FA – Article 6	Items 5, 6 and 11
e. Opening	FA – Article 6	Items 5, 6 and 11

<b>Obligation</b>	<b>Article or Section in Agreement</b>	<b>Disclosure Document Item</b>
f. Fees	FA – Articles 3, 4, 5, 7, 8, 11, 14 and 18 MUDA – Sections 2 and 3	Items 5 and 6
g. Compliance with standards and policies/ operating manual	FA – Articles 2, 3, 6, 8, 9, 10, 11 and 12	Items 11 and 14
h. Trademarks and proprietary information	FA – Articles 9 and 10 and Attachment 4 MUDA – Section 7	Items 11, 13 and 14
i. Restrictions on products/services offered	FA – Article 7 MUDA – Section 7	Items 8 and 16
j. Warranty and customer service requirements	FA – Article 7	Not applicable
k. Territorial development and sales quotas	MUDA – Section 3	Item 12
l. Ongoing product/service purchases	FA – Article 7	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	FA – Articles 2, 7 and 14	Items 8 and 11
n. Insurance	FA – Article 12	Items 7 and 8
o. Advertising	FA – Article 8	Items 6, 8 and 11
p. Indemnification	FA – Article 15 MUDA – Section 14	Item 6
q. Owner’s participation/ management/staffing	FA – Articles 6, 14, 15 and 19 MUDA – Section 7	Items 1, 11 and 15
r. Records and reports	FA – Articles 4, 7 and 11	Item 6
s. Inspections and audits	FA – Articles 2, 7 and 11 MUDA – Section 12	Items 6, 8 and 11
t. Transfer	FA – Article 14 MUDA – Section 11	Items 6 and 17
u. Renewal	FA – Article 3 MUDA – Section 5	Items 6 and 17
v. Post-termination obligations	FA – Article 18 MUDA – Section 10	Items 6 and 17
w. Non-competition covenants	FA – Article 10 and Attachment 4 MUDA – Section 12	Item 17

Obligation	Article or Section in Agreement	Disclosure Document Item
x. Dispute resolution	FA – Article 19 MUDA – Section 19	Items 6 and 17
y. Liquidated damages	FA –Article 18	Item 6
z. Guaranty	FA - Article 6	Item 15

**ITEM 10**  
**FINANCING**

———We do not offer, either directly or indirectly, any financing arrangements to you. We do not guarantee your notes, leases or other obligations.

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

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

**Pre-Opening Obligations**

**Site Selection:**

You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Restaurant and for constructing and equipping the Restaurant at the accepted site. The site for the Restaurant may not be relocated without first obtaining our written consent. You must receive our approval of your request for a site before you lease or purchase the site for the Restaurant. We do not own the premises and lease it to you.

We will conduct one remote location evaluation of the proposed site for the Restaurant at no charge. If you request that we conduct on-site location evaluations after the remote evaluation, you must pay our then-current per diem fee and reimburse our costs related to the evaluation, such as our representative’s travel and living expenses. We will conduct the on-site location evaluation only after we have received a description of the site, including evidence that it satisfies our site selection guidelines and any other information we may request, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site.

———You must submit to us your request of a site in writing no later than 60 days after we have signed the Franchise Agreement. Your request of a site must include a description of the site, evidence that it satisfies our site selection guidelines and any other information we may request. We will have 30 days after we receive your written request to approve or disapprove your request for the site. If you are unable to locate a site for your Restaurant within 60 days after signing the Franchise Agreement, we have the right to terminate your Franchise Agreement or we may provide you with an extension of this timeframe. If we cannot agree on a proposed site, we may elect to terminate the Franchise Agreement and keep the entire initial franchise fee, or we may provide you with an extension of this timeframe.

We will provide you with our written materials on how to analyze potential sites and markets. The guidelines we use when evaluating a site you propose includes general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings, ease of access to the location, level of foot traffic, visibility to the site, co-tenants within the building, lease terms, level of competition in the area, and demographic characteristics such as income levels, household size, population density and ethnic mix.

**Franchise Agreement:** Before the opening of a Restaurant we or our area representative (if there is one for your area) will provide the following assistance and services:

1. Our written materials on how to analyze potential sites and markets. (Franchise Agreement, Article 5.1.) Once we have accepted your request for the site for your Restaurant, we will determine the boundaries of your Designated Territory.

2. On-site location evaluation, if you request that we provide this, which will be at your cost. We will conduct one remote site evaluation at no charge, but for any on-site evaluations conducted after our remote evaluation, you must pay our per diem fee for our representative, as well as reimburse our representative's travel, lodging and meals. (Franchise Agreement, Article 5.2.)

3. On loan, one set of prototype specifications and layouts for building and furnishing the Restaurant for your architect and general contractor to adapt to the Restaurant, at your expense (Franchise Agreement, Article 5.3). We will review your final plans, specifications and blueprints for conformity to our standards and specifications (Franchise Agreement, Article 2.4).

4. On loan, our Manual, which we may revise during the term of your Franchise Agreement. (Franchise Agreement, Articles 5.4 and 10.1.)

5. A list of our approved suppliers, which includes the suppliers of any fixtures, equipment, signs, supplies, goods and inventory you must purchase. The list of approved suppliers is subject to change during the term of your Franchise Agreement (Franchise Agreement, Articles 5.9).

6. A headquarter initial training program at our headquarters, at an affiliate's Restaurant, at your Restaurant, at a third-party off-site training facility or at another location we designate, as described below. (Franchise Agreement, Articles 5.10 and 6.4.)

7. Review of your grand opening advertising campaign to promote the opening of your Restaurant. (Franchise Agreement, Article 8.8.)

8. One of our representatives for a period of up to five days around your scheduled opening to provide on-site pre-opening assistance and training (Franchise Agreement, Article 6.5). If you are opening your second or later Restaurant, we have the right to not provide opening assistance.

**Multi-Unit Developer Agreement:** Under the Multi-Unit Developer Agreement we or our area representative (if there is one for your area) will provide you with the following assistance:

1. We will grant to you the rights to a Development Area within which you will assume the responsibility to establish and operate an agreed-upon number of Restaurants under separate Franchise Agreements (Multi-Unit Developer Agreement – Section 1.1).

2. Upon our receipt of your written request for a site for the Restaurant, we will approve or disapprove your request in writing (Multi-Unit Developer Agreement – Section 8.1). Once we have accepted a request for the site for your Restaurant, we will determine the boundaries of your Designated Territory.

3. On loan, one set of prototype plans and specifications for your licensed architect and general contractor to adapt to the Accepted Location, at your expense (Multi-Unit Developer Agreement – Section 8.2).

4. We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications (Multi-Unit Developer Agreement – Section 8.3).

5. We may agree to conduct on-site location evaluations, as you request and as we deem advisable, as part of our evaluation of the site for a Restaurant. You must pay our per diem fee for our representative, as well as reimburse our representative's travel, lodging and meals. (Multi-Unit Developer Agreement – Section 8.4)

6. We will provide other resources and assistance as may be developed and offered to our Multi-Unit Developers (Multi-Unit Developer Agreement – Section 8.5).

### **Opening:**

We estimate that the time from when the Franchise Agreement is signed to the opening of the Restaurant will be approximately 12 months. This time may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Restaurant, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Restaurant, including decorating, purchasing and installing fixtures, equipment and signs, to complete HQ Initial Training to our satisfaction, and to complete preparation for operating the Restaurant, including purchasing inventory and supplies. You may not open your Franchised Business until you have received our written authorization, which may be subject to our satisfactory inspection of the Franchised ~~Restaurant~~Business.

You must purchase all equipment, signs, fixtures, opening inventory and suppliers from approved suppliers. We will not sell, deliver or install these items for you.

If you are a Franchisee, you must open the Restaurant and begin business within 12 months of signing the Franchise Agreement. If your Restaurant is not open within this timeframe, we may terminate your Franchise Agreement, or we may grant you an extension, in our discretion. If you are unable to open the Restaurant after any extension we may grant you, then we may terminate your Franchise Agreement and we will not refund any portion of the Initial Franchise Fee. Before opening the Franchised Business, you must sign and deliver to us an Americans with Disabilities Certification (in the form that is attached as Attachment 8 to the Franchise Agreement) certifying to us that the Franchised Business and any proposed renovations comply with the Americans with Disabilities Act.

———If you are a Multi-Unit Developer, you must sign your first Franchise Agreement at the same time you sign the Multi-Unit Developer Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your Restaurant is the same as for an individual franchisee. The

Restaurants you develop must begin business by the next consecutive date in the Minimum Performance Schedule.

### **Continuing Obligations**

**Franchise Agreement:** During the operation of a Restaurant, we or our area representative (if there is one for your area) will provide the following assistance and services:

1. As we reasonably determine necessary, visits to and evaluations of the Restaurant and the products and services provided to make sure that our high standards of quality, appearance and service of the System are maintained. (Franchise Agreement, Articles 5.5 and 7.5.6.) We reserve the right to designate the minimum levels of inventory that you must maintain.

2. Review of your annual advertising plan, which must be submitted to us no later than the week before Thanksgiving of each year for the following year (Franchise Agreement, Article 8.2.).

3. Advice and written materials (including updates to the Manual) concerning techniques of managing and operating the Restaurant, including new developments and improvements in equipment, food products, recipes, packaging and preparation. (Franchise Agreement, Article 5.7.)

4. Training programs and seminars and other related activities regarding the operation of the Restaurant as we may conduct for you or Restaurant personnel generally, which may be mandatory for you, your General Manager and other Restaurant personnel. (Franchise Agreement, Article 6.4.2.)

5. At your request or if we determine it is necessary, additional on-site training at your Restaurant. You must pay our per diem fee for each trainer providing the training as well as reimburse each trainer's expenses. (Franchise Agreement, Article 6.4.4.)

6. Administration of the Worldwide Creative Marketing Fund. (Franchise Agreement, Article 8.3.)

7. Indemnification against and reimbursement for all damages for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts) if you and your Principals have fully complied with the terms of the Franchise Agreement. (Franchise Agreement, Article 9.4.)

~~8. Where~~ 8. We are not obligated to, but where permitted by applicable law, we may provide you written notice regarding the maximum prices you may charge for menu items, products, and services provided or sold at your Atomic Wings Restaurant. (Franchise Agreement – Article 7.12)

9. When we determine it will be practical, an annual franchisee meeting (Franchise Agreement, Article 5.10). You must pay our then-current fee for each attendee from your Restaurant, as well as each attendee's expenses, such as travel, lodging, meals and wages.

### **Advertising:**

**Grand Opening Advertising Campaign:** You must spend at least \$10,000 on a grand opening advertising campaign to promote the opening of the Franchised Business. You must submit your grand opening advertising plan to us for our approval. Before you will be permitted to schedule your headquarter initial

training, you must have received our approval of the grand opening advertising plan, and you must have commitments with your advertising suppliers. Your grand opening advertising campaign must include the elements that we require, such as social media initiatives, food and merchandise giveaways.

Worldwide Creative Marketing Fund: Recognizing the value of advertising and marketing to the goodwill and public image of Atomic Wings Restaurants, we reserve the right to establish, administer and control a Worldwide Creative Marketing Fund (the “Fund”). You must contribute 2% of your Restaurant’s Gross Sales to the Fund. Atomic Wings Restaurants that we and our affiliates own will contribute to the Fund on the same basis as franchisees. We may (but are not required to) contribute Allowances that we receive from certain approved suppliers to the Fund, but this does not reduce the contributions you are required to make to the Fund. For the fiscal year ended December 31, ~~2023~~2022, there were no expenditures by the Fund because the Fund was not yet established.

———The Fund, once established, will be maintained and administered by us or our designee as follows:

———We will direct all advertising programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation. The Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Restaurants operating under the System. We may use monies from the Fund to present refresher training programs, conduct mystery shopper programs to ensure the use of 4 Walls Marketing and/or to help offset the cost of an annual meeting of our franchisees.

———The Fund may be used to satisfy the costs of maintaining, administering, directing and preparing advertising, including the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies; employing mystery shopper services; social media initiatives; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally. All sums you pay to the Fund will be maintained in a separate account from our general funds. We may reimburse ourselves out of the Fund for our reasonable administrative costs and expenses that we may incur in the administration or direction of the Fund and advertising programs for you and the System. Our reimbursements for our personnel and other department costs will not be more than 20% of Fund expenditures. The Fund and its earnings will not otherwise benefit us except that any resulting technology and intellectual property shall be deemed our property. The Fund will be operated solely as a conduit for collecting and expending the fees paid into the Fund as outlined above. Any sums paid to the Fund that are not spent in the year they are collected will be carried over to the following year.

———We will prepare an annual statement of the operations of the Fund that will be made available to you if you request it. We are not required to have the Fund statements audited.

Although the Fund is intended to be perpetual, we may terminate the Fund at any time. The Fund will not be terminated until all monies in the Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. If we terminate the Fund, we have the right to reinstate it at any time and you must again contribute to the Fund. Any reinstated Fund will be maintained as described above.

———No money in the Fund will be used to create and place advertising that is primarily a solicitation of franchises.

In administering the Fund, we and our designees will not be required to make expenditures for you that are equivalent or proportionate to your contribution or to make sure that any particular franchisee or Restaurant benefits directly or *pro rata* from the placement of advertising in any franchisee's area, territory or where the franchisee's restaurant is located. The advertising coverage conducted by the Fund will typically be regional and national in nature. The majority of our advertising is developed by members of our staff or third-party consultants.

———We currently advertise the Restaurants and the products offered by the Restaurants primarily using point-of-purchase advertising materials, direct mail, electronic and internet marketing, public relations and promotions, social media and print media. As the number of Restaurants in the System expands, we envision using other forms of media, including television, radio, internet, magazine and newspaper advertising campaigns, and direct mail and outdoor billboard advertising. The coverage is typically regional and national in nature. We are not obligated to spend any amount on advertising in your area or territory separate from the Fund.

We are not obligated to spend any amount on advertising in your area or territory other than the amount we would pay to the Advertising Cooperative or the Fund.

———Local Advertising: You must conduct Local Advertising in your Designated Territory and you must spend at least 1% of your Restaurant's Gross Sales each month for local advertising. We must approve all advertising before you use it. You must provide us with an annual advertising plan no later than the week before Thanksgiving of every year for the following year and we must approve this plan. You must also send us a monthly update to your advertising plan before the end of every month including an expenditure report to show that you have complied with the Local Advertising requirements for the previous month.

———Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 12-month period must be submitted to us for our approval before you may use it. We will have 15 days after receipt of all materials to approve or disapprove of the proposed advertising materials. Unless we provide our specific approval of the proposed advertising materials, the materials are deemed not approved. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials. We are not obligated to spend any amount on advertising in your area or territory.

———We reserve the right to require you to include certain language in your local advertising, such as "Franchises Available" and our Website address and telephone number.

———Advertising Cooperative: We may designate any geographic area in which two or more Restaurants are located as a region for purposes of establishing an advertising Cooperative, or we may approve of the formation of an advertising Cooperative by our franchisees. The members of the Cooperative for any area will consist of all Restaurants, whether operated by us, our affiliates or our franchisees. We have the right to form, dissolve, merge or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing, subject to our approval as described above, promotional materials for use by the members in Local Advertising. If a Cooperative has been established for a geographic area where your Restaurant is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must become a member of the Cooperative. The Cooperative will operate according to written governing documents which we have approved. If you request a copy of the governing documents for the Cooperative to which you contribute, we will provide them to you.

—Each Cooperative member will contribute up to 2% of Gross Sales to the Cooperative, as determined by the members. Restaurants owned by us and our affiliates will pay into the Cooperative on the same basis as you. All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative, if any. The Cooperative will be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. No advertising or promotional plans or materials may be used by the Cooperative or furnished to its members without first obtaining our approval as described above. The Cooperative is not required to prepare an annual financial statement. Each member of the Cooperative will have one vote on all Cooperative matters, but no franchisee (or commonly controlled group of franchisees) may have more than 25% of the total vote. Currently there are no Cooperatives in the System.

—Promotional Programs: You must also participate in any other advertising, promotional or marketing programs to advertise the Atomic Wings brand and the Restaurants. The cost for participation in promotional programs will vary depending on the length and type of promotion. The costs will include labor, marketing materials, furniture, equipment and/or food. The cost of promotional programs varies, depending on length and type of promotion. We estimate the approximate cost for a seven-day program is \$4,200 or \$600/day and payable to local vendors. These promotions, if not designated by us, must first be approved by us as described above.

—Website / Intranet / Social Media: We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators (“URLs”) and, if we do, we may design and provide for the benefit of your Restaurant a “click through” subpage at our website for the promotion of your Restaurant. If we establish one or more websites or other modes of electronic commerce and if we provide a “click through” subpage at the website(s) for the promotion of your Restaurant, you must routinely provide us with updated copy, photographs and news stories about your Restaurant suitable for posting on your “click through” subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your “click through” subpage.

—Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products, programs or services available at Atomic Wings Restaurants – also be devoted in part to offering Atomic Wings franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

—In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Restaurant; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the “Atomic Wings” name or any name confusingly similar to the Proprietary Marks.

—You are not permitted to promote your Restaurant or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, Twitter, X, LinkedIn, Instagram, TikTok, YouTube, or Twitter, any other social media and/or networking site without our prior written ~~consent~~ approval and use of any social media accounts shall be in strict accordance with our requirements. We will control all social media initiatives. You must comply with our System standards regarding the

use of social media in your Franchised Business's operation, including prohibitions on your and the Franchised Business's employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, Instagram and Pinterest, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites like YouTube, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

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

———We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage.

———**Advisory Council**: We reserve the right to establish an advisory council to work with us to improve various aspects of our System, including advertising, merchandising, food products, and other items. If we choose to establish an advisory council, its members will include franchisee representatives and our representatives. The franchisee representatives may be chosen by us or elected by other franchisees in the System. If you participate in an advisory council you must pay any costs you incur related to your participation, such as travel and living expenses to attend meetings. If established, the advisory council will act in an advisory capacity only and will not have decision making authority. We have the right to form, change, merge or dissolve any advisory council at any time.

### **Computer System:**

You must purchase or lease and use a computer system (including point-of-sale system, software, hardware and multi-function printer) that meets our specifications and that is capable of electronically interfacing with our computer system. Our specific requirements for the hardware and software components of the computer system and multi-function printer will be included in our Manual. The computer system will provide sales tracking information, inventory management, business reports, labor and scheduling management, on-line order processing and credit card processing.

———You must make sure that we have independent access to your computer system at the times and in the manner we specify, at your cost. The computer system will give us immediate and independent access to the information generated and stored by the system, and there is no contractual limitation on our access or use of the information we obtain. You must install and maintain equipment in accordance with our specifications to permit us to access the computer system at the Restaurant premises as described above. You must have a highspeed internet connection at all times. This will permit us to independently inspect and monitor information concerning your Restaurant's Gross Sales and any other information that may be contained in the computer system. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement.

The computer system will cost between \$1,000 and \$5,000 including the required point-of-sale system. You must also purchase a maintenance contract for the required point-of-sale system which will cost between \$99 and \$399 per month based on the number of terminals you have. You must have at least one terminal. We strongly encourage, but do not require, that you have a maintenance, updating, upgrading and support contract for your computer system. If you choose to have a contract for your computer system, we estimate the cost to be up to \$2,500 annually.

———You must obtain any upgrades and/or updates to the software used with the computer system, at your expense. In addition, we may require you to update and/or upgrade all or a portion of your computer system during the term of your Franchise Agreement, at your expense. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your computer system or the cost of any update and/or upgrade. Neither we nor any of our affiliates will provide you with any maintenance, updates and/or upgrades for your computer system.

### **Confidential Operations Manual:**

The Table of Contents for our Manuals is attached to this Disclosure Document as Exhibit E. Our Confidential Operations Manual contains approximately 423 total pages.

### **Training:**

No later than 60 days before the date your Restaurant begins operation, three trainees (including one General Manager and two Managers) must have attended and completed, to our satisfaction, our three-week mandatory headquarter initial training program. We will conduct this training at our headquarters in Maryland, at your Restaurant and/or at another location we designate (“HQ Initial Training”). Some of the training will be conducted by a third-party off-site training program (Pal’s or similar program), which will be your sole expense, including program fee, costs of travel, lodging, meals and wages. The Pal’s program that we have approved you to attend is located in Tennessee. You may have additional personnel trained by us for your Restaurant at your expense. Our HQ Initial Training program is mandatory for all new franchisees and General Managers and Managers. We will not provide you any assistance in the hiring of your employees.

Before you can schedule your HQ Initial Training, you must receive our approval of your grand opening advertising plan, you must have commitments with your grand opening advertising suppliers, and the automatic debit program must be ready for use. HQ Initial Training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement general managers, managers and other personnel needing training, the number of new Restaurants being opened and the timing of the scheduled openings of Restaurants. We do not currently have an established schedule for offering our HQ Initial Training program.

———We will determine upon each trainee’s request to graduate whether each trainee has satisfactorily completed HQ Initial Training. If the General Manager or Managers do not satisfactorily complete the HQ Initial Training program or if we determine that this person cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training before you will be permitted to receive pre-opening assistance and training or open your Restaurant for business. Any General Managers or Managers subsequently designated by you must also receive and complete the HQ Initial Training to our satisfaction, even if this requires sending that manager to the HQ Initial Training program, at your expense. You must pay our then-current fee for the HQ Initial Training we provide to a replacement or successor employee if we have not approved you to provide the training. You must also

pay for all expenses you, your General Manager, and Managers and other personnel incur while attending any training program, including costs of travel, lodging, meals and wages.

—Our HQ Initial Training program is conducted by our Zaki Omar and Rafey Ray Omar, whose biographical information is in Item 2. Each of our instructors has at least seven years of experience relevant to the subject being taught, and at least five years’ experience with us and/or our affiliate. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice.

—We will provide instructors and training materials for the HQ Initial Training of three trainees at no charge to you. The instructional materials used in the HQ Initial Training consists of our Manual, marketing and promotion materials, and any other materials that we believe will be beneficial to our franchisees in the training process.

—The training schedule and activities of the HQ Initial Training program are described below:

<b>HQ INITIAL TRAINING PROGRAM</b>			
<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>
<b>Subject</b>	<b>Hours of Classroom Instruction</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Culture	2	0	Maryland or another location we designate
Equipment	0	4	Maryland or another location we designate
Food and Beverage Prep	4	20	Maryland or another location we designate
Hospitality	4	0	Maryland or another location we designate
Operations	4	40	Maryland or another location we designate
POS System	2	10	Maryland or another location we designate
Safety	2	2	Maryland or another location we designate
Service	0	10	Maryland or another location we designate
Takeout	0	2	Maryland or another location we designate
Accounting and Financial Statements	0	4	Maryland or another location we designate
Food Cost and Ordering	0	4	Maryland or another location we designate
Schedules	0	2	Maryland or another location we designate

<b>HQ INITIAL TRAINING PROGRAM</b>			
<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>
<b>Subject</b>	<b>Hours of Classroom Instruction</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Reporting Requirements	4	0	Maryland or another location we designate

Our classroom and on-the-job training are integrated. The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the individual needs and/or experience of those persons being trained.

You must employ at all times a minimum of three managers certified by us and employed at your Restaurant. We maintain certification requirements which will change and evolve, but will be applied system-wide and which include being certified to perform and train others on every station in the Restaurant. You must attend and successfully complete periodic or annual corporate or approved off-site third-party training programs (Pal's or similar program) which are required of all franchisees and specifically of franchisees in operational default.

In addition to our HQ Initial Training, your General Manager, Managers and any other personnel we designate must be ServSafe and alcohol awareness/TIPS certified or other similar certifications. The cost of these certifications is not included in the initial franchise fee and we do not provide these certifications. You may need to receive periodic additional training and/or certification.

If, during the term of your Franchise Agreement, you request that we provide additional training on-site at your Restaurant, or if we determine that you need additional training, you must pay our then-current per diem fee for each trainer we provide, and you must reimburse us for any expenses our trainers incur, such as costs travel, lodging, and meals.

In addition to the HQ Initial Training program and any additional on-site assistance or training you request, or we require, as described above, we may offer refresher training programs and/or an annual meeting of our franchisees. We may designate that attendance at any refresher training program and/or annual meeting is mandatory for you, your General Manager, Managers and/or other Restaurant personnel. We will choose the location for the refresher training or annual meeting, which may be our headquarters, a conference center or a resort or hotel close to our headquarters. We expect that refresher training and/or annual meetings will be held in Toronto, Ontario, Canada. Refresher training programs generally include training in new methods and techniques, as well as an overview of basic concepts for operating an Atomic Wings Restaurant. Annual meetings may include some training, but generally give our franchisees the opportunity to meet each other and exchange ideas. The annual meeting also gives us an opportunity to discuss with our franchisees ideas to improve the System, menu items, marketing and other items of general interest. You must pay for the expenses of your trainees/attendees, including travel, lodging, meals and wages, which will depend on the distance you must travel and the accommodations you choose, and we may charge a per person fee, up to \$1,000 per diem, for refresher training and/or the franchisee meeting.

## **ITEM 12** **TERRITORY**

**Franchise Agreement:** Under the Franchise Agreement we grant you the right to operate a Restaurant at a specific location that you have submitted to us and which we have accepted. You must submit to us your request of a site in writing, including any forms and information we may request. The Franchise Agreement does not grant you any territorial rights beyond whatever geographic radius is listed in an attachment to the Franchise Agreement. The designated geographical territory (“Designated Territory”) will depend on whether your Restaurant will be located in an urban or a suburban setting. If your Restaurant is located in an urban setting you will be granted a minimum radius of a quarter mile and for a suburban setting you will be granted a minimum radius of two miles, for a single franchise unit sale, as agreed upon before signing the Franchise Agreement. The actual boundaries of your Designated Territory will not be determined until the location for your Restaurant has been determined. If you do not yet have a location at the signing of the Franchise Agreement, you will receive a non-exclusive site search area listed in Attachment 1 instead. If you are a Multi-Developer, each Restaurant and its Designated Territory will be located within your Development Area.

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

Your Designated Territory cannot overlap or interfere with existing trade areas, designated territories or development areas. We reserve the right to provide a two-mile buffer between trade areas, designated territories and development areas so that we can avoid any overlapping of areas. We reserve the right to adjust the boundaries of the Designated Territory or at any time or if we believe it conflicts with another trade area, designated territory or development area. Your Restaurant’s premises will be located within the adjusted Designated Territory.

———You are required to provide delivery services from your Franchised Business and within your Designated Territory only. You may not provide delivery services to any customer outside of your Designated Territory unless that customer is in an area that has not yet been sold to a franchisee in the System. You may not sell any products at wholesale.

During the term of the Franchise Agreement, we will not establish or operate, or license any other person to establish or operate, a Restaurant in the Designated Territory or to solicit or accept orders within your Designated Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below.

———Nothing in the Franchise Agreement will prohibit us from: (1) operating and/or franchising others to operate restaurants identified in whole or in part by the Proprietary Marks and/or utilizing the System in the Designated Territory that are located in gas stations or convenience stores; transportation facilities, including airports, train stations, subways and rail and bus stations; military bases and government offices; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals; hotels; business or industrial foodservice venues; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; Indian reservations; casinos; or any similar captive market location not reasonably available to you (a “Non-Traditional Site”); (2) awarding national, regional or local licenses to third parties to sell products under the Proprietary Marks in foodservice facilities primarily identified by the third party’s trademark; (3) merchandising and distributing products identified by the Proprietary Marks and other trade names and trademarks in the

Designated Territory through any method or channel of distribution other than through the operation of an Atomic Wings Restaurant; (4) selling and distributing products identified by the Proprietary Marks in the Designated Territory to restaurants other than restaurants identified by the Proprietary Marks, regardless of whether the restaurants are licensed to use the Proprietary Marks in connection with their retail sales or not; (5) selling and soliciting products and services through other channels of distribution, including but not limited to the internet, wholesale, mail order, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales; (6) developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Proprietary Marks; and (7) purchasing, being purchased by, merging or combining with businesses that we deem to offer direct competition to Atomic Wings Restaurants. We are not required to pay you any consideration if we exercise any right specified above in the Designated Territory.

———If any Non-Traditional Site (as described above) is located within the physical boundaries of your Designated Territory, then the premises of this Non-Traditional Site will not be included in your Designated Territory and you will have no rights to this Non-Traditional Site.

———We and our affiliates are not prohibited from: (1) operating and franchising others to operate, during the term of the Franchise Agreement, Atomic Wings Restaurants at any location outside of the Designated Territory; (2) operating and franchising others to operate, after the Franchise Agreement terminates or expires, Atomic Wings Restaurants at any location, including locations inside the Designated Territory; and (3) operating and franchising others to operate at any location, during or after the term of the Franchise Agreement, any type of restaurant other than an Atomic Wings Restaurant.

———The restrictions above do not apply to Atomic Wings Restaurants in operation, under lease or construction or other commitment to open in the Designated Territory as of the effective date of the Franchise Agreement.

———Except as expressly limited above, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area and at any location, regardless of the proximity to your Restaurant or the economic effect on your Restaurant or your activities under the Franchise Agreement.

If, during the term of the Franchise Agreement, you wish to relocate your Restaurant, or if the Restaurant is damaged or destroyed and cannot be repaired within 60 days, you must submit to us in writing the materials we request to consider your relocation request, including information concerning the proposed new location for the Restaurant. You must also meet certain other requirements, such as being in compliance with the Franchise Agreement, the location meets our then-current requirements for an Atomic Wings Restaurant and is located within your Designated Territory, and you must sign our then-current form of Franchise Agreement. We will use our then-current guidelines in reviewing a proposed new location for your Restaurant. If we permit you to relocate, you will not pay a new initial franchise fee but you must pay our relocation fee of \$10,000.

While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Designated Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Designated Territory, you may not make any sales or deliver any products to customers located outside of your Designated Territory unless we have provided you with prior written authorization to and the customer is located in an area where there is not another Atomic Wings Restaurant in operation. You may not directly solicit customers outside of your Designated Territory.

———We and our affiliates may solicit and sell products under the Marks and other trade names and trademarks in your Designated Territory through any alternate channel of distribution other than through the operation of an Atomic Wings Restaurant (“Alternative Distribution Channels”). Alternate Distribution Channels include the internet, wholesale, mail order, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales. You may not use Alternative Distribution Channels to solicit or sell products inside or outside your Designated Territory. You will not receive any compensation or consideration if we solicit or accept sales orders in your Designated Territory.

We maintain the right under the Franchise Agreement, to buy back the ~~franchised Restaurant~~ Franchised Business for any reason. If the Restaurant has been operating less than 12 months, we will pay you a purchase price equal to the Restaurant assets or if you have been in operation longer than 12 months, we will pay you two times your Restaurant’s EBITDA. This buy back right, if exercised, shall be accomplished after we provide you with 90 days’ written notice of our intent to exercise this right. The closing shall occur 30 days following determination of the purchase price.

You are not granted any other options, rights of first refusal or similar rights to acquire additional Restaurants under the Franchise Agreement.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time. We, our parent or affiliate have not established, and presently do not intend to establish, other franchised or company-owned businesses which sell our products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

There are no minimum sales amounts, market penetration or other contingency that you must meet to retain your rights to the Designated Territory, but you must comply with your Franchise Agreement, the System and all of our requirements.

**Multi-Unit Developer Agreement:** Under the Multi-Unit Developer Agreement we grant you the right to develop and operate the number of Restaurants in the Development Area that is specified in the Minimum Performance Schedule, which is an attachment to the Multi-Unit Developer Agreement. The Development Area is typically described in terms of municipal boundaries, county boundaries or specified trade areas within a municipality. The actual size of the Development Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population and market conditions.

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

Your trade areas cannot overlap or interfere with an existing trade area, designated territory or development area. We have the right to provide a two-mile buffer between trade areas, designated territories and development areas so that we can avoid any overlapping of areas. We have the right to adjust or re-assign any of the trade areas in the Development Area if we believe that doing this will serve your best interest, or if we believe that there is a conflict with a trade area, designated territory or development area. We have the right to change that trade area to an unoccupied trade area or refund to you the pro-rata portion of the development fee that was paid for the number of Restaurants located in

those specific trade areas. Other than the above circumstances, the Development Area may not be altered unless we and you mutually agree to do so.

Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for Restaurants in the Development Area for you to meet your Minimum Performance Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our guidelines so you can meet the Minimum Performance Schedule.

—Except as described below, during the term of the Multi-Unit Developer Agreement, we and our affiliates will not operate or grant a franchise for the operation of Restaurants to be located within the Development Area. However, we have the right to terminate your development rights if you are not in full compliance with all of the terms and conditions of the Multi-Unit Developer Agreement and all of the Franchise Agreements signed under it. Your territorial rights to the Development Area may, in our discretion, include the right to develop Restaurants at any Non-Traditional Site.

—Except as expressly limited by the Multi-Unit Developer Agreement, we and our affiliates retain all rights with respect to Atomic Wings Restaurants, the Marks, and any products and services anywhere in the world including the right: (a) to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Restaurants and any other goods through similar or dissimilar channels of distribution, both within and outside the Development Area, under the Marks and other trade and service marks and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Restaurants located outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to your Restaurants; and (c) the right to acquire and operate a business operating one or more restaurants or food service businesses located or operating in your Development Area.

We maintain the right to buy back the development rights for any or all opened or unopened Restaurants in the Minimum Performance Schedule. For opened Restaurants, as outlined in the Franchise Agreement, if we exercise our right within the first 12 months of that Restaurant's operation, we will pay you a purchase price equal to the Restaurant's assets (per Restaurant) or it is after the 1<sup>st</sup> year of operation, we will pay you two times your Restaurant's EBITDA (per Restaurant). If the Restaurant has not opened, then we will buy back the development right to the Restaurant, and the associated trade area, for the pro-rata portion of the development fee that you paid for that Restaurant. This buy back right, if exercised, shall be accomplished after we provide you with 90 days' written notice of our intent to exercise this right. The closing shall occur 30 days following our notice to you. The closing shall occur 30 days following the determination of the purchase price.

If you terminate the Franchise Agreement during the initial 18 months of operation and sell to a purchase that will not operate the Restaurant as an Atomic Wings Franchise Business, then you shall pay to us a penalty fee calculated as the average monthly royalty multiplied by 12.

To maintain your rights under the Multi-Unit Developer Agreement you must have open and in operation the cumulative number of Atomic Wings Restaurants stated on the Minimum Performance Schedule by the dates agreed upon in the Minimum Performance Schedule. Failure to do so will be grounds for either a loss of territorial rights or the termination of the Multi-Unit Developer Agreement.

Upon completion of the Minimum Performance Schedule, your development rights under the Multi-Unit Developer Agreement with respect to the Development Area will terminate and we and our affiliates will

have the right to operate and to grant to others development rights and franchises to develop and operate Restaurants within the Development Area.

There are no minimum sales goals, market penetration or other contingency that you must meet to keep your development rights to your Development Area, except that you must meet your Minimum Performance Schedule.

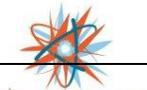
You are not granted any other option, right of first refusal or similar right to acquire additional Restaurants in your Development Area under the Multi-Unit Developer Agreement, except as described above.

**ITEM 13**  
**TRADEMARKS**

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

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

—We have registered or applied for registration of the following trademarks with the United States Patent and Trademark Office (“USPTO”):

Mark	<u>Serial Number</u>	<u>Registration Date</u>	<u>Registration Number</u>	<u>Register</u>
ATOMIC WINGS	<u>7,8820,418</u>	12/26/2006	3,189,464	Principal
  	<u>2/19/201997,802,470</u>	<u>5,678,565</u> Pending	<u>97/802,470</u>	Principal

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

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

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

There are no agreements currently in effect which limit our right to use or to license others to use the Marks. We have filed all affidavits and have renewed all three of the above Marks. We intend to file all affidavits and other documents required to maintain our interest in and to the Marks.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above which may be relevant to their use in this state or in any other state. ~~There are no agreements currently in effect which limit our right to use or to license others to use the Marks. We have filed all affidavits and have renewed all three of the above Marks. We intend to file all affidavits and other documents required to maintain our interest in and to the Marks.~~

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

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

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

—If it becomes advisable at any time in our sole discretion, we may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade

names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System. You must comply with our directions within a reasonable period of time after receiving notice. We will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.

#### **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

———**Patents and Copyrights:** We do not have an ownership interest in any pending or registered patents or copyrights that are material to the franchise.

———**Confidential Operations Manual:** You must operate the Restaurant in accordance with the standards and procedures specified in the Manual. One copy of the Manual will be loaned to you by us for the term of the Franchise Agreement.

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

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

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

———If we ask, you must have your General Manager, Managers and any of your personnel who have received or will have access to confidential information sign confidentiality covenants similar to the ones described above. We will be a third-party beneficiary of these covenants with the independent right to enforce them.

———If you, your Principals, General Manager, Managers or employees develop any new concept, process or improvement in the operation or promotion of the Restaurant, you must promptly notify us and

give us all necessary information, free of charge. You, your Principals, General Manager, Managers and employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

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

———Under the Franchise Agreement, you must designate and retain at all times a “General Manager” and two “Managers”. You must also retain other personnel as are needed to operate and manage the Restaurant. We require you to have a General Manager and two Managers that satisfy our educational and business criteria as provided to you in the Manual or other written instructions, and must be individually acceptable to us. In addition, the General Manager and Managers must be responsible for the supervision and management of the Restaurant, and devote their full time and commercially reasonable efforts the day-to-day operations of the Restaurant. The General Managers and Managers also must satisfy our applicable training requirements. You can be the General Manager or Manager if you have at least three years of previous restaurant management or restaurant ownership experience. If a General Manager or Manager cannot serve in the position or does not meet the requirements, he or she must be replaced within 60 days after the General Manager or Manager stops serving or no longer meets the requirements. You must make sure that at all times your Restaurant is operated in compliance with the terms of your Franchise Agreement, our System and our specifications and requirements, whether or not you participate in the daily operation of your Restaurant. We do not require that your General Manager or Managers have an ownership interest in you.

———You must also obtain covenants not to compete, including covenants applicable on the termination of the person’s relationship with you, from your General Manager, Managers and any of your other personnel who have received or will have access to our training before employment. You must have all of your management personnel sign covenants that they will maintain the confidentiality of information they receive or have access to based on their relationship with you. We will be a third-party beneficiary to each agreement with the independent right to enforce the agreement’s terms. We reserve the right, in our discretion, to decrease the period of time or geographic scope of the non-competition covenants contained in the attachments or eliminate the non-competition covenants altogether for any party that must sign an agreement as described in this paragraph. We have a code of conduct that we expect our franchisees to use to guide their personal conduct standards and which is in the Confidential Operations Manual and required to be posted in the back of house of the Restaurant.

If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spouse Guaranty which is attached to our Franchise Agreement as Attachment 9.

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

———You must sell or offer for sale all menu items, food products, and other products and services we require, and in the manner and style we require. You must sell and offer for sale only the menu items and other products and services that we have expressly approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. You must stop selling and offering for sale any menu items, products or services that we may disapprove in writing at any time. We have the right to change the types of menu items, products and services offered by you at the Restaurant

at any time, and there are no limits on our right to make those changes. We also have the right to modify menu offerings for a particular Restaurant based on regional tastes and/or ingredients. If we do this, we do not have to grant you a similar modification or variance.

———You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items with our recipes and procedures for preparation contained in the Manual or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent.

———We reserve the right to determine the maximum prices for the goods, products and services offered from your Restaurant, as permitted by applicable law. You must comply with the prices required by us, but we make no guarantees or warranties that offering the products or merchandise at the required price will enhance your sales or profits.

———We do not impose any other restrictions in the Franchise Agreement or otherwise as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except that you may not directly solicit customers outside of your Designated Territory.

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

**THE FRANCHISE RELATIONSHIP**

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

<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	3.1	Term expires 10 years from the date the Restaurant opens unless terminated earlier
b. Renewal or extension of the term	3.2	If you are in good standing as defined below, you can sign a successor agreement for one additional term of 10 years, unless we have determined, in our sole discretion, to withdraw from the geographical area where your Restaurant is located.

Provision	Article in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	3.2	<p>You must provide notice that you wish to enter into a successor Franchise Agreement; you must be current in all payments and not in default of your Franchise Agreement; if we require, you must renovate and/or upgrade your Restaurant; you must sign a release; sign successor Franchise Agreement; payment of a successor agreement fee</p> <p>You may be asked to sign a contract with materially different terms and conditions than your original contract, except the boundaries of your territory will remain the same and the fees in the successor agreement will not be greater than the fees that we then impose on similarly situated franchisees with successor agreements.</p>
d. Termination by franchisee	14.4.4	You may seek termination upon any grounds available by state law. If you terminate the Franchise Agreement and sell to a purchaser that will not operate an Atomic Wings Restaurant, then you will pay a penalty to us.
e. Termination by franchisor without cause	14.5	The Franchise Agreement will terminate upon your death or permanent disability and the Restaurant must be transferred within six months to a replacement franchisee that we approve.
f. Termination by franchisor with “cause”	17.1.1	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination
g. “Cause” defined – curable defaults	17.1.3 and 17.2	We may terminate you for cause if you fail to cure certain defaults, including: if you or any of your affiliates fail to pay any monies owed to us, or our affiliates or vendors, and do not cure within five days after notice (or longer period required), fail to obtain signed copies of the confidentiality and non-competition covenants contained in the Franchise Agreement within five days after a request, fail to procure and maintain required insurance within seven days after notice, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice, failure to cure health code

Provision	Article in Franchise Agreement	Summary
		or safety violations within 24 hours after notice; fail to cure any other default that is susceptible of cure within 30 days after notice
h. “Cause” defined – non-curable defaults	17.1.2 and 17.1.3	We may terminate you for cause if you: become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws, have outstanding judgments against you for over 30 days, sell unauthorized products or services, fail to acquire an accepted location within time required, fail to remodel when required, fail to open Restaurant when required, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, abandon or lose right to the Restaurant premises, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, transfer any interest without our consent, maintain false books or records, or are in violation of any anti-terrorism law. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision.
i. Franchisee’s obligations on termination/non-renewal	18	Obligations include: You must stop operating the Restaurant and using the Marks and System and completely de-identify the business, pay all amounts due to us or our affiliates, return the Manual and all other proprietary materials, comply with confidentiality requirements, pay liquidated damages (if applicable), and at our option, sell or assign to us your rights in the Restaurant premises and the equipment and fixtures used in the business
j. Assignment of contract by franchisor	14.1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction. However, no assignment will be made except to an assignee who, in our good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

Provision	Article in Franchise Agreement	Summary
k. “Transfer” by franchisee – defined	14.2.1	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Restaurant or you (if you are not a natural person)
l. Franchisor approval of transfer by franchisee	14.2.2	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent
m. Conditions for franchisor approval of transfer	14.2.2	Conditions include: You must pay all amounts due us or our affiliates, not otherwise be in default, sign a general release, and pay a transfer fee. Transferee must meet our criteria, satisfactorily complete training, sign current Franchise Agreement and, at our option, remodel the Restaurant
n. Franchisor’s right of first refusal to acquire franchisee’s business	14.4	If you receive an offer to purchase your Restaurant or any portion of the Restaurant assets, we will have a right of first refusal to purchase the Restaurant or its assets on the same terms as the offer
o. Franchisor’s option to purchase franchisee’s business	14.8 and 18.12	We have the right to buy back the business at any time and for any reason. In addition, on termination or expiration of your Franchise Agreement, we may purchase all or a portion of the assets of your Restaurant
p. Death or disability of franchisee	14.5	The Franchise Agreement will terminate upon your death or permanent disability, and the Restaurant must be transferred within six months to a replacement franchisee that we approve.
q. Non-competition covenants during the term of the franchise	10.3.1	You are prohibited from operating or having an interest in a similar business
r. Non-competition covenants after the franchise is terminated or expires	10.3.2	You and your Principals are prohibited for two years from expiration, termination or transfer of the franchise from operating or having an interest in a similar business within 10 miles of any Restaurant in the System
s. Modification of the agreement	10.1.5 and 19.2	Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with our Manual, as it may be amended

<b>Provision</b>	<b>Article in Franchise Agreement</b>	<b>Summary</b>
t. Integration/merger clause	19.2	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law.) <del>Notwithstanding the foregoing, nothing</del> Nothing in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document. Any representations or promises made outside the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	19.7	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated in Prince George's County, Maryland (subject to applicable state law)
v. Choice of forum	19.8	Prince George's County, Maryland, (subject to applicable state law)
w. Choice of law	19.8	Maryland law applies (subject to applicable state law)

### **THE MULTI-UNIT DEVELOPER RELATIONSHIP**

<b>Provision</b>	<b>Section in Multi-Unit Developer Agreement</b>	<b>Summary</b>
a. Length of the Multi-Unit Developer Agreement term	6	Length of the Minimum Performance Schedule
b. Renewal or extension of the term	5	After all Restaurants have been developed, we will negotiate in good faith another Multi-Unit Developer Agreement
c. Requirements for multi-unit developer to renew or extend	Not applicable	Not applicable.
d. Termination by multi-unit developer	Not applicable	You may seek to terminate on any grounds available to you at law.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with cause	9	We can terminate if you commit any one of several listed violations

Provision	Section in Multi-Unit Developer Agreement	Summary
g. “Cause” defined – curable defaults	9	If you use the Marks or System without our consent; participating in a competing business; failure to pay money to us when due; you begin developing a Restaurant before all of your pre-development obligations are met; failure to obtain our consent when required; you open any Restaurant before a Franchise Agreement for that Restaurant has been signed
h. “Cause” defined – non-curable defaults	9	Failure to meet your minimum performance schedule; failure to comply with applicable laws; if all of your Restaurants stop operating; unauthorized transfer; you make a material misrepresentation to us; conviction by you or your owners of an indictable offense; bankruptcy or insolvency; if a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision)
i. Multi-unit developer’s obligations on termination/ non-renewal	10	You must stop selecting sites for Restaurants, and you may not open any more Restaurants
j. Assignment of contract by franchisor	11	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Multi-Unit Developer Agreement.
k. “Transfer” by multi-unit developer – defined	11	Includes transfer of any interest in the Multi-Unit Developer Agreement
l. Franchisor approval of transfer by multi-unit developer	11	We have the right to approve all transfers, our consent not to be unreasonably withheld

Provision	Section in Multi-Unit Developer Agreement	Summary
m. Conditions for franchisor approval of transfer	11	Conditions for transfer include not being in default, at least 25% of all Restaurants required to be developed are open or under construction, all debts are paid, the buyer meets our current criteria for new Multi-Unit Developers, sign a general release (where legal), payment of transfer fee, buyer personally guarantees all obligations
n. Franchisor's right of first refusal to acquire multi-unit developer's business	11	We have the right to match the offer to purchase your business
o. Franchisor's option to purchase multi-unit developer's business	11	We have the right to buy back your development rights at any time and to change trade areas if there is a conflict with another trade area.
p. Death or disability of multi-unit developer	11	The rights granted under the Multi-Unit Developer Agreement will terminate upon your death or permanent disability, unless transferred to a third-party approved by us within six months.
q. Non-competition covenants during the term of the franchise	12	Can't divert business or operate a competing business anywhere
r. Non-competition covenants after the franchise is terminated or expires	12	No competing business for two years and within 10 miles of any Restaurant in the System
s. Modification of the agreement	18	No modifications except by mutual agreement of the parties
t. Integration/merger clause	18	Only the terms of the Multi-Unit Developer Agreement and other related written agreements are binding (subject to state law.) If you default under any Franchise Agreement with us which results in the termination of the Franchise Agreement, then we may terminate the Multi-Unit Developer Agreement. Notwithstanding the foregoing, nothing in any Multi-Unit <del>Developer</del> <u>Development</u> Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document. Any representations

Provision	Section in Multi-Unit Developer Agreement	Summary
		or promises outside the disclosure document and Multi-Unit <del>Developer</del> <u>Development</u> Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	19	Except for certain claims, all disputes must be arbitrated in Prince George’s County, Maryland (subject to applicable state law)
v. Choice of forum	19	Prince George’s County, Maryland, (subject to applicable state law)
w. Choice of law	18	Maryland law applies (subject to applicable state law)

**ITEM 18**  
**PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Zak Omar, 5010 Branchville Road, College Park, Maryland, 20740, (917)284-2910, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**Systemwide Outlet Summary**  
**For years ~~2020~~2021-2022-2023**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	<del>2021</del> <u>2020</u>	10	<del>4</del> <u>9</u>	<del>0</del> <u>1</u>
	<del>2021</del> <u>2022</u>	<del>4</del> <u>9</u>	<del>9</del> <u>15</u>	<del>-1</del> <u>+7</u>
	<del>2022</del> <u>2023</u>	<del>9</del> <u>15</u>	<del>15</del> <u>17</u>	<del>+6</del> <u>2</u>
Company-Owned	<del>2021</del> <u>2020</u>	0	0	0
	<del>2022</del> <u>2021</u>	0	0	0
	<del>2022</del> <u>2023</u>	0	0	0
Total Outlets	<del>2021</del> <u>2020</u>	10	<del>4</del> <u>9</u>	<del>0</del> <u>1</u>
	<del>2022</del> <u>2021</u>	<del>4</del> <u>9</u>	<del>9</del> <u>15</u>	<del>-1</del> <u>+7</u>
	<del>2022</del> <u>2023</u>	<del>9</del> <u>15</u>	<del>15</del> <u>17</u>	<del>+6</del> <u>2</u>

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For years ~~2020~~2021-2022-2023**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
New York	<del>2021</del> <u>2020</u>	0
	<del>2022</del> <u>2021</u>	<del>0</del> <u>1</u>
	<del>2022</del> <u>2023</u>	<del>1</del> <u>0</u>
Total	<del>2021</del> <u>2020</u>	0
	<del>2021</del> <u>2022</u>	<del>0</del> <u>1</u>
	<del>2022</del> <u>2023</u>	<del>1</del> <u>0</u>

**Table No. 3**  
**Status of Franchised Outlets**  
**For years ~~2020~~2021-2022-2023**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina- tions	Col 6 Non- Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
California	<del>2021</del> 2020	0	0	0	0	0	0	0
	<del>2022</del> 2021	0	<u>0</u> <del>1</del>	0	0	0	0	<u>0</u> <del>1</del>
	<del>2022</del> 2023	<u>0</u> <del>1</del>	<u>1</u> <del>0</del>	0	0	0	0	1
<del>Maryland</del> Illinois	<del>2020</del> 2021	<u>1</u> <del>0</del>	0	0	0	0	0	<u>1</u> <del>0</del>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Maryland</u>	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
New York	<del>2020</del> 2021	9	0	<u>0</u> <del>1</del>	0	0	0	<u>9</u> <del>8</del>
	<u>2022</u>	<u>8</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11</u>
	<u>2023</u>	<u>11</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>10</u>
<u>Nevada</u>	2021	<u>9</u> <del>0</del>	0	<u>1</u> <del>0</del>	0	0	0	<u>8</u> <del>0</del>
	2022	<u>8</u> <del>0</del>	<u>3</u> <del>0</del>	0	0	0	0	<u>11</u> <del>0</del>
<u>Texas</u>	<del>2020</del> 2023	0	<u>0</u> <del>1</del>	0	0	0	0	<u>0</u> <del>1</del>
<u>Tennessee</u>	2021	0	0	0	0	0	0	0
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Texas</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2022	0	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Total	<del>2020</del> 2021	10	0	<u>0</u> <del>1</del>	0	0	0	<u>10</u> <del>9</del>
	<b>2021</b>	<b>10</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>
	2022	9	6	0	0	0	0	15
	<u>2023</u>	<u>15</u>	<u>5</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>17</u>

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For years ~~2020~~2021-2022-2023**

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
None	<del>2020</del> 2021	0	0	0	0	0	0
	<del>2021</del> 2022	0	0	0	0	0	0
	<del>2022</del> 2023	0	0	0	0	0	0
Total	<del>2020</del> 2021	0	0	0	0	0	0
	<del>2022</del> 2021	0	0	0	0	0	0
	<del>2022</del> 2023	0	0	0	0	0	0

**Table No. 5**  
**Projected Openings as of December 31, ~~2022~~2023**

-Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Open	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company- Owned Outlets In The Next Fiscal Year
Arkansas	1	1	0
California	0	2	0
Illinois	2	2	0
Indiana	0	1	0
Minnesota	0	2	0
Missouri	0	1	0
Nevada	0	1	0
New York	3	1	0
South Dakota	1	1	0
Tennessee	0	2	0
Texas	0	3	0
Washington DC	1	0	0
West Virginia	1	2	0

Total	<u>89</u>	<u>1516</u>	0
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A list of the names of all franchisees and multi-unit developers the addresses and telephones numbers of the franchises will be provided in Exhibit D to this disclosure document when applicable. There were no area developers as of the last fiscal year end.

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

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

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

## **ITEM 21** **FINANCIAL STATEMENTS**

———Attached to this Disclosure Document as Exhibit A are our audited financial statements for the periods ended December 31, ~~2022~~2023, December 31, ~~2022~~2024, and December 31, ~~2020~~, ~~and our interim audited financial statements for the period January 1, 2023, through June 30, 2023~~2021.

———Our fiscal year end is December 31<sup>st</sup>.

## **ITEM 22** **CONTRACTS**

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

- |    |                                                |                                                   |
|----|------------------------------------------------|---------------------------------------------------|
| 1. | Franchise Agreement and Attachments            | Exhibit B                                         |
| 2. | Multi-Unit Developer Agreement and Attachments | Exhibit C                                         |
| 3. | Franchisee Acknowledgment Statement            | Exhibit <del>HJ</del> , as permitted by state law |

## **ITEM 23** **RECEIPTS**

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

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**



**SILVA'S**  
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## **Atomic Wings Franchisor Inc**

### **Financial Statements**

**December 31, 2023 and 2022**

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**SILVA'S**  
Financial Services

**1**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

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

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

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the



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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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



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

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

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



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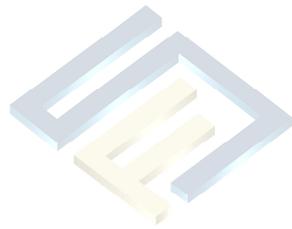
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- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Atomic Wings Franchisor Inc. ability to continue as a going concern for a reasonable period of time.

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



**SILVA'S**  
Financial Services

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

March 27, 2024



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Financial Services

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## ATOMIC WINGS FRANCHISOR INC

### Balance Sheets

December 31, 2023 and 2022

#### Assets

	<u>12/31/2023</u>	<u>12/31/2022</u>
<b>Current Assets</b>		
<b>Cash Equivalent</b>	\$ 68,535.43	\$ 19,381.90
<b>Total Current Assets</b>	<u>\$ 68,535.43</u>	<u>\$ 19,381.90</u>
<b>Property and Equipment</b>		
<b>Office Furniture &amp; Fixtures</b>	\$ 5,939.57	\$ 5,939.57
<b>Accumulated Depreciation</b>	\$ (5,837.71)	\$ (5,634.86)
<b>Total Property and Equipment</b>	<u>\$ 101.86</u>	<u>\$ 304.71</u>
<b>Other Assets</b>		
<b>Leasehold Improvements</b>	\$ 60,175.37	\$ -
<b>Organization Cost</b>	\$ 123,719.00	\$ 123,719.00
<b>Accum. Amortization cost</b>	<u>\$ (128,733.61)</u>	<u>\$ (123,719.00)</u>
<b>Total Other Assets</b>	<u>\$ 55,160.76</u>	<u>\$ -</u>
<b>Total Assets</b>	<u>\$ 123,798.05</u>	<u>\$ 19,686.61</u>

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



## Liabilities and Members' Capital

	<b>12/31/2023</b>	<b>12/31/2022</b>
<b>Liabilities</b>		
<b>Long-Term Liabilities</b>		
EIDL Loan	\$ 53,500.00	\$ 53,500.00
Loan Payable to Shareholders	\$ 81,941.37	\$ -
<b>Total Long-Term Liabilities</b>	<b>\$ 135,441.37</b>	<b>\$ 53,500.00</b>
<b>Equity</b>		
Common stock	\$ 25,000.00	\$ 25,000.00
Additional Paid in Capital	\$ 683,362.76	\$ 683,362.76
Retained Earnings	\$ (742,177.00)	\$ (291,082.00)
Shareholder Distributions	\$ -	\$ (245,281.80)
Net Income	\$ 22,170.92	\$ (205,812.35)
<b>Total Capital</b>	<b>\$ (11,643.32)</b>	<b>\$ (33,813.39)</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$ 123,798.05</b>	<b>\$ 19,686.61</b>

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



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## ATOMIC WINGS FRANCHISOR INC.

### Statements of Operations

For the Years Ended December 31, 2023 and 2022

	12/31/2023	12/31/2022
<b>Revenues</b>	\$ 1,043,544.13	\$ 906,471.90
<b>Restaurant Supplies</b>	\$ 37,813.69	\$ 115,094.47
<b>Gross Profit</b>	<b>\$ 1,005,730.44</b>	<b>\$ 791,377.43</b>
<b>Selling General and Administrative Expenses</b>	\$ 978,342.06	\$ 896,137.41
<b>Net Operating Income</b>	\$ 27,388.38	\$ (104,759.98)
<b>Other Expenses</b>	\$ -	\$ 101,052.37
<b>Depreciation Expense</b>	\$ 202.85	
<b>Amortization Expense</b>	\$ 5,014.61	
<b>Net Income (Loss)</b>	<b>\$ 22,170.92</b>	<b>\$ (205,812.35)</b>

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



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

<b>Retained Earnings, December 31, 2021</b>	<b>(\$ 217,073.01)</b>
Net Income	9,211.86
Shareholder Distributions	(83,220.85)
<b>Retained Earnings, December 31, 2022</b>	<b>(\$ 291,082.00)</b>
Net Income	(205,812.35)
Shareholder Distributions	(245,282.65)
<b>Retained Earnings, December 31, 2023</b>	<b>(\$ 742,177.00)</b>



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## ATOMIC WINGS FRANCHISOR INC.

### Statements of Cash Flows

#### For the Years Ended December 31, 2023 and 2022

	12/31/2023	12/31/2022
<b>OPERATING ACTIVITIES</b>		
Net Income	\$ 22,170.92	\$(205,812.35)
Adjustments to reconcile Net Income to Net Cash provided by operations:		
<b>Net cash provided by operating activities</b>	<b>\$ 22,170.92</b>	<b>\$(205,812.35)</b>
<b>INVESTING ACTIVITIES</b>		
Furniture and Equipment:Accumulated Depreciation	\$ 202.85	\$ 202.84
Organization Cost:Accumulated Amortization	\$ 5,014.61	\$ -
Leasehold Improvements	\$ (60,175.37)	\$ -
<b>Net cash provided by investing activities</b>	<b>\$ (54,957.91)</b>	<b>\$ 202.84</b>
<b>FINANCING ACTIVITIES</b>		
EIDL Loan	\$ -	\$ (2,900.00)
PPP Loan	\$ -	\$ (7,000.00)
Loan Payable to Shareholders	\$ 81,941.37	\$ -
Additional Paid-in Capital	\$ -	\$ 474,126.76
Retained Earnings	\$(245,282.65)	\$ (83,220.83)
Shareholder Distributions	\$ 245,281.80	\$(162,060.95)
<b>Net cash provided by financing activities</b>	<b>\$ 81,940.52</b>	<b>\$ 218,944.98</b>
Net cash increase for period	\$ 49,153.53	\$ 13,335.47
Cash at beginning of period	\$ 19,381.90	\$ 6,046.43
<b>Cash at end of period</b>	<b>\$ 68,535.43</b>	<b>\$ 19,381.90</b>



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**ATOMIC WINGS FRANCHISOR INC.**  
**(An S Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

## **1. Operations**

### Nature of Business and Organization Structure

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

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

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

## **2. Summary of Significant Accounting Policies**

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



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

### Cash and Cash Equivalents

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

### Concentrations of Credit Risk

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

### Property and Equipment

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

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



Amortization on the property leased is primarily calculated on the straight-line method over the lease rent agreement signed and the intention of future renewal of 10 years.

	<u>Life in Years</u>
Office and other equipment	3-5
Furniture and fixtures	5-7
Leasehold Improvements	12

### Implementation of New Revenue Recognition Guidance

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

### Income Taxes

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



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

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

#### Advertising

Advertising costs are expensed in the year incurred. Advertising expenses were approximately \$293,091.80 and \$177,593.96 for the years ended December 31, 2023 and 2022, respectively.

#### Use of Estimates

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



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

### Subsequent Events

Subsequent events have been evaluated through December 31, 2023, which is the date the financial statements were available to be issued.

### **3. Cash and Cash Equivalents**

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

### **4. Revenue Recognition**

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

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



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

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

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

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

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



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

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

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



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

	<b>2023</b>	<b>2022</b>
<b>Income</b>		
<b>Area Development Fees</b>	485,000.00	600,000.00
<b>Initial Franchise Fee</b>	166,000.00	129,000.00
<b>Rebate Income</b>	80,353.50	57,756.82
<b>Royalty Income</b>	312,190.63	119,715.08
<b>Total Income</b>	<b>\$ 1,043,544.13</b>	<b>\$ 906,471.90</b>

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

## 5. Contract Assets and Liabilities

Contract assets includes amounts due from franchise fees, advertising fees, and other products. As of December 31, 2023 and 2022, there were no contract assets included on the balance sheet. Liabilities include amounts owed for Atomic Wings Franchisor Inc. operation. As of December 31, 2023 and 2022, there were \$135,441.37 and \$53,500.00 of liabilities included on the balance sheet, respectively.

## 6. Accounts Receivable

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



The allowance for doubtful accounts is management's best estimates of the amount of probable credit losses in the existing accounts receivable and is determined based on a review of those accounts that are greater than 90 days in arrears. To December 31, 2023, all customer contracts and monthly royalty fees were collected and there are no accounts receivables.

## 7. Property and Equipment, Net

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

	<u>2023</u>	<u>2022</u>
<b>Property and Equipment</b>		
Office Furniture & Fixtures	\$ 5,939.57	\$ 5,939.57
Accumulated Depreciation	\$ (5,837.71)	\$ (5,634.86)
<b>Total Property and Equipment</b>	<u>\$ 101.86</u>	<u>\$ 304.71</u>

	<u>2023</u>	<u>2022</u>
<b>Other Assets</b>		
Leasehold Improvements	\$ 60,175.37	\$ -
Accumulated Amortization	\$ (5,014.61)	\$ -
<b>Total Property and Equipment</b>	<u>\$ 55,160.76</u>	<u>\$ -</u>

Depreciation expense was \$202.85 and \$202.84 for the years ended December 31, 2023 and 2022, respectively.

Amortization expense was \$5,014.61 and \$0.00 for the years ended December 31, 2023 and 2022, respectively.



## **8. Capital Stock**

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

## **9. Franchising**

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

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

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

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



number of franchise businesses to be established, substantial performance is satisfied when the owner is trained.

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

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

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

	<u>2023</u>	<u>2022</u>
<b><u>Individual Franchises</u></b>		
Sold	5	4
Operational	19	14
<b><u>Master Franchises</u></b>		
Sold	5	5
Operational	10	0



## **10. Related Party Transactions**

### Management Fees

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

During the years ended December 31, 2023 and 2022, the shareholder received \$120,660.37 and \$139,725.58 respectively.

## **11. Commitments and Contingencies**

### Lease Commitments

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

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



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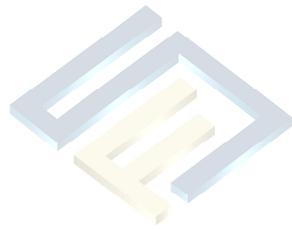
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## 12. Subsequent Events

The Company has evaluated subsequent events through December 31, 2023, the date the financial statements were available to be issued. Management believes that the long-term outlook for its operations moving forward is positive based on the actions taken and the overall efforts and advancements that have been made.



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## Atomic Wings Franchisor Inc

### Financial Statements

December 31, 2022 and 2021

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

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

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

### **Basis for Opinion**

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



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

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

## **Responsibilities of Management for the Financial Statements**

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

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



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## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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



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

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

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



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Mario Silva - CPA

SILVA'S FINANCIAL SERVICES, LLC

NY license #095984

April 28, 2023

## ATOMIC WINGS FRANCHISOR INC

### Balance Sheets

**December 31, 2022 and 2021**

#### Assets

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

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

## Liabilities and Members' Capital

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

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

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

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

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

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

<b>Retained Earnings, December 31, 2020</b>	<b>\$ (217.073,01)</b>
Net Income	9.211,83
Member Draws	<u>(83.220,85)</u>
<b>Retained Earnings, December 31, 2021</b>	<b>\$ (291.082,00)</b>
Net Income	(205.812,35)
Member Draws	<u>(245.281,80)</u>
<b>Retained Earnings, December 31, 2022</b>	<b>\$ (742.176,15)</b>

## ATOMIC WINGS FRANCHISOR INC.

### Statements of Cash Flows

#### For the Years Ended December 31, 2022 and 2021

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

**ATOMIC WINGS FRANCHISOR INC.**  
**(An S Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

## **1. Operations**

### Nature of Business and Organization Structure

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

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

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

## 2. Summary of Significant Accounting Policies

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

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

### Cash and Cash Equivalents

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

### Concentrations of Credit Risk

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

### Property and Equipment

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



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

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

### Implementation of New Revenue Recognition Guidance

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

### Income Taxes

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

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

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

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

### Advertising

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

### Use of Estimates

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

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

### Subsequent Events

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

### **3. Cash and Cash Equivalents**

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

### **4. Revenue Recognition**

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

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



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

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

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

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

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

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

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

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

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

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

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

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

## 5. Contract Assets and Liabilities

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

## 6. Accounts Receivable

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

## 7. Property and Equipment, Net

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

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

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

## 8. Payroll Protection Program Loan

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



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

## 9. Capital Stock

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

## 10. Franchising

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

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



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

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

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

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

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

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

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

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

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

## 11. Related Party Transactions

### Management Fees

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

## 12. Commitments and Contingencies

### Lease Commitments

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



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

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

### **13. Going Concern**

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

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

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



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## 14. Subsequent Events

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



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**EXHIBIT B TO THE DISCLOSURE DOCUMENT**

**FRANCHISE AGREEMENT**

**ATOMIC WINGS FRANCHISOR INC.**

**FRANCHISE AGREEMENT**

\_\_\_\_\_  
**FRANCHISEE**

\_\_\_\_\_  
**EFFECTIVE DATE**

\_\_\_\_\_  
**RESTAURANT ADDRESS**

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**ATTACHMENTS**

- 1 - Accepted Location and Designated Territory
- 2 - Collateral Assignment of Lease
- 3 - Statement of Ownership Interests in Franchisee/Entity
- 4 - Confidentiality and Non-Competition Agreement
- 5 - Electronic Funds Transfer Authorization
- 6 - Internet Advertising, Social Media, Software, and Telephone Account Agreement
- ~~7 - General Release~~
- ~~8~~7 - Americans with Disabilities Act Certification
- ~~9~~8 - Spouse Guaranty

**ATOMIC WINGS FRANCHISOR INC**  
**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the “Agreement”) is entered into on \_\_\_\_\_ (the “Effective Date”), by and between ~~ATOMIC WINGS FRANCHISOR INC~~ Atomic Wings Franchisor Inc., a New Jersey corporation having its principal address at 5010 Branchville Road, College Park, Maryland 20740 (“Franchisor”, “we”, “us” or “our”) and \_\_\_\_\_, a(n) \_\_\_\_\_, whose principal address is \_\_\_\_\_, and \_\_\_\_\_’s principal(s) \_\_\_\_\_, an individual residing at \_\_\_\_\_, and \_\_\_\_\_, an individual residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be individually and collectively referred to ~~in this Agreement~~ as, and each is, the “Franchisee”, “you” or “your” or “Franchisee”.

**W I T N E S S E T H:**

**WHEREAS**, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter “System”) relating to the establishment and operation of a quick-service restaurant under the name “Atomic Wings” offering Buffalo-style chicken wings that are Halal and are hormone and antibiotic free (“Restaurant” or “Franchised Business”). We serve chicken wings in varying degrees of spiciness, appetizers, burgers, sandwiches, chili, soups, Mexican food, desserts and beverages. With prior written approval, the Restaurant may offer the additional menu items of gyros, falafel and chicken over rice and if permitted by applicable law, may serve beer and wine.

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

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

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

**WHEREAS**, you understand and acknowledge the importance of our high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with our standards and specifications; and

**WHEREAS**, you desire to use the System in connection with the operation of a Restaurant at an accepted location as herein provided, as well as to receive the training and other assistance provided by us in connection therewith.

**NOW, THEREFORE**, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

## **ARTICLE 1** **GRANT**

### **1.1 Grant of Franchise**

In reliance on the representations and warranties of you and your Principals hereunder, we hereby grant to you, upon the terms and conditions in this Agreement, the right and license, and you hereby accept the right and obligation, to operate a Restaurant under the Marks and the System in accordance with this Agreement. You and the Principals have represented to us that you have entered into this Agreement with the intention to comply fully with the obligations to construct a Restaurant hereunder and not for the purpose of reselling the rights to develop the Restaurant hereunder. You and the Principals understand and acknowledge that we have granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, you and the Principals and that this Agreement and the rights and obligations hereunder may not be transferred until after the Restaurant is open for business to the public in accordance with Section 2.6, and then only in accordance with Article 14 hereof. In our sole discretion, if we approve you to do so, you may offer and sell beer and wine from your Restaurant, provided that you comply with all applicable laws and licensing requirements related to the offer and sale of beer and wine, and provided, further, that you obtain any insurance coverage required relating to the offer and sale of beer and wine.

### **1.2 Accepted Location**

The specific street address of the Restaurant submitted by you and which request we have accepted, shall be set forth in Attachment 1 (“Accepted Location”). You shall not relocate the Restaurant without our express prior written consent, which consent shall not be unreasonably withheld. This Agreement does not grant to you the right or license to operate the Restaurant or to offer or sell any products or services described under this Agreement at or from any other location.

### **1.3 Relocation**

If you are unable to continue the operation of the Restaurant at the Accepted Location because of the occurrence of a force majeure event (as described in Section 17.1.3(e)), then you may request our approval to relocate the Restaurant to another location in the Designated Territory, as that term is defined below, which approval shall not be unreasonably withheld. You must submit your relocation request to us with a non-refundable relocation fee in the amount of Ten Thousand Dollars (\$10,000). The Restaurant may not be relocated without first obtaining our written consent. Any other relocation outside the Designated Territory or a relocation of the Restaurant not caused by force majeure shall also be subject to our prior approval. If we elect to grant you the right to relocate the Restaurant, then you shall comply with the site selection and construction procedures set forth in Article 2. We shall issue a revised Attachment 1, in accordance with Section 1.2, to reflect the new address of the Accepted Location.

### **1.4 Designated Territory**

1.4.1 Upon the determination of an Accepted Location, you will be assigned a designated geographical area (the “Designated Territory”) that will be described in Attachment 1 hereto. You understand and acknowledge that if your Accepted Location is a Non-Traditional Site (as described in Section 1.5 below), you will not receive a Designated Territory. You further understand and acknowledge that the Designated Territory is not exclusive to you, and we may choose to exercise the

rights reserved to us in Section 1.5 below. Except as provided in this Agreement, and subject to your and the Principals' material compliance with this Agreement, any other agreement among you or any of your affiliates (defined for the purposes hereof as any entity that is controlled by, controlling or under common control with such other entity) and us, we shall not establish or authorize any other person or entity, other than you, to establish an Atomic Wings ~~Restaurant~~ Franchised Business in the Designated Territory during the term of this Agreement and any extensions hereof, so long as you are not in default under this Agreement or this Agreement has not been terminated. You acknowledge and understand that the rights granted hereunder pertain only to the establishment of a ~~Restaurant~~ dedicated Atomic Wings Franchised Business. You acknowledge and agree that our parents and/or affiliates may currently operate, or may in the future operate, food service businesses under different marks and with operating systems that are the same as or similar to the System, and that any such businesses might compete with your Restaurant. You further agree and acknowledge that the license granted hereby is only ~~for the operation~~ of one (1) Restaurant, only at a ~~location accepted by us~~ the Accepted Location, and only from within the boundaries of the Designated Territory. Except as set forth in this Agreement, you are prohibited from serving and soliciting customers outside of the Designated Territory and from using alternative methods of distribution as more fully specified herein.

1.4.2 The Designated Territory cannot overlap or interfere with existing trade areas, designated territories or exclusive areas granted to other franchisees or multi-unit developers. We reserve the right to provide a two (2) mile buffer between trade areas, designated territories and development areas to prevent any overlapping of areas. We reserve the right to adjust the boundaries of the designated territory at any time if we believe it conflicts with another trade area, designated territory or development area. The Restaurant's premises will be located within the adjusted Designated Territory.

## 1.5 Our Reserved Rights

1.5.1 Nothing in this Agreement will prohibit us from: (a) operating and/or franchising others to operate restaurants or other distribution models identified in whole or in part by the Proprietary Marks and/or utilizing the System in the Designated Territory that are located in gas stations or convenience stores; transportation facilities, including airports, train stations, subways and rail and bus stations; military bases and government offices; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals; business or industrial foodservice venues; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; Indian reservations; casinos; or any similar captive market location not reasonably available to you ("Non-Traditional Site"); (b) awarding national, regional or local licenses to third parties to sell products under the Proprietary Marks in foodservice facilities primarily identified by the third party's trademark; (c) merchandising and distributing products identified by the Proprietary Marks and other trade names and trademarks in the Designated Territory through any method or channel of distribution other than through the operation of a restaurant or delivery services; (d) selling and distributing products identified by the Proprietary Marks in the Designated Territory to restaurants other than restaurants identified by the Proprietary Marks, provided those restaurants are not licensed to use the Proprietary Marks in connection with their retail sales; (e) selling and soliciting products and services through other channels of distribution, including but not limited to the Internet, wholesale, mail order, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales; (f) developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Proprietary Marks; and (g) purchasing, being purchased by, merging or combining with, businesses that we deem to offer direct competition to Atomic Wing ~~Restaurants~~ businesses. You understand and acknowledge that we are not required to pay you any consideration if we exercise any right specified above in the Designated Territory

1.5.2 You understand and acknowledge that if any Non-Traditional Site (as described above) is located within the physical boundaries of your Designated Territory, then the premises of this Non-Traditional Site will not be included in your Designated Territory and you will have no rights to this Non-Traditional Site.

1.5.3 This Section 1.5 does not prohibit us or our affiliates from: (a) operating and franchising others to operate, during the Initial Term, Atomic Wing businesses and Restaurants at any location outside of the Designated Territory; (b) operating and franchising others to operate, after this Agreement terminates or expires, Atomic Wing businesses and Restaurants at any location, including locations inside the Designated Territory; and (c) operating and franchising others to operate at any location, during or after the Initial Term, any type of restaurant or distribution model other than an Atomic Wing Restaurant.

1.5.4 The restrictions contained in this Section do not apply to Atomic Wing businesses and Restaurants in operation, under lease or construction or other commitment to open in the Designated Territory as of the Effective Date.

1.5.5 Except as expressly limited by this Section 1.5, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area and at any location, regardless of the proximity to the Franchised RestaurantBusiness or the economic effect on the Franchised RestaurantBusiness or activities under this Agreement.

## **1.6 Forms of Agreement**

You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and other franchisees may have different rights and obligations does not affect our or your duties to comply with the terms of this Agreement.

## **ARTICLE 2 SITE SELECTION, PLANS AND CONSTRUCTION**

### **2.1 Your Responsibility to Locate a Site**

2.1.1 You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Restaurant within the Designated Territory, and for constructing and equipping the Restaurant at the Accepted Location. We and you will agree upon a general area in which you will use your best efforts to locate the site for your Franchised Business. You shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Restaurant until we have accepted your request as set forth below. You acknowledge that the location, selection, procurement and development of a site for the Restaurant is your responsibility; that in discharging such responsibility you shall consult with real estate, general contractors and other professionals of your choosing; and that our approval of your request for a site and the rendering of any location assistance does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Restaurant operated at that site will be profitable or otherwise successful. You further acknowledge and agree that your selected site for the Franchised RestaurantBusiness is based on your own independent investigation of the suitability of the site. It is your responsibility to perform market and prospective site analysis, traffic, demographics and/or other factors included in or excluded from the site and market testing criteria could change, altering the potential of a site. The uncertainty and

instability of these criteria are beyond our control, and we are not responsible if the site fails to meet your expectations.

2.1.2 You understand the costs to purchase, equip and make the site operational as an Atomic Wing Restaurant may exceed the estimate provided for in our Franchise Disclosure Document. It shall be your responsibility to work with real estate, general contractors and other professionals to understand these overages and how best to accommodate for them. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if the site fails to meet your expectations. You will know all costs and timetables prior to forming your opinion and sending us your request for approval.

2.1.3 You, individually, and on behalf of your heirs, legal representatives, successors and assigns, hereby forever releases and discharges us and our officers, directors, employees, agents and servants, including our subsidiary and affiliated corporations, their respective officers, directors, employees, agents and servants, from any and all claims relating to or arising under any agreements between the parties including, but not limited to, any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, securities, or antitrust laws of the United States, or of any state or territory thereof.

## **2.2 Site Selection**

Prior to acquiring by lease or purchasing a site for the Franchised Business, but within sixty (60) days of the Effective Date of this Agreement, you shall locate a site for the Franchised Business. You must submit to us your written request of a site and include the forms and information we may request. We shall have thirty (30) days after receipt of this information to approve or disapprove your request. If you request us to provide location assistance, we shall do so in accordance with Section 5.2, at your expense. No site may be used for the location of the Franchised Business unless we have first approved the site request in writing, and as outlined above. You acknowledge and agree that our approval of your request is not a warranty or guaranty, express or implied, that you will achieve any particular level of success at the site or that your Franchised Business will be profitable. If you are unable to locate a site for your Franchised Business within sixty (60) days after you sign this Agreement, we have the right to terminate this Agreement or we may provide you with an extension of this timeframe.

2.2.2 If you elect to purchase the premises for the Franchised Business, you shall submit a copy of the proposed contract of sale to us for our written approval prior to its execution. We shall have ten (10) days after receipt of the proposed contract of sale to either approve or disapprove such documentation prior to its execution. You will furnish us with a copy of the executed contract of sale within ten (10) days after its execution.

2.2.3 If you will occupy the premises of the Franchised Business under a lease or sublease, then you shall submit a copy of the lease or sublease to us for written approval prior to its execution. We shall have ten (10) days after receipt of the lease, sublease to either approve or disapprove such documentation prior to its execution. No lease or sublease for the Franchised Business premises shall be accepted by us unless a Collateral Assignment of Lease, in substantially the form attached as Attachment 2, is executed by us, you and the lessor or sublessor and is attached to the lease and incorporated therein. You shall furnish to us a copy of the executed lease or sublease within ten (10) days after execution.

2.2.4 After we have accepted the location for your Restaurant-, we shall set forth the Accepted Location and Designated Territory on Attachment 1 of this Agreement and shall provide a copy thereof to you. Attachment 1, as completed by us, shall be incorporated herein and made a part hereof.

You shall notify us within fifteen (15) days of any error or rejection of Attachment 1; otherwise, Attachment 1 provided to you shall be deemed final.

### **2.3 Zoning Clearances, Permits and Licenses**

2.3.1 You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Restaurant premises. Prior to beginning the construction of the Restaurant, you shall (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Restaurant, and (ii) certify in writing to us that the insurance coverage specified in Article 12 is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Upon written request, you shall provide to us additional copies of your insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

2.3.2 You shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the Americans with Disabilities Act regarding the construction, design and operation of the Restaurant. In the event you receive any complaint, claim, other notice alleging a failure to comply with the Americans with Disabilities Act, you shall provide us with a copy of such notice within five (5) days after receipt thereof.

### **2.4 Design of Restaurant**

You must obtain architectural, engineering and design services for the construction of the Restaurant from a licensed architect and general contractor at your own expense. The architect and general contractor must meet our approval. You shall have the prototypical plans and specifications for the building and furnishing for a standard Restaurant, which we provided to you in accordance with Section 5.3, adapted as necessary by the architect and general contractor for the construction of the Accepted Location. Such plans must comply with all applicable laws, rules, regulations, ordinances and building codes including any relating to accommodations for disabled persons (the Americans with Disabilities Act), for the city and state in which the Restaurant will be located. Prior to their use, you shall submit such adapted plans, specifications and blueprints to us for our review. If we determine, in our reasonable discretion, that any such plans, specifications and blueprints are not consistent with the best interests of the System, we may prohibit the implementation of such plans, specifications and blueprints, and in this event will notify you of any objection(s) within fourteen (14) business days of receiving such plans, specifications and blueprints. If we fail to notify you of an objection to the plans, specifications and blueprints within this time period, you may use such plans, specifications and blueprints. If we object to any such plans, specifications and blueprints, we shall provide you with a reasonably detailed list of changes necessary to make the plans, specifications and blueprints acceptable. We shall, upon your re-submission of the plans, specifications and blueprints with such changes, notify you within fourteen (14) business days of receiving the resubmitted plans, specifications and blueprints whether the plans, specifications and blueprints are acceptable. If we fail to notify you in writing of any objection within such time period, you may use the resubmitted plans. You acknowledge that our review of such plans, specifications and blueprints relates only to compliance with the System, specifications, prototype plans and presentation of the Marks, and that acceptance by us of such plans, specifications and blueprints does not constitute a representation, warranty, or guarantee, express or implied, by us that such plans, specifications and blueprints are accurate or free of error concerning their design or structural application, or that such plans comply with any laws, rules, regulations, ordinances and building codes applicable to the Accepted Location

## **2.5 Build-Out of Restaurant**

You shall commence and diligently pursue construction or remodeling (as applicable) of the Restaurant. Commencement of construction shall be defined as the time at which any site work is initiated by you or on your behalf at the location accepted for the Restaurant. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises. During the time of construction or remodeling, you shall provide us with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by us. In addition, we may make such on-site inspections as we may deem reasonably necessary to evaluate such progress. You shall notify us of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. Within a reasonable time after the date of completion of construction or remodeling, we may, at our option, conduct an inspection of the completed Restaurant. You acknowledge and agree that you will not open the Restaurant for business without our written authorization and that authorization to open shall be conditioned upon your strict compliance with this Agreement.

## **2.6 Opening Date; Time is of the Essence**

2.6.1 You acknowledge that time is of the essence. Subject to your compliance with the conditions stated below, you shall open the Restaurant and commence business within twelve (12) months of the Effective Date. The date the Restaurant actually opens for business to the public is herein called the "Opening Date". Prior to opening, you shall complete all exterior and interior preparations for the Restaurant, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications reasonably approved by us, and shall comply with all of your other pre-opening obligations, including, but not limited to, those obligations described in Sections 6.2 through 6.8, to our reasonable satisfaction. If you fail to reasonably comply with any of such obligations, except for delay caused by a force majeure act as described in Section 17.1.3(e), we shall have the right to prohibit you from commencing business. Your failure to open the Restaurant and commence business in accordance with the foregoing shall be deemed an event of material default under this Agreement. Prior to opening the Franchised Business, and before any renovation to the Franchised Business, you shall execute an Americans with Disabilities Act Certification in the form attached to this Agreement as Attachment 87 that certifies in writing to us that the Franchised Business and any proposed renovations comply with the Americans with Disabilities Act.

2.6.2 Notwithstanding the foregoing, if you fail to open your Restaurant within the timeframe required herein, subject to force majeure, we reserve the right to terminate this Agreement, or we may grant to you an extension of this timeframe, in our sole discretion. If the Restaurant is not open and operating within this additional timeframe, we have the right, exercisable in our sole discretion, to then terminate this Agreement without providing you with any refund.

## **ARTICLE 3 TERM AND SUCCESSOR OPTION**

### **3.1 Term**

Unless sooner terminated as provided in Article 17 hereof, the term of this Agreement shall commence on the Effective Date hereof and shall expire ten (10) years from the Opening Date of the Restaurant (the "Initial Term").

### **3.2 Successor Option**

Subject to the provisions of this Section, you shall have an option (exercisable only by written notice delivered to us less than nine (9) months, but more than six (6) months, prior to the end of the Initial Term) to enter into a new franchise agreement and other agreements and legal instruments and documents customarily employed by us and in the form generally being offered to prospective franchisees in the state in which the Franchised Business is located (the Successor Franchise Agreement”) for one (1) additional term of ten (10) years, if the following conditions are met:

3.2.1 you have been, throughout the Initial Term, in substantial compliance, and at the expiration of such Initial Term are in full compliance, with this Agreement, the lease and all other agreements between you and us or companies associated or affiliated with us;

3.2.2 you enter into the Successor Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (which Successor Franchise Agreement may materially differ from this Agreement, including a higher rate of fees, different methods of calculating fees due, and different payment methods, which shall be the same as those set out in the then-current franchise agreements being executed at that time);

3.2.3 you are able to maintain possession of the premises for the Franchised Business (or at relocated premises pursuant to Section 1.3 hereof) pursuant to a lease reasonably acceptable to us;

3.2.4 you refurbish, upgrade and/or renovate your Restaurant as we require in order that your Restaurant will meet our then-current standards and image for Atomic Wings Restaurants businesses;

3.2.5 the landlord of the premises consents to a renewal or extension of the lease;

3.2.6 at the time the successor option is exercised and at the time such successor term commences, all monetary obligations to us and any parent or affiliate of ours must be current and must have been current at all times during the preceding twelve (12) months;

3.2.7 you execute a general release running in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders, except in respect of those claims which cannot be released at law;

3.2.8 you pay to us a successor agreement fee equal to Seven Thousand Five Hundred Dollars (\$7,500); and

3.2.9 Notwithstanding anything herein to the contrary, we reserve the right not to enter into a successor franchise agreement for your franchise as a result of a decision to withdraw from a marketing area or the Designated Territory in which your Franchised Business is located.

### **3.3 Refusal to Grant Successor Term**

We can refuse to grant you a successor term for your franchise if your lease, sublease or other document by which you have the right to occupy the Restaurant premises is not extended to cover the period of the successor term before your successor term is to take effect or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the successor term. We may also refuse to grant you a successor term for your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your

failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the Initial Term, if applicable.

### **3.4 Successor Term Under Law**

Even though we decline to grant you a successor term for your franchise, it is possible that we can be required to grant you a successor term under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your successor term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the successor period begins. If we are not then offering new franchises, your successor period will be subject to the terms in the Franchise Agreement that we indicate. If for any reason that is not allowed, the successor term will be governed by the terms of this Agreement.

### **3.5 Your Election Not to Sign a Successor Franchise Agreement**

For the purposes hereof, you shall be deemed to have irrevocably elected not to enter into a Successor Franchise Agreement (and the option to do so shall thereupon terminate) if you fail to execute and return to us the Successor Franchise Agreement and other ancillary documents required by us for a successor franchise, together with payment of our successor agreement fee, within thirty (30) days after we have delivered them to you.

## **ARTICLE 4 FEES**

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

The franchisor will post a Certificate of Deposit in the amount of the initial fee for each franchise or multi-unit development opportunity sold in the State of Illinois. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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

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

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

**The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.**

#### **4.1 Initial Franchise Fee**

4.1.1 You shall pay to us an initial franchise fee of Twenty-Five Thousand Dollars (\$25,000) which shall be paid upon the execution of this Agreement. The amount of the initial franchise fee when so paid shall be deemed fully earned in consideration of the administrative and other expenses incurred by us in granting the franchise hereunder and for our lost or deferred opportunity to grant such franchise to any other party, and shall not be refundable.

4.1.2 In the event this Agreement is for a Restaurant being developed pursuant to a multi-unit developer agreement, then the initial franchise fee shall be reduced by any amount applied by us from the development fee paid by you pursuant to the terms of such multi-unit developer agreement. The balance of the initial franchise fee due to us is payable to us in a lump sum when you sign this Agreement.

#### **4.2 Royalty Fees**

4.2.1 During the term of this Agreement, you shall pay to us, in partial consideration for the rights herein granted, a continuing weekly royalty fee ("Royalty Fee") equal to five percent (5%) of Gross Sales. Such Royalty Fee shall be due and payable each week based on the Gross Sales for the preceding week ending Sunday so that it is received by us by electronic funds transfer ("EFT") on or before Tuesday of each week, provided that such day is a business day. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day.

4.2.2 Each such Royalty Fee shall be preceded by a royalty report itemizing the Gross Sales for the preceding week ending Sunday ("Royalty Report") and any other reports required hereunder. Notwithstanding the foregoing, you shall provide us with such Gross Sales information by Tuesday of each week (or next business day if such day is not a business day) by email or, if not reasonably available, by facsimile transmission or such other method of delivery as we may reasonably direct. As stated herein, we have the right to poll your point-of-sale system directly to obtain such Gross Sales information, but this does not diminish your responsibility to provide us with the required Royalty Report.

4.2.3 If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

4.2.4 If a state or local law in which the Restaurant is located prohibits or restricts in any way your ability to pay and our ability to collect Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the ~~franchised Restaurant~~ Franchised Business, if we authorize you to offer and sell beer and wine, then we and you shall increase the percentage rate for

calculating Royalty Fees, and change the definition of Gross Sales to exclude sales of alcoholic beverages, in a manner such that the Royalty Fees to be paid by you, and received by us, shall be equal to such amounts as you would have been required to pay, and we would have received, if sales from alcoholic beverages were included in Gross Sales.

#### **4.3 Worldwide Creative Marketing Fee**

In addition to the Royalty Fee described in Section 4.2 above, you agree to pay to us a worldwide creative marketing fee in an amount equal to two percent (2%) of the Restaurant's Gross Sales ("Worldwide Creative Marketing Fee"). Such Worldwide Creative Marketing Fee shall be contributed to a Worldwide Creative Marketing Fund maintained by us, as described in Section 8.3 below. The Worldwide Creative Marketing Fee is payable to us at the same time and in the same manner as the Royalty Fee. We may periodically receive allowances, rebates or other payments from approved suppliers based on purchases from such suppliers by our franchisees, and we may elect to contribute such allowances, rebates or other payments to the Worldwide Creative Marketing Fund. You understand and acknowledge, however, that any such contribution of these amounts by us to the Brand Development Fund does not in any manner diminish or eliminate your obligation to pay the Brand Development Fee.

#### **4.4 Payments to Us**

By executing this Agreement, you agree that we shall have the right to withdraw funds from your designated bank account by electronic funds transfer ("EFT") in the amount of the Royalty Fee, Worldwide Creative Marketing Fee and any other payments due to us and/or our affiliates. If you do not report the Restaurant's Gross Sales, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee and Worldwide Creative Marketing Fee that we debited. If the Royalty Fee and Worldwide Creative Marketing Fee we debit are less than the Royalty Fee and Worldwide Creative Marketing Fee you actually owe to us, once we have been able to determine the Restaurant's true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty Fee and Worldwide Creative Marketing Fee we debit are greater than the Royalty Fee and Worldwide Creative Marketing Fee you actually owe, we will credit the excess against the amount we otherwise would debit from your account for the next payment due. You shall, upon execution of this Agreement or at any time thereafter at our request, execute such documents or forms as we, our designated or approved EFT supplier or your bank determine are necessary for us to process EFTs from your designated bank account for the payments due hereunder, including, without limitation, Attachment 5 hereto. If payments are not received when due, interest may be charged by us in accordance with Section 4.5 below. Upon written notice to you, you may be required to pay such fees directly to us in lieu of EFT, at our sole discretion.

You understand and acknowledge that we have the right, at our sole option upon notice to you, to change periodically the timing and terms for payment of Royalty Fees, Worldwide Creative Marketing Fees and other amounts payable to us under this Agreement.

#### **4.5 Interest on Overdue Amounts**

You shall not be entitled to withhold payments due us under this Agreement on grounds of alleged non-performance by us hereunder. Any payment or report not actually received by us on or before its due date shall be deemed overdue. Time is of the essence with respect to all payments to be made by you to us. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of (i) eighteen percent (18%) per annum or (ii) the maximum rate allowed by applicable law, but not less than One Hundred Dollars (\$100) per occurrence. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess of interest

is provided for herein, or shall be adjudicated to be so provided in this Agreement, the provisions of this paragraph shall govern and prevail, and neither you nor your Principals shall be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

#### **4.6 Definition of Gross Sales**

“Gross Sales” shall mean the total selling price of all services and products and all income of every other kind and nature related to the Restaurant (including, without limitation, income and fees related to the use of third-party delivery services, and any sales or orders of food products or food preparation services provided from or related to the Restaurant), whether for cash or credit and regardless of collection in the case of credit. In the event of a cash shortage, the amount of Gross Sales shall be determined based on the records of the point-of-sale system and any cash shortage shall not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority.

#### **4.7 Non-Compliance Fine**

In the event you breach any provision of this Agreement, any material provision of the Confidential Operations Manual, or any other agreement between the parties, including any subsidiary or affiliate corporations, then upon our notice, you shall pay to us, on demand, a non-compliance fine equal to One Thousand Dollars (\$1,000). If the violation is not corrected within thirty (30) days following our notice to you, then upon notice from us, you shall pay to us, on demand, an additional non-compliance fine equal to Three Thousand Dollars (\$3,000). You shall not be obligated to pay to us a fine under this provision whereupon you are already paying the Prohibited Product Fine under Section 7.12 for the same violation. The Non-Compliance Fine shall be in addition to all other remedies available to Franchisor under this Agreement or at law.

#### **4.8 Payment of Additional Fees**

You shall pay such other fees or amounts described in this Agreement.

#### **4.9 Technology Fee**

You must pay to us each month the then-current ongoing technology fee which shall be used by us to offset expenses related to website maintenance, search engine optimization (“SEO”) efforts, and maintenance of any Atomic Wings branded “app” that we have created or any app that we may create, and that you may be required to use, in the future.

### **ARTICLE 5** **OUR OBLIGATIONS**

We agree to provide the services described below with regard to the Restaurant:

#### **5.1 Site Selection**

We will provide you with written materials on how to analyze potential sites and markets.

## **5.2 On-Site Location Evaluation**

We shall conduct one (1) remote location evaluation of your proposed site at no charge. If you request that we conduct an on-site location evaluation of your proposed site after our remote location evaluation, you shall pay to us our then-current per diem fee, plus the cost of our representative's travel, lodging and meals. For any on-site location evaluation requested by you, we shall not be required to conduct such evaluation until we receive all requested information and materials concerning such site prepared pursuant to Article 2, together with other information and materials that we may reasonably request, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site.

## **5.3 Prototype Design Plans**

We will provide, on loan, one (1) set of prototypical standard specifications and layouts for building and furnishing a Restaurant. You shall independently, and at your expense, have architectural and design plans and specifications adapted for construction of the Restaurant in accordance with Article 2.

## **5.4 Confidential Operations Manual**

We will provide, on loan, one (1) set of Confidential Operations Manuals and such other manuals and written materials as we shall have developed for use in the Franchised Business (as the same may be revised by us from time to time, the "Manuals"), as more fully described in Section 10.1. The Manuals may, in our discretion, be provided electronically or via an intranet website for all Restaurants in the System.

## **5.5 Visits and Evaluations**

We will visit the Restaurant and provide evaluations of the products sold and services rendered therein from time to time as reasonably determined by us, as more fully described in Section 7.5.6.

## **5.6 Advertising and Promotional Materials**

We shall have the right to review and approve or disapprove all advertising and promotional materials that you propose to use, pursuant to Article 8.

## **5.7 Management and Operations Advice**

We shall provide advice and written materials concerning techniques of managing and operating the Restaurant from time to time developed by us, including new developments and improvements in Restaurant equipment, food products (and the packaging and preparation thereof), and menu items.

## **5.8 Products for Resale**

From time to time and at our reasonable discretion, at a reasonable cost, we may make available for resale to your customers certain merchandise identifying the System, such as logoed merchandise, memorabilia and proprietary products, in sufficient amounts to meet customer demand. We may specify that you must purchase such merchandise and/or proprietary products that we and/or our affiliates develop from us, our affiliate, or another designated supplier.

## **5.9 Approved Suppliers**

~~\_\_\_\_\_ We shall provide a list of approved suppliers as described in Section 7.4 from time to time as we deem appropriate.~~ Make available from time to time and amend as deemed appropriate by Franchisor, a list of required and/or recommended products and services for System franchisees and a list

of approved and/or recommended suppliers of such items, as described in Article 7. Franchisee acknowledges that Franchisor or Franchisor's affiliate(s) may be the sole approved supplier(s) of certain products and services that Franchisee is required to purchase to operate the Franchised Business.

#### **5.10 Initial Training Program**

We shall provide an initial training program ("HQ Initial Training"), as well as other programs, in accordance with the provisions of Section 6.4.

#### **5.11 Advertising Cooperatives**

We may establish and administer advertising cooperatives in accordance with Article 8.

### **ARTICLE 6**

#### **YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS**

##### **6.1 Use Commercially Reasonable Efforts**

Each of you and the Principals covenants and agrees that they shall make all commercially reasonable efforts to operate the Restaurant so as to achieve optimum sales.

##### **6.2 Representations of Corporate Entity**

If you are a corporation, limited liability company, or partnership, you and the Principals represent, warrant and covenant that:

6.2.1 You are duly organized and validly existing under the state law of your formation;

6.2.2 You and the Principals are duly qualified and are authorized to do business in each jurisdiction in which your business activities or the nature of the properties owned by you require such qualification;

6.2.3 Your corporate charter, operating agreement, or written partnership agreement shall at all times provide that your activities are confined exclusively to the operation of the Restaurant, unless otherwise consented to in writing by us;

6.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within your corporate power, if you are a corporation, or if you are a limited liability company, permitted under your operating agreement, or if you are a partnership, permitted under your written partnership agreement and have been duly authorized by you;

6.2.5 If you are a corporation or a limited liability company, copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to the execution of this Agreement; or, if you are a partnership, copies of your written partnership agreement, other governing documents and any amendments thereto shall be furnished to us prior to the execution of this Agreement, including evidence of consent or approval of the entry into and performance

of this Agreement by the requisite number or percentage of partners, if such approval or consent is required by your written partnership agreement;

6.2.6 If you are a corporation, partnership or other form of legal entity ~~other than an individual~~, the direct and indirect ownership interests in you are accurately and completely described in Attachment 3. Further, if you are a corporation, you shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in you or, if you are a partnership or other form of legal entity, you shall maintain at all times a current list of all owners of an interest in the partnership or entity. You shall immediately provide a copy of the updated list of all owners to us upon the occurrence of any change of ownership and otherwise make your list of owners available to us upon reasonable written request;

6.2.7 If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any of equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to us that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section shall not apply to the transfer of equity securities of a publicly held corporation. If you are a partnership or limited liability company, your written agreement shall provide that ownership of an interest in the entity is held subject to all restrictions imposed upon assignments by this Agreement;

6.2.8 You must have provided us with your most recent financial statements. Such financial statements present fairly your financial position, at the dates indicated therein and with respect to you, the results of your operations and your cash flow for the years then ended. You agree that you shall maintain at all times, during the term of this Agreement, sufficient working capital to fulfill your obligations under this Agreement. Each of the financial statements mentioned above shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on your financial statements.

6.2.9 You acknowledge and agree that the representations, warranties and covenants set forth above in Sections 6.2.1 through 6.2.8 are continuing obligations of you and Principals, ~~as applicable~~, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. You and the Principals will cooperate with us in any efforts made by us to verify compliance with such representations, warranties and covenants.

### **6.3 General Manager, Managers**

You shall designate and retain at all times a minimum of one (1) general manager (“General Manager”) and two (2) managers (“Managers”) to direct the operation and management of the Restaurant. The General Manager and Managers shall be responsible for the daily operation of the Restaurant and may be one of the Principals if that Principal has at minimum of three (3) years of restaurant management or restaurant ownership experience. The General Managers and Managers shall, during the entire period each serves as such, meet the following qualifications:

6.3.1 Each General Manager and Manager shall satisfy our educational and business experience criteria as set forth in the Manuals as defined herein or otherwise in writing by us;

6.3.2 Each General Manager and Manager shall devote full time and commercially reasonable efforts to the day-to-day supervision and management of the Restaurant;

6.3.3 Each General Manager and Manager shall be an individual acceptable to us; and

6.3.4 Each General Manager and Manager shall satisfy the training requirements set forth in Section 6.4. If, during the term of this Agreement, a General Manager or Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, you shall promptly notify us and designate a replacement within sixty (60) days after that General Manager or Manager ceases to serve, such replacement being subject to the same qualifications listed above. You shall provide for interim management of the Restaurant until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to materially comply with the requirements of this Section 6.3 shall be deemed a material event of default under Section 17.1.3(o) hereof.

#### **6.4 HQ Initial Training**

You agree that it is necessary to the continued operation of the System and the Restaurant that your personnel receive such training as we may reasonably require, and accordingly agree as follows:

6.4.1 Not later than sixty (60) days prior to the Opening Date, a General Manager and two (2) Managers that meet the qualifications in Section 6.3 shall attend and complete, to our reasonable satisfaction, mandatory training conducted at a Restaurant owned and operated by one of our parent companies, at your Restaurant, or at another location we designate (“HQ Initial Training”). You will only be permitted to schedule HQ Initial Training upon completion of the following: (a) confirmation that the EFT program is ready for use; (b) all advertising vendors have been pre-paid for your grand opening advertising campaign; and (c) we have provided our approval of your grand opening advertising plan. The HQ Initial Training includes approximately three (3) weeks of training. If you wish to send more than three (3) trainees to our HQ Initial Training program, you shall pay to us our then-current training fee for each additional trainee. Training conducted by a third-party off-site training program (Pal’s or similar program) will be at your sole expense. You shall be responsible for any and all expenses incurred by you, your General Manager, Managers and other Restaurant personnel in connection with any HQ Initial Training, including, without limitation, third-party off-site training fees, costs of travel, lodging, meals and wages.

6.4.2 Each trainee shall request our approval to graduate from HQ Initial Training program and we shall determine, in our reasonable discretion, whether each trainee has satisfactorily completed the HQ Initial Training program. If the HQ Initial Training program is (a) not completed within the timeframe required by us, (b) not satisfactorily completed by the General Manager or Managers, or (c) if we in our reasonable business judgment, based upon the performance of the General Manager and Managers, determine that the HQ Initial Training program cannot be satisfactorily completed by any such person, you shall designate a replacement to satisfactorily complete such training. The replacement General Manager and/or Managers must satisfactorily complete the training before you will be permitted to receive pre-opening assistance and training and be permitted open the Restaurant, as set forth in Section 6.5 below.

6.4.3 If new or replacement trainees do not complete our HQ Initial Training program to our satisfaction, the training fee will be applied to another trainee you send to us. If you wish to send additional employees to our HQ Initial Training program, whether before your Restaurant opens or while your Restaurant is operating, you shall pay to us our then-current training fee for each additional trainee. Any General Manager or Manager subsequently designated by you shall also receive and complete such

HQ Initial Training. You shall be responsible for any and all expenses incurred by you, your General Manager, Managers and other Restaurant personnel in connection with any HQ Initial Training program, including, without limitation, third party off-site training program fees, costs of travel, lodging, meals and wages.

## **6.5 Pre-Opening Assistance and Training**

We shall provide you with one (1) of our representatives for a period of up to five (5) days around the Opening Date. If this Agreement is for your second (2<sup>nd</sup>) or later Restaurant, we reserve the right to not provide pre-opening assistance and training.

## **6.6 Additional Assistance and Training**

6.6.1 Upon your reasonable request or if we determine it is necessary, we shall, during the term hereof, subject to the availability of personnel, provide you with additional trained representatives who shall provide on-site training and assistance to your Restaurant personnel. For this additional training and assistance, you shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

6.6.2 We reserve the right to conduct additional or refresher training programs, seminars and other related activities regarding the operation of the Restaurant. Such training programs and seminars may be offered to you, the General Manager or other Restaurant personnel generally, and we may designate that such training programs and seminars are mandatory for you, your General Manager and other Restaurant personnel. If we provide these programs, we reserve the right to charge a per person fee for such training, and you must pay for your trainees' expenses, including travel, lodging, meals and applicable wages. If the programs are at third party off-site training facilities (Pal's or similar program), then the program will be at your sole expense, including program fees, travel, lodging, meals and wages.

6.6.3 We retain specific certification requirements for the Restaurant's personnel. You agree to continuously employ at all times not less than three (3) certified Managers that fulfill and maintain our then-current certification requirements. The certification requirements are applied system-wide and are included in the Confidential Operations Manual. We reserve the right to modify the certification requirements at any time and at our own discretion.

6.6.4 We require the General Manager, Managers and additional employees to maintain certificates from designated food safety and handling programs (ServSafe or similar program) and alcohol service training programs (TIPS or similar program). These training and certification programs will be at your sole expense, including program fees, travel, lodging, meals and wages, and recertification may be necessary according to the terms of such programs.

## **6.7 Franchisee Meetings**

We reserve the right to hold meetings for all franchisees and other Atomic Wing Restaurant business operators on a regional and/or national basis, which meetings shall not occur more frequently than annually. We shall not be required to hold such meetings until we believe it is prudent to do so. These meetings may be used to provide additional training, introduce new products or changes to the System, or for other reasons. We reserve the right to designate that attendance at any franchisee meeting is mandatory for you and/or your General Manager and Managers unless the absence is excused by us. You shall pay for all of the expenses incurred by you and your attendees to attend the meeting such as travel, lodging, meals and wages, and any fee we may charge attendees that attend the meeting.

## **6.8 Hiring Practices**

You alone are solely responsible for the acts and omissions of your employees and agents, including, without limitation, your General Manager, and for the hiring, firing, setting hours for and supervising all of your employees and establishing employment policies applicable to your employees, and understand and agree that this Agreement does not impose any controls, or otherwise impinge, on your sole discretion to make all employment-related decisions. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts employee or employment-related responsibility from you to us.

## **6.9 Compliance with Laws**

You shall comply with all requirements of federal, state and local laws, rules, regulations, and orders, including but not limited to obtaining the appropriate licenses and permits required by your local or state government.

You and your Principals agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Principals certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Principals otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Principals, or any blocking of your or your Principals' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

## **6.10 Compliance with All Other Obligations**

You shall comply with all other requirements and perform such other obligations as provided hereunder.

## **6.11 Guaranty**

If any Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 98.

# **ARTICLE 7**

## **FRANCHISE OPERATIONS**

### **7.1 Compliance with Standards**

You understand the importance of maintaining uniformity among all of the Restaurants and the importance of complying with all of our standards and specifications relating to the operation of the Restaurant. We have a code of conduct that we expect our franchisees to use to guide their personal conduct standards and which is in the Confidential Operations Manual and required to be posted in the back of house of the Restaurant.

### **7.2 System Maintenance of Restaurant and Improvement**

You shall maintain the Restaurant in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without our prior written consent) as may be required for that purpose, including, without

limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, point-of-sale or computer hardware and software systems), and décor as we may reasonably direct in order to maintain System-wide integrity and uniformity. You shall also obtain, at your cost and expense, any new or additional equipment (including point-of-sale or computer hardware and software systems), fixtures, supplies and other products and materials which may be reasonably required by us for you to offer and sell new menu items from the Restaurant or to provide the Restaurant services by alternative means, such as delivery arrangements. Except as may be expressly provided in the Manuals, no material alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about the Restaurant or its premises without our prior written approval, which shall not be unreasonably withheld.

In the event we notify you of any additions, alterations, repairs and replacements required to be made to your Restaurant or the Accepted Location and you fail to make such additions, alterations, repairs and replacements within the timeframe we require, we shall have the right, without liability for trespass or tort, to enter the Accepted Location and make the additions, alterations, repairs and replacements, and you agree to promptly reimburse us for our expenses in so acting.

### **7.3 Remodeling and Redecorating**

To assure the continued success of the Restaurant, you shall, upon our request, remodel and/or redecorate the Restaurant premises, equipment (including point-of-sale or computer hardware and software systems), signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Restaurant to our then-current System-wide standards and specifications. We agree that we shall not request such remodeling and/or redecorating more frequently than every five (5) years during the term of this Agreement, except that if the Restaurant franchise is transferred pursuant to Article 14, we may request that the transferee remodel and/or redecorate the Restaurant premises as described herein.

### **7.4 Approved Suppliers**

7.4.1 You shall comply with all of our standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point-of-sale and computer hardware and software systems) and other products used or offered for sale at the Restaurant. Except as provided in Sections 7.6 and 7.7 with respect to certain materials bearing the Marks and proprietary products, you shall obtain such items from suppliers (including manufacturers, distributors and other sources) who continue to demonstrate the ability to meet our then-current standards and specifications for food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other items used or offered for sale at Restaurants and who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved in writing by us prior to any purchases by you from any such supplier; and who have not thereafter been disapproved by us. We reserve the right to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of your purchases of ~~non-proprietary~~ goods, services or equipment be paid to us or any affiliate that we may designate, or we may contribute such consideration to the Worldwide Creative Marketing Fund. You understand and acknowledge that if we elect to contribute any such consideration to the Worldwide Creative Marketing Fund, it does in any manner reduce or negate your obligation to pay the Worldwide Creative Marketing Fee, and you further acknowledge that you will not assert any interest in such monies.

7.4.2 If you desire to purchase, lease or use any unapproved products or other items, or you desire to purchase from an unapproved supplier, you shall submit to us a written request for such approval, or shall request the supplier itself to do so. We reserve the right to require you or the supplier to

reimburse our costs related to evaluation and testing, but not more than Two Thousand Five Hundred Dollars (\$2,500). You shall not purchase or lease a product or from any supplier until and unless such product or supplier has been approved in writing by us. We shall have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory designated by us, for testing. We reserve the right, at our option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. Nothing herein shall be construed to require us to approve any particular supplier.

7.4.3 You understand and acknowledge that we may periodically receive payments from approved suppliers, such as in the form of rebates, based on such approved suppliers' sales of products and services to our franchisees. We reserve the right to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of your purchases of goods, services or equipment be paid to us or any affiliate that we may designate. If we do so, then you hereby acknowledge that you will not assert any interest in such monies.

## **7.5 Operation of Restaurant in Compliance with Our Standards**

To ensure that the highest degree of quality and service is maintained, you shall operate the Restaurant in strict conformity with such of our methods, standards and specifications set forth in the Manuals and as may from time to time otherwise be prescribed in writing. In particular, you also agree:

7.5.1 To sell or offer for sale all menu items, products and services required by us and in the method, manner and style of distribution prescribed by us, including, but not limited to, dine-in, carry-out and delivery, only as expressly authorized by us in writing in the Manuals or otherwise in writing. You understand and acknowledge that the rights granted to you herein do not include the right to sell any products at wholesale.

7.5.2 To sell and offer for sale only the menu items, proprietary products, other products and services that have been expressly approved for sale in writing by us; to refrain from deviating from our standards and specifications without our prior written consent; and to discontinue selling and offering for sale any menu items, proprietary products, other products or services which we may, in our sole discretion, disapprove in writing at any time.

7.5.3 To maintain in sufficient supply and to use and sell at all times only such food and beverage items, ingredients, proprietary products, other products, materials, supplies and paper goods that conform to our standards and specifications; to prepare all menu items in accordance with our recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients; and to refrain from deviating from our standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without our prior written consent.

7.5.4 To permit us or our agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from your inventory or from the Restaurant, without payment therefor, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform with our reasonable specifications.

7.5.5 To purchase or lease and install, at your expense, all fixtures, furnishings, equipment (including point-of-sale and computer hardware and software systems), décor items, signs, and related items as we may reasonably direct from time to time in the Manuals or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Restaurant premises, without our prior written consent, any fixtures, furnishings, equipment, delivery vehicles, décor items, signs, games, vending machines or other items not previously approved as meeting our standards and specifications. If any of the property described above is leased by you from a third party, such lease shall be approved by us, in writing, prior to execution. Our approval shall be conditioned upon such lease containing a provision which permits any interest of yours in the lease to be assigned to us upon the termination or expiration of this Agreement and which prohibits the lessor from imposing an assignment or related fee upon us in connection with such assignment.

7.5.6 To grant us and our agents the right to enter upon the Restaurant premises during normal business hours for the purpose of conducting inspections; to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents and without limiting our other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by us, we shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge you a reasonable fee for our expenses in so acting, payable by you immediately upon demand.

7.5.7 To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as we may reasonably prescribe from time to time.

7.5.8 To install and maintain equipment and a telecommunications line in accordance with our specifications to permit us to access and retrieve by telecommunication any information stored on a point-of-sale system (or other computer hardware and software) you are required to purchase from an approved supplier and utilize at the Restaurant premises as specified in the Manuals, thereby permitting us to inspect and monitor electronically information concerning your Restaurant, Gross Sales and such other information as may be contained or stored in such equipment and software. You shall purchase a maintenance contract for the required point-of-sale system from an approved supplier. You shall obtain and maintain high speed internet access or other means of electronic communication, at all times and in the manner specified by us from time to time. It shall be a material default under this Agreement if you fail to maintain such equipment, lines and communication methods in operation and accessible to us at all times throughout the term of this Agreement. We shall have access as provided herein at all times and in such manner as we shall from time to time specify.

7.5.9 To honor all credit, charge, courtesy or cash cards or other credit devices required or approved by us. You must obtain our written approval prior to honoring any previously unapproved credit, charge, courtesy or cash cards or other credit devices.

7.5.10 To sell or otherwise issue gift cards or certificates (together “Gift Cards”) that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Manuals or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another Restaurant in the System. You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Manuals or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Restaurants and for making timely payment to us, other operators of

Restaurants, or a third party service provider for Gift Cards issued from the Restaurant that are honored by us or other Restaurant operators. We reserve the right to alter the terms and conditions of any gift card programs, including reserving the right to apply changes retroactively to benefits already accrued under such programs.

7.5.11 We anticipate that your employees will use their personal vehicles to provide any delivery services. We reserve the right to require you to have temporary signage placed on each delivery vehicle. We expect that all delivery vehicles will be kept clean, in good working order and properly insured. You must have each person providing those services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the motor vehicles. Except as described in this paragraph, we do not have any standards or exercise control over any motor vehicle that you use.

## **7.6 Proprietary Products**

Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that we closely control the production and distribution of such products. Accordingly, you agree that if such products become a part of the System, you shall use only our secret recipes and offer for sale only our proprietary products and shall purchase all of your requirements for such proprietary products solely from us, our affiliates or from a source designated by us. You further agree to purchase from us, our affiliates or our designated supplier for resale to your customers certain merchandise identifying the System as we shall require, such as logoed merchandise, memorabilia and promotional products, in amounts sufficient to satisfy your customer demand.

## **7.7 Advertising and Promotional Materials**

You shall require all advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by us to bear the Marks in the form, color, location and manner prescribed by us, including, without limitation, notations about the ownership of the Marks.

## **7.8 Complaints**

You shall process and handle all consumer complaints connected with or relating to the Restaurant, and shall promptly notify us by telephone and in writing of all of the following complaints: (i) food related illnesses, (ii) environmental, safety or health violations, (iii) claims exceeding Five Hundred Dollars (\$500), and (iv) any other material claims against or losses suffered by you. You shall maintain for our inspection any governmental or trade association inspection reports affecting the Restaurant or equipment located in the Restaurant during the term of this Agreement and for thirty (30) days after the expiration or earlier termination hereof.

## **7.9 Assignment of Numbers and Listings**

~~At our request, you~~ You shall execute such forms and documents as we deem necessary to appoint us as your true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to us, your telephone numbers and listings; and provide us with passwords and administrator rights for all email, software, social media, or other such accounts used or created by you in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, we may exercise our authority, pursuant to such documents, to obtain any and all of your rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all internet listings, domain names, internet advertising, websites, listings with search engines, electronic

mail addresses, social media, or any other similar listing or usages related to the Franchised Business. You agree that you have no authority to and shall not establish any website or listing on the internet or world wide web without our express written consent, which consent may be denied without reason.

### **7.10 Unapproved Products and Services**

In the event you sell any food, beverage, products, novelty items, clothing, souvenirs or perform any services that we have not prescribed, approved or authorized, you shall, immediately upon notice from us: (i) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to us, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars (\$250) per day for each day such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by you after written notice from us. The prohibited product or service fine shall be in addition to all other remedies available to us under this Agreement or at law.

### **7.11 Customer Surveys; Mystery Shopper**

7.11.1 You shall participate in all customer surveys and satisfaction audits, which may require that you provide discounted or complimentary products, provided that such discounted or complimentary sales shall not be included in the Gross Sales of the Restaurant. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

7.11.2 We may designate an independent evaluation service to conduct a “mystery shopper” quality control and evaluation program with respect to Franchised Businesses. You agree that the Franchised Business will participate in such mystery shopper program, as prescribed and required by us, provided that Restaurants owned by us, our affiliates and our franchisees also will participate in such program to the extent we have the right to require such participation, and you further agree to pay all fees related to such mystery shopper program.

### **7.12 Pricing**

Where permitted by applicable law, we may provide you written notice regarding the maximum prices which you must charge your customers for menu items, products and services provided or sold under the System. Any such notice, if given at all, will be binding on you and you agree to comply with our pricing guidelines. Nothing contained herein shall be deemed a representation by us that if you follow such guidelines you will, in fact, generate a profit. You are obligated to inform us of all prices charged for products sold by you and to inform us of any modifications of your prices. We may exercise rights with respect to pricing programs and products to the fullest extent permitted by then-applicable law. These rights may include (without limitation) establishing the maximum retail prices which you may charge customers for the programs or products offered and sold at your Restaurant; recommending retail prices; advertising specific retail prices for some or all programs, products or sold by your Franchised Business, which prices you agree to observe (sometimes known as “price point advertising campaigns”); engaging in advertising, promotional and related programs which you must participate in and which may directly or indirectly impact your retail prices (such as “buy one, get one free”); and otherwise mandating, directly or indirectly, the maximum retail prices which your Restaurant may charge the public for the programs, products and services it offers. We may engage in any such activity at any time throughout the term of this Agreement. Further, we may engage in such activity only in certain geographic areas (towns, cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. You acknowledge and agree that any maximum prices we establish or suggest may or may not optimize the revenues or profitability of your Restaurant. You entirely waive any and all claims related to our establishment of prices charged at your Restaurant.

### **7.13 On-line Orders**

We reserve the right to require you to participate in an on-line ordering program and third-party delivery service, whereby your customers are able to submit food orders through the internet and have the food delivered to their location. You agree to pay any then-current fees to our approved suppliers for participation in the on-line ordering program and third-party delivery service, and to comply with all rules and procedures applicable to such programs.

## **ARTICLE 8** **ADVERTISING AND RELATED FEES**

Recognizing the value of advertising and the importance of the standardization of advertising programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

### **8.1 Participation in Advertising**

We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Restaurants operating under the System. You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program, which programs may be in addition to your participation in other advertising programs described in this Article 8, including Local Advertising, Cooperative advertising, and the Worldwide Creative Marketing Fund. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you. Any promotional program you elect to conduct must be pre-approved by us in the manner described in Section 8.5 below, unless we have devised the promotional program. You shall bear all costs related to any promotional programs we require, including without limitation labor, marketing materials, furniture, equipment and/or food costs.

We may, from time to time, incorporate into the System programs, products or services which we either develop or otherwise obtain rights to, which are offered and sold under names, trademarks and/or service marks other than the Marks and which your Franchised Business, along with other stores and Restaurants, will be required to offer and sell. This activity, referred to as “cobranding”, may involve changes to the Marks and may require you to make modifications to your premises and the furniture, fixtures, equipment, signs and trade dress of your Franchised Business. If you receive written notice that we are instituting a cobranding program, you agree promptly to implement that program at your Franchised Business at the earliest commercially reasonable time and to execute any and all instruments required to do so. Under no circumstance will any cobranding program increase your Royalty Fees, Worldwide Creative Marketing Fee or local advertising expenditure obligations under this Agreement.

### **8.2 Local Advertising**

In addition to the ongoing advertising contributions set forth herein, and subject to any allocation of your expenditures for local advertising to a Cooperative as described in Section 8.4, you shall spend, throughout the term of this Agreement, a minimum of one percent (1%) of Gross Sales each month on advertising for the Restaurant in your Designated Territory (“Local Advertising”). You shall submit to us a monthly update to your marketing plan before the end of every month including an expenditure report and verification copies of all advertising to show that you have complied with your Local Advertising requirement for the previous calendar month, and any other information that we require. You shall also

provide to us for our review and approval, not later than the week before Thanksgiving Day of each year, a proposed advertising budget and plan for the next calendar year.

### **8.3 Worldwide Creative Marketing Fund**

We reserve the right to establish and we shall then administer a Worldwide Creative Marketing Fund for the purpose of advertising the System on a regional or national basis (the “Fund”). When we establish the Fund, you agree to contribute to the Fund as described in Section 4.3 above. You agree that the Fund shall be maintained and administered by us or our designee as follows:

8.3.1 We shall direct all advertising programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Restaurants operating under the System. We may use monies from the Fund to subsidize the costs of refresher training programs, to ensure 4 Walls Marketing and/or to help offset the cost of an annual meeting of our franchisees. We, our parents and affiliates shall, with respect to Restaurants operated by us, contribute to the Fund generally on the same basis as you. In administering the Fund, we and our designees undertake no obligation to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or *pro rata* from the placement of advertising. We shall be entitled to reimbursement from the Fund for our reasonable expenses in managing the Fund; provided, however, that our reimbursements will not exceed twenty percent (20%) of the Fund.

8.3.2 You agree that the Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting digital, television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; internet marketing; public relations activities; employing advertising agencies to assist therein; employing mystery shopper services; social media initiatives; and costs of our personnel and other departmental costs for advertising that is internally administered or prepared by us). All sums paid by you to the Fund shall be maintained in a separate account from our general funds and may be used to defray our expenses, if any, as we may incur in activities reasonably related to the administration or direction of the Fund, such as salaries and overhead costs, and advertising programs for franchisees and the System, as described above. The Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property. The Fund shall be operated solely as a conduit for collecting and expending the Worldwide Creative Marketing Fees as outlined above.

8.3.3 A statement of the operations of the Fund shall be prepared annually by us and shall be made available to you upon request. This statement of operations may be unaudited.

8.3.4 Any monies remaining in the Fund at the end of any year will carry over to the next year. Although the Fund is intended to be of perpetual duration, we may terminate the Fund at any time. The Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising or promotional purposes or returned to contributing Franchised Businesses, including those operated by us, without interest, on the basis of their respective contributions.

8.3.5 If we elect to terminate the Fund, we may, in our sole discretion, reinstate the Fund at any time. If we so choose to reinstate the Fund, said reinstated Fund shall be ~~maintained~~operated as described herein.

8.3.6 No money in the Fund will be used to create and place advertising that is primarily a solicitation of franchise sales.

#### **8.4 Cooperative Funds**

We may, in our discretion, create a regional advertising cooperative (“Cooperative”) in any area, or we may approve the creation of such a Cooperative by franchisees in the System, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area where your Restaurant is located. In no event may the Restaurant be required to be a member of more than one Cooperative. The Cooperative must be governed in the manner we prescribe. The Cooperative may require each of its members to make contributions thereto. You shall contribute such amounts at the times and in the manner as determined by the Cooperative members. Any funds contributed to a Cooperative will be credited against your obligation to pay for Local Advertising as set forth in Section 8.2 above; provided, however, that if your contributions to a Cooperative are less than your Local Advertising requirement, you shall nevertheless spend the difference locally. The following provisions apply to each Cooperative:

8.4.1 the Cooperative must be organized and governed in a form and manner, and commence operation on a date, that we approve in advance in writing;

8.4.2 the Cooperative must be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, standardized promotional materials for the members’ use in Local Advertising within the Cooperative’s area;

8.4.3 the Cooperative must have written governing documents of its rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

8.4.4 except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative (including, without limitation, imposing assessments for Local Advertising) at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each Restaurant having one (1) vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of Restaurants owned;

8.4.5 without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Section 8.5;

8.4.6 the Cooperative may require its members to contribute to it quarterly and in such amounts as it determines; provided, however, that in no event may contributions to the Cooperative exceed two percent (2%) of Gross Sales;

8.4.7 no later than the fifteenth (15<sup>th</sup>) day following the close of each quarter, each member/franchisee must submit its contribution under Section 8.4.6 for the preceding quarter to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval; and

8.4.8 if an impasse occurs because of a Cooperative members' inability or failure, within forty-five (45) days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members.

## **8.5 Conduct of Advertising; Our Approval**

All advertising and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manuals or otherwise. You shall obtain our approval of all advertising and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use. You shall submit such unapproved plans and materials to us, and we shall have fifteen (15) days to notify you of our approval or disapproval of such plans or materials. If we do not provide our specific approval of the proposed plans or materials within this fifteen (15) day period, the proposed plans or materials are deemed to be not approved. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such plans and materials.

We reserve the right to require you to include certain language on all advertising to be used locally by you or to be used by a Cooperative, including, but not limited to, "Franchises Available" and reference to our telephone number and/or website.

## **8.6 Websites and Social Media**

8.6.1 We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the benefit of your Restaurant a "click through" subpage at our website for the promotion of your Restaurant. If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at the website(s) for the promotion of your Restaurant, you must routinely provide us with updated copy, photographs and news stories about your Restaurant suitable for posting on your "click through" subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage.

8.6.2 Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products, programs or services available at Atomic Wing ~~Restaurants~~businesses – also be devoted in part to offering Atomic Wing ~~Restaurant~~businesses and franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

8.6.3 In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Restaurant; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "Atomic Wing" name or any name confusingly similar to the Proprietary Marks.

8.6.4 You are not permitted to promote your Franchised Business or use any of the Proprietary Marks in any manner ~~or maintain~~ any business profile on Facebook, Twitter, X, LinkedIn, Instagram, TikTok, YouTube, or any other social media and/or networking websites, such as Facebook,

~~LinkedIn or Twitter, site~~ without our prior written ~~consent~~ approval and use of any social media accounts shall be in strict accordance with our requirements. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Franchised ~~Business's~~Business' operation, including prohibitions on your and the Franchised ~~Business's~~Business' employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, Instagram, TikTok, and Pinterest, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites like YouTube, and other similar social networking or media sites or tools). ~~If we~~We will provide you with access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

8.6.5 We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage.

### **8.7 Advisory Council**

We reserve the right to establish an advisory council to work with us to improve various aspects of our System, including advertising, merchandising, food products, and other items. If we choose to establish an advisory council, its members will include franchisee representatives and our representatives. The franchisee representatives may be chosen by us or elected by other franchisees in the System. If established, the advisory council will act in an advisory capacity only and will not have decision making authority. We have the right to form, change, merge or dissolve any advisory council at any time. You understand and agree that if you participate in an advisory council, you shall pay any expenses you incur related to such participation, such as travel and living expenses to attend meetings.

### **8.8 Grand Opening Advertising Campaign**

You agree to spend not less than Ten Thousand Dollars (\$10,000) on a grand opening advertising campaign to promote the opening of the Restaurant. The grand opening advertising plan shall be submitted for our approval. All advertising vendors must be pre-paid, and the grand opening advertising plan must meet our approval before you will be permitted to schedule HQ Initial Training. The grand opening advertising campaign must include the elements that we require including, but not limited to, social media initiatives, food and merchandise giveaways.

## **ARTICLE 9 MARKS**

### **9.1 Use of Marks**

We grant you the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications.

### **9.2 Ownership of Marks; Limited License**

You expressly understand and acknowledge that:

9.2.1 We are the owner or the licensee of the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them. All references herein to our right, title and interest in and to the Marks shall be deemed to include the owner's right, title and interest in and to the Marks.

9.2.2 Neither you nor any Principal shall take any action that would prejudice or interfere with the validity of our rights with respect to the Marks. Nothing in this Agreement shall give you any right, title, or interest in or to any of the Marks or any service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Restaurant and only at or from its Accepted Location or in approved advertising related to the Restaurant.

9.2.3 You understand and agree that the limited license to use the Marks granted hereby applies only to such Marks as are designated by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Marks.

9.2.4 You understand and agree that any and all goodwill arising from your use of the Marks and the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks.

9.2.5 You shall not contest the validity of or our interest in the Marks or assist others to contest the validity of or our interest in the Marks.

9.2.6 You acknowledge that any unauthorized use of the Marks shall constitute an infringement of our rights in the Marks and a material event of default hereunder. You agree that you shall provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by us to register, maintain and enforce such rights in the Marks.

9.2.7 If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then you shall be obligated to comply with any such instruction by us. We shall not have any obligation in such event to reimburse you for your documented expenses of compliance. You waive any claim arising from or relating to any Mark change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Mark addition, modification, substitution or discontinuation. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

### **9.3 Limitation on Use of Marks**

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

9.3.1 Unless otherwise authorized or required by us, you shall operate and advertise the Restaurant only under the name “Atomic Wings” without prefix or suffix. You shall not use the Marks, or any portions, variations, or derivatives thereof, as part of your corporate or other legal name and shall obtain our approval of such corporate or other legal name prior to filing it with the applicable state authority.

9.3.2 During the term of this Agreement and any successor term, you shall identify yourself as the independent owner of the Restaurant in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice

in such content and form and at such conspicuous locations on the premises of the Restaurant or any delivery vehicle as we may designate in writing.

9.3.3 You shall not use the Marks to incur any obligation or indebtedness on our behalf;

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

#### **9.4 Notification of Infringement or Claim**

You shall notify us immediately by telephone and thereafter in writing of any apparent infringement of or challenge to your use of any Mark, of any claim by any person of any rights in any Mark, and you and the Principals shall not communicate with any person other than us, our counsel and your counsel in connection with any such infringement, challenge or claim. We shall have complete discretion to take such action as we deem appropriate in connection with the foregoing, and the right to control exclusively any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain the interests of us or any other interested party in the Marks. We will indemnify you and hold you harmless from and against any and all claims, liabilities, costs, damages and reasonable expenses for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), provided that the conduct of you and the Principals with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement.

#### **9.5 Retention of Rights by Us**

The right and license of the Marks granted hereunder to you is non-exclusive and we thus have and retain the following rights, among others, subject only to the limitations of Article 1:

9.5.1 To grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees;

9.5.2 To develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to you; and

9.5.3 To engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services, and (b) the use in connection with such production, distribution and sale, of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by us.

**ARTICLE 10**  
**CONFIDENTIALITY AND NON-COMPETITION COVENANTS**

**10.1 Confidential Operations Manuals**

10.1.1 To protect our reputation and goodwill and to maintain high standards of operation under the Marks, you shall conduct your business in accordance with the Manuals, other written directives which we may reasonably issue to you from time to time whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business.

10.1.2 You and the Principals shall at all times treat the Manuals, any of our written directives, and any other manuals and materials, and the information contained therein as confidential and shall maintain such information as trade secret and confidential in accordance with this Article 10. You and the Principals shall divulge and make such materials available only to such of your employees as must have access to it in order to operate the Restaurant. You and the Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above.

10.1.3 The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by us shall at all times remain our sole property, shall at all times be kept in a secure place on the Restaurant premises, and shall be returned to us immediately upon request or upon termination or expiration of this Agreement.

10.1.4 The Manuals, any written directives, and any other manuals and materials issued by us and any modifications to such materials shall supplement and be deemed part of this Agreement.

10.1.5 We may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. You shall remove and return to us all pages of the Manuals that have been replaced or updated by us, if we provide the Manuals to you in hard copy format. You expressly agree to comply with each new or changed standard.

10.1.6 You and the Principals shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by us at our headquarters shall control.

**10.2 Confidential Information**

10.2.1 Neither you ~~nor any Principal~~ the Principals shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, they shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of the Restaurant under the terms of this Agreement. You and the Principals shall divulge such confidential information only to such of your employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which we provide to you in connection with this Agreement shall be deemed confidential for purposes of this Agreement. Neither you nor the Principals shall at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same

available to any unauthorized person. The covenants in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and ~~each of the Principals.~~

10.2.2 You shall require and obtain the execution of covenants similar to those set forth in Section 10.2.1 from your General Manager, Managers and all other of your personnel who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Attachment 4.

10.2.3 ~~New Concepts. If you, the Principals, the General Manager, Managers~~ Franchisee or any of your employees develop Principal develops any new concept, process, recipe, product, recipe, service, or improvement in the operation or promotion of the ~~Restaurant, you are~~ Franchised Business (“Improvements”), Franchisee is required to promptly notify ~~us~~ Franchisor and provide ~~us~~ Franchisor with all ~~necessary~~ related information, processes, products or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation. ~~You and the Principals and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such concept, process product, recipe, or improvement~~ Improvements will become our the property of Franchisor, and we Franchisor may use or disclose such information to other franchisees as ~~we determine it determines~~ to be appropriate.

### 10.3 Non-Competition

10.3.1 You and the Principals specifically acknowledge that, pursuant to this Agreement, you and the Principals will receive valuable training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees. You and the Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Restaurant, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets and confidential information (including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees), you and the Principals covenant that with respect to you, during the term of this Agreement, except as otherwise approved in writing by us, which approval may be withheld or denied in our sole and absolute discretion, neither you nor any of the Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business 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 or in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Atomic Wings franchisees or Franchisor-affiliated outlets.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located within the United States, its territories, states or commonwealths, or any other country, province, state or geographic area in which we have used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a

business under the same or similar Marks, which business is of a character and concept similar to the Restaurant, including a food service business which offers and sells the same or substantially similar food products, namely a food service business which specializes in Buffalo-style chicken wings of any variety (a “Competitive Business”) without our prior written consent.

10.3.2 For a continuous uninterrupted period commencing upon the expiration, termination of, or transfer of all of your interest in, this Agreement and continuing for two (2) years thereafter, except as otherwise approved in our sole and absolute discretion, neither you nor any Principal shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, or corporation:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business hereunder 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 or in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Atomic Wings franchisees or Franchisor-affiliated outlets.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any Competitive Business, which business is, or is intended to be, located within a ten (10) mile radius of the location of any Franchised Business in the System.

10.3.3 The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect our goodwill or other business interests. The parties agree that each of the covenants herein 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 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

(a) You and the Principals understand and acknowledge that we shall have the right, in our sole and absolute discretion, to reduce the scope of any covenant set forth in this Section 10.3, or any portion thereof, without their consent, effective immediately upon notice to you; and you and the Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 19.2 hereof.

(b) You and the Principals expressly agree that the existence of any claims they may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section.

(c) Sections 10.3.1(b) and 10.3.2(b) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held company.

10.3.4 Covenants of Employees, Agents and Third Persons. You shall require and obtain execution of covenants similar to those set forth in this Section ~~10.3~~ (including covenants applicable upon the termination of a person’s employment with you) from ~~your General Manager and all other of your personnel~~ all employees, contractors or third persons who ~~have received or will have access to training from~~ our confidential and proprietary information, and you shall provide us- with executed

~~versions thereof. Such covenants shall be substantially in the form set forth in Attachment 4. Notwithstanding as revised and updated from time to time and contained in the foregoing Manual. You shall indemnify and hold us harmless from any and all liability, loss, attorneys' fees, or damage we reserve the right, in our sole discretion, to decrease the period may suffer as a result of time or geographic scope of the non-competition covenant set forth in Attachment 4 or eliminate such non-competition covenant altogether for any party that is you failure to obtain executed restricted covenants by employees, agents and third persons as required to execute such agreement under by this Section 10.3.4.~~

#### **10.4 Failure to Comply**

You and the Principals acknowledge that any failure to comply with the requirements of this Section shall constitute a material event of default under Article 17 hereof. You and the Principals acknowledge that a violation of the terms of this Section would result in irreparable injury to us for which no adequate remedy at law may be available, and you and the Principals accordingly consent to the issuance of an injunction prohibiting any conduct by you or the Principals in violation of the terms of this Section. You and the Principals agree to pay all court costs and reasonable attorneys' fees incurred by us in connection with the enforcement of this Section, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of such Section.

Notwithstanding the generality of the foregoing, you further understand and agree that if you fail to comply with a non-competition covenant stated herein, you agree to pay to us Five Hundred Dollars (\$500) per week for each week such failure to comply continues.

### **ARTICLE 11** **BOOKS AND RECORDS**

#### **11.1 Books and Records**

You shall maintain during the term of this Agreement, and shall preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manuals or otherwise in writing.

#### **11.2 Reports**

In addition to the Royalty Report required by Article 4 hereof, you shall comply with the following reporting obligations:

11.2.1 You shall, at your expense, submit to us, in the form prescribed by us, a profit and loss statement of the Franchised Business for each month (which may be unaudited) within fifteen (15) days after the end of each month during the term hereof. Each such statement shall be signed by your treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct;

11.2.2 You shall, at your expense, provide to us a complete annual financial statement (which shall be reviewed) for you prepared by an independent certified public accountant, within ninety (90) days after the end of each fiscal year during the term hereof, showing the results of your operations during such fiscal year; we reserve the right to require such financial statements to be audited by an independent certified public accountant satisfactory to us at your cost and expense if an inspection

discloses an understatement of Gross Sales or payments due to us of two percent (2%) or more in any report, pursuant to Section 11.3; and

11.2.3 You shall also submit to us, for review or auditing, such other forms, reports, records, information and data as we may reasonably designate, and which pertain to the Franchised Business, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in writing.

### **11.3 Inspections; Audits**

We or our designees shall have the right, during normal business hours, to review, audit, examine and copy any or all of your books and records as we may require at the Restaurant. You shall make such books and records available to us or our designees immediately upon request. If any required Royalty Fee or other payments due to us are delinquent, or if an inspection should reveal that such payments have been understated in any report to us, then you shall immediately pay to us the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4.5. If an inspection discloses an understatement in any report of two percent (2%) or more, you shall, in addition, reimburse us for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting, auditors' and attorneys' fees and expenses). These remedies shall be in addition to any other remedies we may have at law or in equity.

### **11.4 Correction of Errors**

You understand and agree that our receipt or acceptance of any of the statements furnished or Royalty Fees and other fees paid to us (or the cashing of any checks or processing of any EFTs shall not preclude us from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by you and the appropriate payment shall be made by you.

### **11.5 Authorization of Us**

You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which you do business to disclose to us any requested financial information in their possession relating to you or the Restaurant. You authorize us to disclose data from your reports if we determine, in our sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties, and you acknowledge and agree that such disclosure may include publishing of the financial performance of your Franchised Business in franchise disclosure document(s) issued by us following the Effective Date hereof.

### **11.6 We are Attorney-in-Fact**

You hereby appoint us as your true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by you with any state and/or federal taxing authority pertaining to the Franchised Business. This power of attorney shall survive the expiration or termination of this Agreement.

**ARTICLE 12**  
**INSURANCE**

12.1 You shall procure, upon execution of this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement) at your expense, an insurance policy or policies protecting you and us, our successors and assigns, our officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Restaurant.

12.2 Such policy or policies shall be written by a responsible, duly licensed carrier or carriers reasonably acceptable to us, shall be written on an “occurrence” basis, and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time), in accordance with standards and specifications set forth in writing, the following: (a) Commercial General Liability Insurance in the amount of One Million Dollars (\$1,000,000) per occurrence, Two Million Dollars (\$2,000,000) general aggregate and One Million Dollars (\$1,000,000) products/completed operations aggregate (placement will address medical expenses for a limit of Five Thousand Dollars (\$5,000) per accident); (b) liquor liability insurance with limits not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate (if your Restaurant is authorized to offer and sell alcoholic beverages); (c) Worker’s Compensation Insurance and any other insurance required by statute or rule of the state or locality in which the Franchised ~~Restaurant~~Business is located (this coverage must also be in effect for all of your employees who participate in any of our training programs); (d) Automobile Liability Coverage, including coverage of owned, non-owned and hired vehicles, in the amount of One Million Dollars (\$1,000,000) per accident; (e) Business Interruption and Extra Expense Insurance, including rental payment continuation for a minimum of twelve (12) months, loss of profits and other extra expenses experienced during the recovery from property loss; (f) Employment Practices Liability Coverage in the amount of One Million Dollars (\$1,000,000) per claim and in the aggregate; (g) Employee Theft Coverage in the amount of Fifteen Thousand Dollars (\$15,000); (h) Theft, Disappearance and Destruction Coverage (inside and outside premises) in the amount of Five Thousand Dollars (\$5,000); and (i) Employer’s Liability Insurance in the amount of One Hundred Thousand Dollars (\$100,000) per person, Five Hundred Thousand Dollars (\$500,000) in the aggregate and One Hundred Thousand Dollars (\$100,000) for occupational disease; (j) any insurance required by the terms of lease (or mortgage) for the Restaurant; (k) any insurance coverages required by the terms of the lease for the Restaurant premises; and (l) any other insurance coverages we may require in the future. Such policies shall include a waiver of subrogation in favor of us, our affiliates, and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees.

12.3 In connection with any construction, renovation, refurbishment or remodeling of the Restaurant, you shall maintain Builder’s Risks/installation insurance in forms and amounts, and written by a responsible, duly licensed carrier or carriers, reasonably satisfactory to us.

12.4 Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article 15 of this Agreement.

12.5 All general liability and property damage policies shall contain a provision that we, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent

contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to us or our servants, agents or employees by reason of the negligence of you or your servants, agents or employees.

12.6 Not later than thirty (30) days before the Opening Date, and thereafter thirty (30) days prior to the expiration of any such policy, you shall deliver to us Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by us, you shall deliver to us a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder, with the exception of workers' compensation, shall name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies.

12.7 Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges shall be payable by you immediately upon notice together with a ten percent (10%) administrative fee. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

12.8 Upon written request by us, you shall procure from your insurance carrier or carriers a report of claims made and reserves set against your insurance policies.

12.9 We reserve the right to modify the types of insurance coverages and amounts of coverage that you are required to maintain for the Restaurant, and you agree to comply with any such changes, at your expense.

## **ARTICLE 13**

### **DEBTS AND TAXES**

#### **13.1 Taxes**

You shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Article 15, you shall be solely liable for the payment of all Taxes and shall indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether such Taxes were correctly or legally asserted or not. You shall submit a copy of all tax filings sent to federal, state and local tax authorities to us within ten (10) business days after such filing has been made with the appropriate taxing authority.

If any amounts payable by you to us are subject to any Taxes that you are required to deduct from the payments, you shall promptly deliver to us at the time of payment all receipts of applicable governmental authorities for all such Taxes withheld or paid. If you or any other person is required by any law or regulation to make any deduction or withholding (on account of Tax or otherwise) from any payment for our or our affiliate's account, you shall, at our option, either: (a) together with the payment, pay such additional amount as will ensure that we or our affiliate receives (free and clear of any Tax or other deductions or withholding) the full amount which we would have received if no such deduction or

withholding had been required; or (b) make such payment having taken into account the relevant deduction or withholding (on account of Tax or otherwise).

You shall ensure that any Taxes that you are required to deduct from amounts payable by us to you or our affiliates under this Agreement are paid to the relevant taxation authority on the same date as the amounts payable by you to us under this Agreement are paid to us.

You are responsible for and shall indemnify and hold us and our affiliates harmless against any penalties, interest and expenses incurred by or assessed against us or our affiliates as a result of your failure to withhold such Taxes or to timely remit them to the appropriate taxing authority. You shall fully and promptly cooperate with and assist us to provide all information and records we may request in connection with any application by us to any taxing authority with respect to Tax credits, exemptions or refunds available for any withholding or other Taxes paid or payable by you.

If we or our affiliates are required to refund to you any amounts paid hereunder, we and our parents and affiliate will not be required to refund that portion of those amounts that were withheld by you in order to comply with any applicable Tax law unless and until we or our affiliate receive a refund of those amounts from the applicable government or agency thereof, which is directly attributable to those amounts on our affiliate's income or with respect to which the period within which the credit may be reduced or disallowed has expired.

The term "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, taxes imposed on the Royalty Fees paid to us, or the exercise of rights granted pursuant to this Agreement, whether imposed upon you or us.

### **13.2 Payments to Us**

Each payment to be made to us hereunder shall be free and clear and without deduction for any Taxes.

### **13.3 Tax Disputes**

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

### **13.4 Compliance with Laws**

You shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

### **13.5 Notification of Action or Proceeding**

You shall notify and deliver to us, 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 Business. If you receive any notice, report, fine, test results or the like from the applicable provincial or local department of health (or other similar governmental authority), you shall promptly send a copy of the same to us.

## **ARTICLE 14** **TRANSFER OF INTEREST**

### **14.1 Transfer by Us**

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

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

### **14.2 Transfer by You**

14.2.1 You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of you and the Principals. Accordingly, neither you nor any Principal, nor any successor or assignee of you or any Principal, shall sell, assign (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise), transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement, in the Restaurant and/or any of the Restaurant’s material assets (other than in connection with replacing, upgrading or otherwise dealing with such assets as required or permitted by this Agreement), in you or in any Principal that is an entity, in each case without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

14.2.2 If you wish to transfer all or part of your interest in the Restaurant, any of the Restaurant’s material assets (except as provided in Section 14.2.1 above) or this Agreement, or if you or a Principal wishes to transfer or permit a transfer of any ownership interest in you, then in each such case (any or all of which are referred to in this Article 14 as a “Restricted Transfer”), transferor and the proposed transferee shall apply to us for our consent. We shall not unreasonably withhold our consent to a Restricted Transfer. We may, in our sole discretion, require any or all of the following as conditions of our approval:

(a) All of the accrued monetary obligations of you or any of your affiliates and all other outstanding obligations to us arising under this Agreement or any other agreement shall have been satisfied in a timely manner and you shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(b) You and your affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you or any of your affiliates and us or any of our affiliates at the time of transaction:

(c) The transferor and its principals (if applicable) shall have executed a general release, in a form reasonably satisfactory to us, of any and all claims against us, our officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations, except in respect of those claims which cannot be released at law;

(d) The transferee shall demonstrate to our reasonable satisfaction that transferee meets the criteria considered by us when reviewing a prospective franchisee's application for a franchise, including, but not limited to, our educational, managerial and business standards; transferee's good moral character, business reputation and credit rating; transferee's aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); transferee's financial resources and capital for operation of the business; and the geographic proximity and number of other Restaurants owned or operated by transferee;

(e) The transferee shall enter into a written agreement, in a form reasonably satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements;

(f) The transferee shall execute, for a term ending on the expiration date of this Agreement and with such successor terms as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and other ancillary agreements as we may require for the Restaurant, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, the then-current System-wide percentage Royalty Fee, Worldwide Creative Marketing Fee or advertising expenditure requirement; provided, however, that the transferee shall not be required to pay any initial franchise fee;

(g) The transferee, at its expense, shall renovate, modernize and otherwise upgrade the Restaurant and, if applicable, any delivery vehicles to conform to the then-current standards and specifications of the System, and shall complete the upgrading and other requirements which conform to the System-wide standards within the time period reasonably specified by us;

(h) The transferor shall remain liable for all of the obligations to us in connection with the Restaurant incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

(i) At the transferee's expense, the transferee, the transferee's general manager and/or any other applicable Restaurant personnel shall complete any training programs then in effect for franchisees of Restaurants upon such terms and conditions as we may reasonably require;

(j) You shall pay to us a transfer fee equal to Seven Thousand Five Hundred Dollars (\$7,500) to reimburse us for reviewing the application to transfer, including, without limitation, legal and accounting fees and training costs for training the transferee;

(k) If the transferee is a corporation, limited liability company or a partnership, the transferee shall make and will be bound by any or all of the representations, warranties and covenants set forth at Article 6 as we request. Transferee shall provide to us evidence satisfactory to us that the terms of such Section have been satisfied and are true and correct on the date of transfer.

14.2.3 You shall not grant a security interest in the Restaurant or in any of your assets without our prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured party will be required by us to agree that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure any default of yours.

14.2.4 You acknowledge and agree that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

### ~~14.3 Transfer to a Corporation or Limited Liability Company~~

~~In the event you desire to operate the Franchised Business through a corporation or limited liability company formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements set forth at Section 14.2.2, except that the requirements set forth in Sections 14.2.2(c), 14.2.2(d), 14.2.2(f), 14.2.2(g), 14.2.2(i), 14.2.2(j) and 14.2.2(k) shall not apply. With respect to a transfer to a corporation formed for the convenience of ownership, you shall be the owner of all of the voting stock or interest of the corporation and if you are more than one (1) individual, each individual shall have the same proportionate ownership interest in the entity as he had in you prior to the transfer.~~

~~Additionally, the following conditions shall apply: (i) ownership of the corporation or limited liability company shall remain with the original Principal(s) of this Agreement; (ii) the Principals shall remain personally liable for the performance of all obligations under this Agreement and are not released from any obligations to us; (iii) the newly formed corporation or limited liability company shall conduct no business other than the Franchised Business; and (iv) copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to addition of your corporation or limited liability company as a "franchisee" under this Agreement. A transfer under this Section 14.3 may occur one (1) time only.~~

14.3 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

14.3.1 The Franchisee entity is duly organized and validly existing under the state law of its formation;

14.3.2 Attachment 3 of this Agreement accurately reflects all individuals with an ownership interest, whether direct or beneficial, in the Franchisee entity;

14.3.3 The Franchisee entity is duly qualified and is authorized to do business in the jurisdiction of the Territory;

14.3.4 The Franchisee entity's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

14.3.5 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee; and

14.3.6 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities.

#### **14.4 Our Right of First Refusal**

14.4.1 If you wish to transfer all or part of your interest in the Restaurant or this Agreement or if you or a Principal wishes to transfer any ownership interest in you, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article 14, with respect to a proposed transfer.

(a) In the case of a Restricted Transfer involving a bona fide purchase offer, then such proposed seller shall promptly notify us in writing of each such offer and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the interest proposed to be transferred in the Restricted Transfer on the same terms and conditions offered by the proposed purchaser (the "Offer Terms"). In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal

to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article 14 with respect to a proposed transfer.

(b) Notwithstanding the provisions of Section 14.4.1(a) above, where the Restricted Transfer (alone or together with any other Restricted Transfer or event effected within the prior twenty-four (24) month period) results in a “Change of Control”, we may elect, in our sole discretion, to treat the notice given pursuant to such Section 14.4.1(a) as an offer to assign to us all of your rights under this Agreement and to the Restaurant (including lease and contract rights and other assets of you and your affiliates used in connection with the Restaurant, excluding the assets of your benefit plans) (collectively, the “Restaurant Interests”). As used in this Section 14.4.1(b), Change of Control means any circumstance resulting in one or more of your Principals ceasing to be a Principal and/or the addition of any new Principal. In such case, we shall notify you of the special election provided for in this Section 14.4.1(b) at the time we exercise our option as provided in Section 14.4.1(a). The terms of such purchase shall be the same as the Offer Terms (subject to the other provisions of this Section 14.4), but the price shall be the lesser of (1) the Implied Market Price or (2) the fair market value of the Restaurant Interests, determined in a manner consistent with Section 18.12.1. As used herein, “Implied Market Price” shall mean an amount equal to the total price to be paid by the transferee under the Offer Terms, divided by the percentage (expressed as a decimal) of ownership of you proposed to be acquired (directly or indirectly) by the transferee, less the fair market value (determined as provided in Section 18.12.1) of any assets included in the Restricted Transfer that are not related to the Restaurant. If you have more than one (1) Restaurant, then the Implied Market Price shall, unless otherwise agreed by us and you, be allocated among all Restaurants equally.

(c) We may assign our rights under this Section 14.4 to any other person or entity, subject to Section 14.1 above.

(d) It shall be a material obligation of yours under this Agreement to cause any transferor and transferee described in this Article 14 to perform all of the obligations imposed on such persons under this Article 14.

14.4.2 In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the Offer Terms, then such amount shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs, and each shall pay one-half (1/2) of the appraisal fees. In the event that we exercise our right of first refusal herein provided, we shall have the right to set off against any payment therefor (i) all fees for any such independent appraiser due from you hereunder and (ii) all amounts due from you to us.

14.4.4 If you terminate the Franchise Agreement during the initial eighteen (18) months of operation and choose to sell the Restaurant premises to a purchaser that will not operate the Restaurant as the Franchise Business, then you shall pay to us the penalty fee of the average monthly royalty multiplied by twelve (12). The average monthly royalty shall be calculated using the Restaurant’s monthly royalty paid or due to us for the six (6) months prior to the termination date.

14.4.3 Failure to comply with the provisions of this Section prior to the transfer of any interest in you, the Restaurant or this Agreement shall constitute a material event of default under this Agreement.

## **14.5 Death or Disability**

14.5.1 The grant of rights under this Agreement is personal to you, and on the death or permanent disability of you or any of your Principals, the executor, administrator, conservator or other personal representative of yours or of the deceased Principal, as the case may be, shall be required to transfer your or your Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by us. Failure to transfer in accordance with the forgoing will constitute a material default and the franchise granted by this Agreement will terminate. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of the Franchised Business during the six (6) month period from its onset.

14.5.2 Upon the death or claim of permanent disability of you or any Principal, you or a representative of yours must notify us of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer under this Section 14.5 shall be subject to the same terms and conditions as described in this Article 14 for any *inter vivos* transfer.

14.5.3 Immediately after your death or permanent disability, or while the Restaurant is owned by your executor, administrator, guardian, personal representative or trustee, the Franchised Business shall be supervised by an interim successor manager satisfactory to us, or we, in our sole discretion, may provide interim management at a fee equal to ten percent (10%) of the Gross Sales generated by the Franchised Business during our operation thereof, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by us, pending transfer of the Restaurant to the deceased or disabled individual's lawful heirs or successors. If we provide interim management pursuant to this Section 14.5, you agree to indemnify and hold us and any of our representatives harmless from any and all acts which we may perform.

## **14.6 No Waiver of Claims**

Our consent to a transfer of any interest described herein shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand material and full compliance with any of the terms of this Agreement by the transferee.

## **14.7 Transfer Among Owners**

If you or any Principal desires to transfer an interest in this Agreement or the Restaurant, whether to another Principal or to a new principal, then you shall promptly notify us of such proposed transfer in writing and shall provide such information relative thereto as we may reasonably request prior to such transfer. Such transferee may not be a competitor of ours. Such transferee will be your Principal and as such, agrees to be individually bound by certain obligations in this Agreement, including covenants concerning confidentiality and non-competition and agrees to personally guarantee your performance under this Agreement. Notwithstanding the provisions contained in Section 14.2 to the contrary, the Principals may freely transfer their ownership interests in you among themselves and, provided management control does not change, to their family members (or to trusts for the benefit of such family members), and our right of first refusal shall be inapplicable with respect to such transfers, provided you provide us with thirty (30) days prior written notice of such transfer, which notice shall include the names and percentages transferred. You shall complete and submit to us an updated Attachment 3, as necessary.

**ARTICLE 15**  
**INDEMNIFICATION**

**15.1 Indemnification by You**

You and each of the Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law us, our successors and assigns, their respective partners and affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them (“Indemnitees”), from all “losses and expenses” (as defined in Section 15.4 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

15.1.1 The infringement, alleged infringement, or any other violation or alleged violation by you or any of the Principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder pursuant to Article 10);

15.1.2 The violation, breach or asserted violation or breach by you or any of the Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

15.1.3 Libel, slander or any other form of defamation of us, the System or any multi-unit developer or franchisee operating under the System, by you or by any of the Principals;

15.1.4 The violation or breach by you or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between you or any of your affiliates and us and our Indemnitees; and

15.1.5 Acts, errors, or omissions of you, any of your affiliates and any of the Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates in connection with the establishment and operation of the Restaurant, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that we cannot and do not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, you or any employee, agent or independent contractor of yours and that the safe operation of any motor vehicle is, therefore, entirely your responsibility.

**15.2 Notification of Action or Claim**

You and each of the Principals agree to give us prompt notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of you and each of the Principals, we may elect to assume (but under no circumstance are we obligated to undertake) or appoint counsel of our own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall, in no manner or form, diminish the obligation of you and each of the Principals to indemnify the Indemnitees and to hold them harmless.

### **15.3 We May Settle**

In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as we in our reasonable judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our reasonable judgment, there are reasonable grounds to believe that:

15.3.1 any of the acts or circumstances enumerated in Section 15.1.1 through 15.1.4 above have occurred; or

15.3.2 any act, error, or omission as described in Section 15.1.5 may result directly or indirectly in damage, injury, or harm to the System, any person or any property.

### **15.4 Losses and Expenses**

All losses and expenses incurred under this Article 15 shall be chargeable to and paid by you and the Principals pursuant to your obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity, or defense.

As used in this Article 15, the phrase “losses and expenses” shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys’ fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

### **15.5 Recovery from Third Parties**

Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you or any of the Principals. You and each of the Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from you or any of the Principals by the Indemnitees.

### **15.6 Survival of Terms**

You and the Principals expressly agree that the terms of this Article 15 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

## **ARTICLE 16** **RELATIONSHIP OF THE PARTIES**

### **16.1 No Fiduciary Relationship**

~~The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that you shall be an independent licensee, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose.~~

~~It is intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason. If we incur any cost, loss of damages as a result of any actions or omissions by you~~

~~or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such loss.~~

~~Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in the Manual 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 Business, which Franchisee alone controls, but only constitute standards to which Franchisee must adhere when exercising control of the day-to-day operations of the Franchised Business.~~

## **16.2 Independent Licensee**

~~16.2.1 You understand and agree that you are and will be our independent licensee under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of your employees will be considered to be our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose, most particularly with respect to any mandated or other insurance coverage as required in Article 12, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain employees for qualification to perform certain functions for the Franchised Business does not directly or indirectly vest in us the power to hire, fire or control any such employee.~~

~~16.2.2 You acknowledge and agree to responsible to obtain and maintain such insurance policies as outlined in Article 12, including but not limited to general liability, errors and omissions policy, directors and officers policy for your Restaurant and to cover and protect us against any possible lawsuits by employees.~~

~~16.2.3 You acknowledge and agree, and will never contend otherwise, that you alone will exercise day to day control over all operations, activities and elements of the Franchised Business and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day to day operations of the Franchised Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day to day operations of the Franchised Business.~~

~~16.2.4 You may not, without our prior written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Except as expressly provided in this Agreement, we may not control or have access to your funds or the expenditure of your funds or in any other way exercise dominion or control over the Franchised Business. Except as otherwise expressly authorized by this Agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of franchisor and franchisee. You are and shall be an independent licensee under this Agreement, and no partnership shall exist between you and us. This Agreement does not constitute you as an agent, legal representative, or employee of us for any purpose whatsoever, and you are not granted any right or authority to assume or~~

create any obligation for or on behalf of, or in the name of, or in any way to bind us. You agree not to incur or contract any debt or obligation on behalf of us or commit any act, make any representation, or advertise in any manner which may adversely affect any right of ours or be detrimental to us or other franchisees of ours. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. WeFranchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Franchised Business. Pursuant to the above, you agree to indemnify us and hold us harmless from any and all liability, loss, attorneys' fees, or damage we may suffer as a result of claims, demands, taxes, costs, or judgments against us arising out of any allegation of an agent, partner, or employment relationship.

### **16.3 You are Not Authorized**

~~\_\_\_\_\_ You understand and agree that nothing in this Agreement authorizes you or any of the Principals to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of the Principals or any claim or judgment arising therefrom.~~

### **16.4—Sole and Exclusive Employer of Your Employees**

~~\_\_\_\_\_ You hereby irrevocably affirm, attest and covenant your understanding that your employees are employed exclusively by you and in no fashion are any such employee employed, jointly employed or co-employed by us.-\_ You further affirm and attest that each of your employees is under your exclusive dominion and control and never under our direct or indirect control in any fashion whatsoever.-\_ You alone hire each of your employees; set their schedules; establish their compensation rates; and pay all salaries, benefits and employment-related liabilities (such as workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums).-\_ You alone have the ability to discipline or terminate your employees to the exclusion of us, and you acknowledge that we have no such authority or ability. You further attest and affirm that any minimum staffing requirements established by us are solely for the purpose of ensuring that the Franchised Business is at all times staffed at those levels necessary to operate the Franchised Business in conformity with the System and the products, services, standards of quality and efficiency, and other Atomic Wing brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. You affirm, warrant and understand that you may staff the Franchised Business with as many employees as you desire at any time so long as our minimal staffing levels are achieved. You also affirm and attest that any recommendations you may receive from us regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist you to efficiently operate your Franchised Business, and that you are entirely free to disregard our recommendations regarding such employee compensation. Moreover, you affirm and attest that any training provided by us We have no authority to control, either directly or indirectly, the essential terms and conditions of employment of your employees. You acknowledge and agree that you, in your sole and absolute discretion, shall determine all such essential terms and conditions of employment, which are defined in the Manual. You specifically agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems, and operations of an Atomic Wings Restaurant outlet and in no fashion reflects any employment relationship between us and such employees.-\_ Finally, should it ever be asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting~~

yourself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees). ~~To the extent~~ If ever it is asserted that we are the only named party employer, joint employer or co-employer of any of your employees in any such private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agrees to the exclusion of you, should any such appearance by you be required or requested by us, we will recompense you the reasonable costs associated with your assist us in defending said allegation, appearing at any such venue, venue requested by us to testify on our behalf, participate in depositions, other appearances or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees.

## **ARTICLE 17** **TERMINATION**

### **17.1 Automatic Termination – No Right to Cure**

17.1.1 You acknowledge and agree that each of your obligations described in this Agreement is a material and essential obligation of yours; that non-performance of such obligations will adversely and substantially affect us and the System; and that our exercise of the rights and remedies set forth herein is appropriate and reasonable.

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

17.1.3 You shall be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default (except as otherwise stated below) effective immediately upon notice to you, upon the occurrence of any of the following events:

(a) If you operate the Restaurant or sell any products or services authorized by us for sale at the Restaurant at a location which has not been approved by us;

(b) If you fail to acquire an accepted location for the Restaurant within the time and in the manner specified in Article 2;

(c) If you fail to construct or remodel the Restaurant in accordance with the plans and specifications provided to you under Section 5.3 as such plans may be adapted with our approval in accordance with Section 2.5;

(d) If you fail to open the Restaurant for business within the period specified in Section 2.6 hereof;

(e) If you at any time cease to operate or otherwise abandon the Restaurant, or lose the right to possession of the premises, or otherwise forfeit the right to do or transact business in the jurisdiction where the Restaurant is located; provided, however, that this provision shall not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, acts of terrorism, fire or other catastrophe or other forces beyond your control), if through no fault of yours the premises are damaged or destroyed by an event as described above, provided that you apply within thirty (30) days after such event, for our approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and you diligently pursue such reconstruction or relocation; such approval may be conditioned upon the payment of our relocation fee and an agreed minimum fee to us during the period in which the Restaurant is not in operation;

(f) If you or any of the Principals are convicted of, or have entered a plea of *nolo contendere* to, a felony, a crime involving moral turpitude, or other crime that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;

(g) If a threat or danger to public health or safety results from the construction, maintenance or operation of the Restaurant;

(h) If you or any of the Principals purport to transfer any rights or obligations under this Agreement or any interest in you or the Restaurant to any third party without our prior written consent or without offering us a right of first refusal with respect to such transfer, contrary to the terms of Article 14 of this Agreement;

(i) If you or any of your affiliates fail, refuse, or neglect promptly to pay any monies owing to us, or any of our affiliates or vendors, when due under this Agreement or any other agreement, or to submit the financial or other information required by us under this Agreement and do not cure such default within five (5) days following notice from us (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case the five (5) day cure period shall apply);

(j) If you or any of the Principals fail to comply with the in-term covenants in Section 10.3 hereof or you fail to obtain execution of the covenants and related agreements required under Section 10.3.4 hereof within thirty (30) days following notice from us;

(k) If, contrary to the terms of Section 10.2.1 hereof, you or any of the Principals disclose or divulge any confidential information provided to you or the Principals by us, or fail to obtain execution of covenants and related agreements required under Section 10.2.2 hereof within thirty (30) days following notice from us;

(l) If a transfer upon death or permanent disability is not transferred in accordance with Article 14 and within the time periods therein;

(m) If you knowingly maintain false books or records, or submit any false reports to us;

(n) If you breach in any material respect any of the covenants in any material respect set forth in Article 6 or have falsely made any of the representations or warranties set forth in Article 6;

(o) If you fail to propose a qualified replacement or successor General Manager within the time required under Section 6.3.4 following ten (10) days' prior written notice;

(p) If you fail to procure and maintain the insurance policies required by Article 12 and you fail to cure such default within ten (10) days following notice from us;

(q) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein, and you fail to cure such default within twenty-four (24) hours of receiving notice of such default;

(r) If you or any of the Principals commit three (3) material events of default under this Agreement, within any twelve (12) month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

(s) If any of your General Manager ~~and or Manager of yours~~ Managers is not able to complete our HQ Initial Training program to our satisfaction, after having given you the opportunity to designate a replacement ~~General Manager and/or Managers; or~~ manager;

(t) If you fail to comply with all applicable laws and ordinances relating to the ~~Restaurant Franchised Business~~, including Anti-Terrorism Laws, or if your or any of your ~~Principals' owners'~~ assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your ~~Principals owners~~ otherwise violate any such law, ordinance, or regulation;

(u) Any license or permit you are required to maintain for the operation of the Franchised Business is revoked; or

(v) If you have misrepresented or omitted material facts in applying for the Franchise

## 17.2 Notice of Termination – 30 Days to Cure

Except as provided in Sections 17.1.2 and 17.1.3 of this Agreement, upon any default by you which is susceptible of being cured, we may terminate this Agreement by giving written notice of termination stating the nature of such default to you at least thirty (30) days prior to the effective date of termination. However, you may avoid termination by immediately initiating a remedy to cure such default and curing it to our reasonable satisfaction or making a bona fide attempt to cure to our reasonable satisfaction within the thirty (30) day period and by promptly providing proof thereof to us. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

17.2.1 If you fail to comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by us or fail to carry out the terms of this Agreement in good faith.

17.2.2 If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing.

17.2.3 If you fail, refuse, or neglect to obtain our prior written approval or consent as required by this Agreement.

17.2.4 If any license or permit you are required to maintain for the operation of the Franchised Business is suspended.

### **17.3 Cross-Defaults, Non-Exclusive Remedies, etc.**

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

### **17.4 Our Right to Discontinue Services to You**

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 17, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we or our affiliates are an approved supplier to you and/or suspension of your "click through" subpage on our Website, until such time as you correct the breach.

### **17.5 Amendment Pursuant to Applicable Law**

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

### **17.6 Reimbursement of Costs**

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

## **ARTICLE 18** **POST-TERMINATION**

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall forthwith terminate, and:

### **18.1 Cease Operations**

You shall immediately cease to operate the Restaurant under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of ours.

### **18.2 Stop Using the System**

You shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System; the mark "Atomic Wing"; and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks, and shall immediately change all paint colors, remove all of our proprietary or non-proprietary design items.

### **18.3 Cancellation of Assumed Names**

You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Mark "Atomic Wing" or any other service mark or trademark of ours, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

### **18.4 No Use of Similar Marks**

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

### **18.5 Payment of Sums Owed**

You and your Principals shall promptly pay all sums owing to us. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by us as a result of any default by you, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by you and on the premises operated hereunder at the time of default.

### **18.6 Payment of Damages, Costs and Expenses**

You and the Principals shall pay to us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us in connection with obtaining any remedy available to us for any ~~violation~~breach or early termination of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Article 18.

### **18.7 Delivery of Manuals and Materials**

You shall immediately deliver to us all Manuals, software licensed by us, records, files, instructions, correspondence, all materials related to operating the Restaurant, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Restaurant in your possession or control, and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law.

### **18.8 Confidential Information**

You and the Principals shall comply with the restrictions on confidential information contained in Article 10 of this Agreement and shall also comply with the non-competition covenants contained in Article 10. Any other person required to execute similar covenants pursuant to Article 10 shall also comply with such covenants.

### **18.9 Advertising and Promotional Materials**

You shall immediately furnish us with an itemized list of all advertising and sales promotion materials bearing the Marks or any of our distinctive markings, designs, labels, or other marks thereon, whether located on your premises or under your control at any other location. We shall have the right to inspect these materials. We shall have the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost, or to require you to destroy and properly dispose of such materials. Materials not purchased by us shall not be utilized by you or any other party for any purpose unless authorized in writing by us.

### **18.10 Signage**

Upon execution of this Agreement, in partial consideration of the rights granted hereunder, you acknowledge and agree that all right, title and interest in the signs used at the Restaurant are hereby assigned to us, and that upon termination or expiration of this Agreement, neither you nor any lien holder of yours shall have any further interest therein.

### **18.11 Assignment of Lease**

If you operate the Restaurant under a lease for the Restaurant premises with a third party or, with respect to any lease for equipment used in the operation of the Franchised Business, then you shall, at our option, assign to us any interest which we have in any lease or sublease for the premises of the Restaurant or any equipment related thereto. We may exercise such option at or within thirty (30) days after either termination or (subject to any existing right to a successor option) expiration of this Agreement. In the event we do not elect to exercise our option to acquire the lease or sublease for the Restaurant premises or do not have such option, you shall make such modifications or alterations to the Restaurant premises as are necessary to distinguish the appearance of the Restaurant from that of other Restaurants operating under the System and shall make such specific additional changes as we may reasonably request. If you fail or refuse to comply with the requirements of this Section 18.11, we shall have the right to enter upon

the premises of the Franchised Business, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required, at your expense, which expense you agree to pay upon demand. Notwithstanding the provisions of this Section 18.11 to the contrary, in the event the lease is assigned to us, we hereby indemnify and hold harmless you and any guarantors under said lease, for any breach by us or our successors or assigns from any liability arising out of the lease for the Restaurant premises from and after the date of the assignment of lease.

## **18.12 Our Right to Purchase**

18.12.1 Except as provided in Sections 18.9, 18.10 and 18.13, we shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase at any time for any reason from you any or all of the furnishings, equipment (including any point-of-sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Restaurant, at fair market value. In no event, shall any amount be payable under this Section 18.12 for “goodwill” or “going concern” value. We shall be purchasing all of your assets or a portion of the assets of the Restaurant only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs, and each shall pay one-half (1/2) of the appraisal fees. If we elect to exercise any option to purchase herein provided, we shall have the right to set off (i) all fees for any such independent appraiser due from you, (ii) all amounts due from you to us, and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash.

18.12.2 In addition to the options described above and if you own the Restaurant premises, then we shall have the option, to be exercised at or within thirty (30) days after termination or expiration of this Agreement, to purchase the Restaurant premises including any building thereon, if applicable, for the fair market value of the land and building, and any or all of the furnishings, equipment, signs, fixtures, vehicles, supplies and inventory therein at fair market value. We shall purchase assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If you do not own the land on which the Restaurant is operated and we exercise our option for an assignment of the lease, we may exercise this option for the purpose of purchasing the building if owned by you and related assets as described above. If the parties cannot agree on fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined in accordance with appraisal procedure described above.

18.12.3 With respect to the options described in Sections 18.11, 18.12.1 and 18.12.2, you shall deliver to us in a form satisfactory to us such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which we deem necessary in order to perfect our title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, you have not obtained all of these certificates and other documents, we may, in our sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.12.4 The time for closing of the purchase and sale of the properties described in Sections 18.12.1 and 18.12.2 shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in Section 18.11 shall be a date no

later than ten (10) days after our exercise of the option thereunder unless we are exercising our options under either Section 18.12.1 or 18.12.2, in which case the date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at our corporate offices or at such other location as the parties may agree.

### **18.13 Subleased Premises, Restaurant Assets**

Notwithstanding anything to the contrary contained in Sections 18.11 and 18.12, if you operate the Restaurant from a premises that is subleased to you by us, upon termination (or expiration if you do not enter into a Successor Franchise Agreement) of this Agreement, we shall have the right to take immediate possession of all or a portion of the assets of the Restaurant, including any or all of the furnishings, equipment (including any point-of-sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Restaurant. We shall have a lien against all such assets in the amount of any amounts due to us under this Agreement or any other agreement. We shall have the right to have such assets appraised at the lower of cost or fair market value of the used assets, and to acquire all right, title and interest to such assets, without conducting any public sale, by paying to you (or to any lender of yours who has a lienholder interest in the assets) the difference between the appraised value and the amounts owed to us by you at the time of termination or expiration of this Agreement. If the lien on the assets from your lender has priority over any lien of ours, and the amount of the lien is in excess of the appraised value of such assets, we shall have the right to deal directly with your lienholder, and to pay any amounts due to you directly to the lienholder. You agree to provide all further assurances, and to execute all documents required by us or by law to lawfully effect such transfer, and to perfect our security interest. We shall have the right to take such action without the execution of any further documents by you if you fail or refuse to comply with these further assurances.

### **18.14 Assignment of Options by Us**

We shall be entitled to assign any and all of our options in this Article to any other party, without your consent.

### **18.15 ~~Telephone Assignment of Numbers, Yellow Pages and Listings, etc.~~**

You, at our option, shall assign to us all rights to the telephone numbers of the ~~Restaurant~~ Franchised Business and any related ~~Yellow Pages~~ internet pages trademark listing or other business listings and execute all forms and documents required by us and any telephone company at any time to transfer such service and numbers to us. Further, you shall assign to us all ~~Internet~~ internet listings, domain names, ~~Internet Accounts~~ internet accounts, advertising on the ~~Internet~~ internet or ~~World Wide Web~~ world wide web, websites, listings with search engines, email addresses or any other similar listing or usage related to the Franchised Business. The forms we may require you to execute include, but are not limited to, those included in Attachment 6 hereto. Notwithstanding any forms and documents which may have been executed under Section 7.9, you hereby appoint us as your true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. You shall thereafter use different telephone numbers, email addresses or other listings or usages at or in connection with any subsequent business conducted by you.

### **18.16 Liquidated Damages**

If we terminate this Agreement with cause, you must pay us within fifteen (15) days from the effective date of termination liquidated damages equal to the average value of the Royalty Fees you paid or owed (per month) to us during the twelve (12) months before the termination multiplied by (i) twenty-

four (24), being the number of months in two (2) full years, or (ii) the number of months remaining during the term of this Agreement had it not been terminated, whichever is lower.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your Principals agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

## **ARTICLE 19** **MISCELLANEOUS**

### **19.1 Notices**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by facsimile or email (provided that the sender confirms the facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party.

### **19.2 Entire Agreement**

This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between us and you and the Principals concerning the subject matter hereof and shall supersede all prior related agreements between us and you and the Principals; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

### **19.3 No Waiver**

No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or the Principals under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or the Principals, or as to a subsequent breach or default by you or the Principals. Acceptance by us of any payments due to us hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by us of any preceding breach by you or the Principals of any terms, provisions, covenants or conditions of this Agreement.

#### **19.4 Our Prior Approval**

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

#### **19.5 No Warranty or Guaranty**

We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

#### **19.6 Continued Obligation to Pay Sums**

If a Force Majeure event shall occur, then, in addition to payments required under Section 17.1.3(e), you shall continue to be obligated to pay to us any and all amounts that you shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Force Majeure event and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article 15. Except as provided in Section 17.1.3(e) and the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure. Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

#### **19.7 Arbitration**

Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration in Maryland under the authority of Maryland Statutes. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Maryland Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Maryland Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or any non-extension or refusal of a successor term under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

#### **19.8 Governing Law; Injunctive Relief**

With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you and the Principals hereby irrevocably submit themselves to the jurisdiction of the state courts of Maryland and the Federal District Court nearest to our headquarters. You and the Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and the Principals hereby agree that service of process may be made

upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Maryland or federal law. You and the Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be Prince George County, Maryland; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Maryland law.

Notwithstanding anything to the contrary contained in Section 19.7 above, we and you each have the right, in a proper case, to seek injunctions, restraining orders and orders of specific performance from a court of competent jurisdiction, provided that we agree to contemporaneously submit its dispute for arbitration on the merits as provided herein.

You agree that we will not be required to post a bond to obtain any injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction if warranted upon due hearing. All claims for damages by reason of the wrongful issuance of such injunction are hereby expressly waived. If we secure any such injunction or order of specific performance, you agree to pay to us an amount equal to the aggregate of our costs of obtaining such relief including, without limitation, reasonable legal fees, costs and expenses as provided in this Section and any damages incurred by us as a result of the breach of any such provision.

#### **19.9 Agreement Regarding Governing Law and Choice of Forum**

You, the Principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Sections 19.7 and 19.8 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, the Principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

#### **19.10 Waiver of Punitive Damages; Waiver of Jury Trial**

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

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

two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

#### **19.11 Execution in Multiple Counterparts**

This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

#### **19.12 Captions**

The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

#### **19.13 Survival of Terms**

Any obligation of you or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of you or the Principals therein, shall be deemed to survive such termination, expiration or transfer.

#### **19.14 Severability of Provisions**

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

#### **19.15 Joint and Several Obligations**

All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by you in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals.

#### **19.16 Rights and Remedies Cumulative**

All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your affiliates and us. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Article 17 of this Agreement shall not discharge or release you or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond,

or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

### **19.17 References**

Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

### **19.18 No Rights or Remedies Except to the Parties**

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors, members and employees and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Article 14), any rights or remedies under or as a result of this Agreement.

### **19.19 Effectiveness of Agreement**

This Agreement shall not become effective until signed by an authorized officer of ours.

### **19.20 Modification of the System**

You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System as of the Effective Date of this Agreement.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. You expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

### **19.21 Operation in the Event of Absence or Disability**

In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

### **19.22 Step-In Rights**

If we determine in our sole judgment that the operation of your Franchised Business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your Franchised Business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your Franchised Business; or we determine that operational problems require that we operate your Franchised Business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the Franchised Business as a going concern.

We shall keep in a separate account all monies generated by the operation of your Franchised Business, less the expenses of the Franchised Business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

### **19.23 Costs and Legal Fees**

If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

### **19.24 Consent to do Business Electronically**

The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Maryland, the parties hereby affirm to

each other that they agree with the terms of the Franchise Agreement and its Addenda, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

## **ARTICLE 20** **TECHNOLOGY**

### **20.1 Computer Systems and Software**

The following terms and conditions shall apply with respect to your computer system:

20.1.1 We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Restaurants, including without limitation: (a) back office and point-of-sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Restaurants, between or among Restaurants, and between and among your Restaurant and us and/or you; (b) Point-of-Sale Systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the "Computer System").

20.1.2 We shall have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System ("Required Software"), which you shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall install; (c) the tangible media upon which you shall record data; and (d) the database file structure of your Computer System.

20.1.3 You shall record all sales on computer-based point-of-sale systems approved by us or on such other types of systems as may be designated by us in the Manual or otherwise in writing ("Point-of-Sale Systems"), which shall be deemed part of your Computer System.

20.1.4 You shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as we may request in writing (collectively, "Computer Upgrades").

20.1.5 You shall comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You shall also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us.

20.1.6 In addition to the requirements of Section 4.9, you shall pay all fees, whether to us or to third party vendor(s), and expenses for technology required by this Agreement for operation of the Franchised Business, including but not limited to, all costs related to the Computer System, Required Software, and Computer Upgrades, digital menu displays, internet access, license fees, help desk fees, and licensing or user-based fees.

### **20.2 Data**

We may, from time to time, specify in the Manual or otherwise in writing the information that you shall collect and maintain on the Computer System installed at the Restaurant, and you shall provide to us such reports as we may reasonably request from the data so collected and maintained. All data

pertaining to the Restaurant, and all data created or collected by you in connection with the System, or in connection with your operation of the Restaurant (including without limitation data pertaining to or otherwise concerning the Restaurant's customers) or otherwise provided by you (including, without limitation, data uploaded to, or downloaded from your Computer System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the business franchised under this Agreement.

### **20.3 Privacy**

You shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("Privacy") and shall comply with our standards and policies pertaining to Privacy. If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

### **20.4 Telecommunications**

You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Intranet (as defined below), if any, and/or such other computer systems as we may reasonably require.

### **20.5 Intranet**

We may establish a website providing private and secure communications between us, you, franchisees, licensees and other persons and entities as determined by us, in our sole discretion (an "Intranet"). You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Intranet and utilizing the Intranet in connection with the operation of the Restaurant. The Intranet may include, without limitation, the Manuals, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

### **20.6 On-line Use of Proprietary Marks**

You shall not use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any email address, domain name, and/or other identification of you in any electronic medium. You agree not to transmit or cause any other party to transmit advertisements or solicitations by email or other electronic media without our prior written consent as to your plan for transmitting such advertisements.

### **20.7 No Outsourcing Without Prior Written Consent**

You shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval therefor, unless we have designated an approved supplier to provide such services. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that is reasonably provided by us.

## **20.8 Changes to Technology**

You and we acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards established by us as if this Article 20 were periodically revised by us for that purpose. You acknowledge and understand that this Agreement does not place any limitations on either our right to require you to obtain Computer Upgrades or the cost of such Computer Upgrades.

## **ARTICLE 21 SECURITY INTERESTS**

### **21.1 Collateral**

You grant to us a security interest (“Security Interest”) in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Restaurant, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Restaurant. All items in which a security interest is granted are referred to as the “Collateral”.

### **21.2 Indebtedness Secured**

The Security Interest is to secure payment of the following (the “Indebtedness”):

21.2.1 All amounts due under this Agreement or otherwise by you;

21.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

21.2.3 All expenses, including reasonable attorneys’ fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

21.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any successor term or extension of this Agreement, whether or not you execute any extension agreement or successor instruments.

21.2.5 Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Restaurant, including, but not limited to, a real property mortgage and equipment leases.

### **21.3 Additional Documents**

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

#### **21.4 Possession of Collateral**

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

#### **21.5 Our Remedies in Event of Default**

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of the Maryland (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

#### **21.6 Special Filing as Financing Statement**

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

### **ARTICLE 22 YOUR REPRESENTATIONS**

#### **22.1 Your Representations**

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that:

22.1.1 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Restaurant.

22.1.2 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.

22.1.3 You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement.

22.1.4 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or principals (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

22.1.5 Neither you nor any of your Principals is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

22.1.6 All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

Each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written.

FRANCHISEE: (Entity):  
\_\_\_\_\_

FRANCHISOR:  
ATOMIC WINGS FRANCHISOR INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name:       Zak Omar        
Title:   CEO          

**PRINCIPALS:**  
FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISEE (Principal):  
\_\_\_\_\_  
Name: \_\_\_\_\_

**ATTACHMENT 1 TO THE ATOMIC WINGS FRANCHISOR INC.  
FRANCHISE AGREEMENT**

**ACCEPTED LOCATION AND DESIGNATED TERRITORY**

[If there is no Accepted Location on the Effective Date, insert: \*\*ACCEPTED LOCATION ADDRESS AND DESIGNATED TERRITORY TO BE DETERMINED AND INSERTED AFTER PREMISES IS IDENTIFIED BY YOU AND APPROVED BY US FOR THE ATOMIC WINGS RESTAURANT FRANCHISED BUSINESS, IN ACCORDANCE WITH SECTIONS 1.2 AND 2.2 OF THE FRANCHISE AGREEMENT, IN THE SITE SEARCH AREA OF \_\_\_\_\_.]

1. ACCEPTED LOCATION

Pursuant to Section 1.2 of the Franchise Agreement, the Restaurant shall be located at the following Accepted Location:

\_\_\_\_\_  
\_\_\_\_\_

2. DESIGNATED TERRITORY:

Pursuant to Section 1.4 of the Franchise Agreement, the Designated Territory shall be a radius of \_\_\_\_\_ mile(s) around the Restaurant.

ACCEPTED:

FRANCHISEE: (Entity):

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

FRANCHISOR:

ATOMIC WINGS FRANCHISOR INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_ Zak Omar

Title: CEO

**PRINCIPALS:**

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

**ATTACHMENT 2 TO THE ATOMIC WINGS FRANCHISOR INC.  
FRANCHISE AGREEMENT**

**COLLATERAL ASSIGNMENT OF LEASE**

**FOR VALUE RECEIVED**, the undersigned (“Assignor”) assigns, transfers and sets over to ATOMIC WINGS FRANCHISOR INC., a New Jersey corporation (“Assignee”), all of Assignor’s right and title to and interest in that certain “Lease” a copy of which is attached as Exhibit A respecting premises commonly known as \_\_\_\_\_.  
This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor’s obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor’s default under the Lease or under the “Franchise Agreement” for an Atomic Wings Restaurant between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee’s prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee’s failure to agree otherwise in writing and upon Assignor’s failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:

ATOMIC WINGS FRANCHISOR INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

ASSIGNOR:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

PRINCIPALS:

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

**CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR**

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor’s failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor’s delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor’s defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant’s obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Restaurant.

Dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_, Lessor

**ATTACHMENT 3 TO THE ATOMIC WINGS FRANCHISOR INC.  
FRANCHISE AGREEMENT**

**STATEMENT OF OWNERSHIP INTERESTS ~~IN FRANCHISEE/ENTITY~~  
IN FRANCHISEE ENTITY**

**Name**

**Percentage of Ownership**

**ATTACHMENT 4 TO THE ATOMIC WINGS FRANCHISOR INC.  
FRANCHISE AGREEMENT**

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**  
**(for trained employees and others with access to Franchisor's confidential information)**

In consideration of my being a \_\_\_\_\_ of \_\_\_\_\_ ("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated \_\_\_\_\_ (the "Franchise Agreement"), Franchisee has acquired the right and franchise from ATOMIC WINGS FRANCHISOR INC. (the "Company") to establish and operate an Atomic Wings Restaurant (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and accepted location: \_\_\_\_\_ (the "Accepted Location").

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Franchised Businesses offering Buffalo-style chicken wings that are Halal and are hormone and antibiotic free. We serve chicken wings in varying degrees of spiciness, appetizers, burgers and sandwiches, chili, soups, Mexican food, desserts and beverages. With prior written approval, the Restaurant may offer the additional menu items of gyros, falafel and chicken over rice. and if permitted by applicable law, may serve beer and wine. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, recipes, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

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

4. As \_\_\_\_\_ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company's Confidential Operations Manuals (the "Manuals"), and other general assistance during the term of the Franchise Agreement.

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

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as \_\_\_\_\_ of the Franchisee, and will

continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

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

7.1 Franchisee's Designated Territory, as defined in the Franchise Agreement ("Franchisee's Designated Territory");

7.2 Ten (10) miles of Franchisee's Designated Territory; or

7.3 Ten (10) miles of any Franchised Business operating under the System and the Proprietary Marks.

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

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

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

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the

Franchisee or the Company is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of Maryland, without regard to the application of Maryland conflict of law rules. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Title

**ACKNOWLEDGED BY FRANCHISEE**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT 5 TO THE ATOMIC WINGS FRANCHISOR INC.  
FRANCHISE AGREEMENT**

**FORM - ELECTRONIC FUNDS TRANSFER AUTHORIZATION**



<b>Employer/Company Information (required):</b>		<b>INTERCEPT CORPORATION</b>
Name:		1700 42nd St. S. Suite 2000
Street Address:		Fargo, ND 58103
City, State, Zip:		(800) 378-3328
Telephone:		

**Authorization for Debit and Credit Electronic Funds Transfers**

On this \_\_\_\_\_ day of \_\_\_\_\_, I hereby authorize Intercept Corporation ("IC") as well as the employer or company described above, and its agents (collectively, "Company/Employer"), to initiate electronic deposits to the bank account provided below, and any subsequent bank accounts identified by me in writing.

I also authorize electronic withdrawals from the bank account provided below, and any subsequent bank accounts identified by me in writing, for the purpose of adjustment transactions and/or reversing entries which may be made to these accounts to ensure an accurate and balanced accounting of all transactions, including correcting any erroneous transactions. This authorization will remain in effect until:

- a) I notify the financial institution provided below ("Bank") and IC in writing to terminate this authorization and the Bank and IC have been afforded reasonable time to comply, or
- b) The Bank, Company/Employer, and/or IC has provided me with five (5) business days advance written notice of their decision not to initiate electronic withdrawals and/or deposits from/to the bank account provided below.

Notwithstanding the foregoing authorization termination provisions, I understand that any written termination of this authorization will become effective no earlier than five (5) business days after the day the last transaction has cleared and there are no outstanding balances to the account.

I UNDERSTAND THAT IC PROVIDES ELECTRONIC FUND TRANSFER SERVICES TO THE COMPANY/EMPLOYER DESCRIBED ABOVE AND THEIR AGENTS, INCLUDING PAYMENT AND PAYROLL PROCESSORS, IF USED. THE FUNDS TO BE TRANSFERRED MUST BE COLLATERALLY FUNDED AND ARE FULLY GUARANTEED BY THE EMPLOYER/COMPANY LISTED ABOVE, THEIR AGENTS, INCLUDING ANY PAYROLL OR PAYMENT PROCESSOR, IF USED, AND/OR MYSELF. IN THE EVENT THAT THE FUNDING FOR A TRANSFER IS RETURNED FOR ANY REASON, IC HAS BEEN PROVIDED WITH INCORRECT INFORMATION, AND/OR IC HAS ERRONEOUSLY TRANSFERRED FUNDS TO MY ACCOUNT, I AUTHORIZE IC TO CORRECT/WITHDRAW FROM MY ACCOUNT THE AMOUNT OF FUNDS TRANSFERRED IN ERROR. I ALSO UNDERSTAND THAT IC MAY WITHDRAW AND/OR DEPOSIT TO MY ACCOUNT VARIOUS FUNDS RELATING TO MY PARTICIPATION IN A FLEXIBLE BENEFIT/CAFETERIA PLAN/ERISA PLAN. I HEREBY HOLD IC HARMLESS FROM ALL CLAIMS AND CAUSES OF ACTION RESULTING FROM IC'S TRANSFER OF SUCH FUNDS UPON THE DIRECTION OF MY EMPLOYER OR ITS PROCESSOR, AGREE THAT MY REMEDY FOR ANY ERRONEOUS TRANSFERS IS SOLELY AGAINST THE PROCESSOR AND/OR MY EMPLOYER, AND FURTHER AGREE THAT I WILL HOLD IC HARMLESS FROM ANY LIABILITY AND DAMAGES RESULTING THEREFROM, INCLUDING COURT COSTS AND REASONABLE ATTORNEY'S FEES.

**Electronic Funds Transfer (15 U.S.C. § 1693):** I hereby acknowledge receipt of notice from my Bank of my responsibilities under the Electronic Funds Transfer Act ("Act"), my potential liability for certain unauthorized electronic fund transfers, my duty to promptly report unauthorized transfers, any charges for electronic fund transfers, if applicable, the right to stop payment of pre-authorized electronic fund transfers, the procedure to initiate such stop payment orders, my right to receive documentation of electronic fund transfers, and the Bank's liability pursuant to the Act.

**Limitation of Action:** I acknowledge that I will have 60 days from the date of a withdrawal or deposit to my Bank account to dispute the withdrawal or deposit. I further acknowledge that I shall dispute a withdrawal or deposit by providing the Company/Employer and IC with written notification of any discrepancies, errors or disputes concerning any transfer of funds to or from any account processed by IC. I acknowledge that all written notices must include the following information:

- a) The name of the Company/Employer authorized to make the transaction;
- b) The federal taxpayer ID number of the Company/Employer;
- c) My full name;
- d) My contact information;
- e) The name, account number and ABA number of the transaction in question;
- f) The dollar amount of the transaction in question; and
- g) A description and explanation of the error.

I acknowledge that, if possible, the Company/Employer, its agent, or IC will inform me of the results of their investigation into the disputed transaction within ten (10) days of the receipt of my complaint, and will attempt to correct any identified error promptly. However, if my employer, its agent, and/or IC need additional time, I understand that they may take up to 45 days to investigate my complaint. For transfers initiated outside the United States or transfers resulting from point of sale or debit/access cards, I understand that the time periods for investigating and resolving errors will be 45/90 days, respectively.

<input style="width: 100%; height: 20px;" type="text"/> Routing (ABA) Number	<input style="width: 100%; height: 20px;" type="text"/> Account Type: Checking <input type="checkbox"/> Savings <input type="checkbox"/>
Bank Name _____ Name on Account _____	
Please designate if you wish a specific dollar amount or percentage deposited: \$ _____ / _____ %	

<input style="width: 100%; height: 20px;" type="text"/> Routing (ABA) Number	<input style="width: 100%; height: 20px;" type="text"/> Account Type: Checking <input type="checkbox"/> Savings <input type="checkbox"/>
Bank Name _____ Name on Account _____	
Please designate if you wish a specific dollar amount or percentage deposited: \$ _____ / _____ %	

Undersigned's Name (printed) \_\_\_\_\_ Employee ID # (if applicable) \_\_\_\_\_

Undersigned's Signature \_\_\_\_\_ Date \_\_\_\_\_

Please attach a voided personal check to this authorization for verification of all checking account information.

Revised 8/17

**ATTACHMENT 6 TO THE ATOMIC WINGS FRANCHISOR INC.  
FRANCHISE AGREEMENT**

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

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

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

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

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

1. **Definitions**

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

2. **Internet Advertising and Telephone ListingsAccounts**

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

2.2 **Interest in Telephone Numbers and Listings**. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone

numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

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

~~2.3.2.3.1~~ direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

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

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

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

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

2.5 Certification of Termination. Franchisee hereby directs the Internet ~~and Software~~ Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

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

### 3. Miscellaneous

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

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

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

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

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

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

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

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

~~\_\_\_\_\_The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.~~

*-Remainder of page intentionally left blank-*

FRANCHISEE- (Entity):

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**PRINCIPALS:**

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISOR:  
ATOMIC WINGS FRANCHISOR INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_ Zak Omar

Title: CEO

**ATTACHMENT 7 TO THE FRANCHISE AGREEMENT**

**GENERAL RELEASE**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ (“Franchisee”) and its principal(s):

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

(b) — Franchisee and Franchisee’s Principal(s) represent and warrant that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Franchisee or Franchisee’s Principal(s) to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand, or suit shall be made or institute against any Released Franchisor Party because of any such purported assignment, transfer or subrogation, Franchisee and Franchisee’s Principal(s) agree to indemnify and hold such Released Franchisor Party free and harmless from and against any such claim, demand, or suit, including reasonable costs and attorneys’ fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

~~(c) — THIS RELEASE IS A GENERAL RELEASE AND THE PARTIES INTEND AND AGREE THAT IT SHALL BE INTERPRETED, CONSTRUED AND ENFORCED AS SUCH.~~

~~(d) — Franchisee and Franchisee’s Principal(s) acknowledge, warrant, and represent that no promises, representations, or inducements, except as set forth in this General Release, have been offered or made by any Franchisor Released Party to secure the execution of this General Release, and that this General Release is executed without reliance on any statements or any representations not contained herein. Franchisee and Franchisee’s Principal(s) knowingly waive (1) any claim that this General Release was induced by any misrepresentation or nondisclosure, and (2) any right to rescind or avoid this General Release based upon presently existing facts, known or unknown.~~

~~FRANCHISEE AND FRANCHISEE’S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. Franchisee and Franchisee’s Principal(s) also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Released Franchisor Party with respect to any Franchisee Released Claim, and Franchisee and Franchisee’s Principal(s) shall defend, indemnify, and hold harmless each of Franchisor Releasees against same.~~

Executed as of \_\_\_\_\_.

\_\_\_\_\_ FRANCHISEE:  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_ PRINCIPALS:  
\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

**ATTACHMENT 8 TO THE FRANCHISE AGREEMENT**

**AMERICANS WITH DISABILITIES ACT CERTIFICATION**

ATOMIC WINGS FRANCHISOR INC. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) are parties to a Franchise Agreement dated \_\_\_\_\_, for the operation of an Atomic Wings Restaurant at \_\_\_\_\_ (the “Franchised Business”). In accordance with Article 2 of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee’s knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent licensee and the requirement of this certification by Franchisee does not constitute ownership, control, leasing or operation of the Franchised Business. Franchisee acknowledges that Franchisee has relied on the information contained in this certification. Furthermore, Franchisee acknowledge its obligation under this Franchise Agreement to indemnify Franchisor and the officers, directors, and employees of Franchisor in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee’s compliance with the Americans with Disabilities Act, as well as the costs, including attorneys’ fees, related to the same.

**FRANCHISEE**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**PRINCIPALS:**

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

**ATTACHMENT 98 TO THE FRANCHISE AGREEMENT**

**SPOUSE GUARANTY**

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on \_\_\_\_\_ (the “Effective Date”), to ATOMIC WINGS FRANCHISOR INC., a New Jersey corporation (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated on or about the Effective Date hereof (the “Franchisee Agreement”) with \_\_\_\_\_, a(n) \_\_\_\_\_, and \_\_\_\_\_ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

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

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

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

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

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

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

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

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

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

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

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

\_\_\_\_\_  
*Signature*  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

**MULTI-UNIT DEVELOPER AGREEMENT**

**ATOMIC WINGS FRANCHISOR INC.**

**MULTI-UNIT DEVELOPER AGREEMENT**

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**MULTI-UNIT DEVELOPER**

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**EFFECTIVE DATE**

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ATTACHMENTS:

- 1 Minimum Performance Schedule
- 2 Development Area

**ATOMIC WINGS FRANCHISOR INC.**

**MULTI-UNIT DEVELOPER AGREEMENT**

**THIS MULTI-UNIT DEVELOPER AGREEMENT** (“Agreement”) is made and entered into by and between Atomic Wings Franchisor Inc., a New Jersey corporation having its principal address at 5010 Branchville Road, College Park, Maryland, 20740 (“Franchisor”, “we”, “us” or “our”), and \_\_\_\_\_, an individual, whose principal address is \_\_\_\_\_ (hereinafter “Multi-Unit Developer”, “you” or “your”).

**W I T N E S S E T H:**

**WHEREAS**, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter “System”) relating to the establishment and operation of a quick-service restaurant under the name “Atomic Wings” offering Buffalo-style chicken wings that are Halal and are hormone and antibiotic free (“Restaurant” or “Franchised Business”). We serve chicken wings in varying degrees of spiciness, appetizers, burgers, sandwiches, chili, soups, Mexican food, desserts and beverages. With prior written approval, the Restaurant may offer the additional menu items of gyros, falafel and chicken over rice and if permitted by applicable law, may serve beer and wine.

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

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

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

**WHEREAS**, you wish to obtain certain development rights to open and operate Restaurants operating under the Marks and the System within the Development Area described in this Multi-Unit Developer Agreement.

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

**SECTION 1**  
**GRANT**

1.1 We hereby grant to you, pursuant to the terms and conditions of this Multi-Unit Developer Agreement, certain development rights (“Development Rights”) to establish and operate \_\_\_\_\_ (\_\_\_\_\_) franchised Restaurants, and to use the System solely in connection therewith at specific locations to be designated in separate franchise agreements executed as provided in Section 3.1

hereof, and pursuant to the schedule established in Attachment 1 of this Agreement (hereinafter “Minimum Performance Schedule”). Each Restaurant developed hereunder shall be located in the area described in Attachment 2 of this Agreement (hereinafter “Development Area”).

1.2 The Development Area is typically described in terms of municipal boundaries, county boundaries or specified trade areas within a municipality. Trade areas cannot overlap or interfere with an existing trade area, designated territories or development areas. We reserve the right to provide a two (2) mile buffer between trade areas, designated territories and development areas. We reserve the right to adjust or re-assign any of the trade areas in the Development Area to best serve your interests, or in the event there is a conflict with an existing trade area, designated territory or development area. We reserve the right to: (i) move that trade area to an unoccupied area or (ii) refund to you the pro-rata portion of the Development Fee that was paid for the number of Restaurants to be developed in those specific trade areas.

1.3 Each Restaurant for which a Development Right is granted hereunder shall be established and operated pursuant to a franchise agreement to be entered into between you and us in accordance with Section 3.1 hereof (“Franchise Agreement”).

1.4 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a Restaurant in the Development Area during the term of this Agreement, provided you are not in default hereunder.

1.5 This Agreement is not a Franchise Agreement and does not grant to you any right to use the Marks or System.

1.6 You shall have no right under this Agreement to franchise others under the Marks or System.

## **SECTION 2** **DEVELOPMENT FEE**

In consideration of the development rights granted herein, you shall pay to us a Development Fee of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), due upon execution of this Agreement (“Development Fee”). The Development Fee is calculated as Twenty-Five Thousand Dollars (\$25,000) multiplied by the number of Restaurants to be developed hereunder.

The Development Fee shall be fully earned by us upon execution of this Agreement, shall be non-refundable, and shall be for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the Development Rights granted to you herein.

## **SECTION 3** **SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS**

3.1 You shall assume all responsibility and expense for locating potential sites for Restaurants. You shall exercise each Development Right granted herein only by executing a Franchise Agreement for each Restaurant at a site located in the Development Area that has been accepted by us as provided below. Under no circumstances, however, may you open a Restaurant for business unless and until there is a fully executed Franchise Agreement in place for such Restaurant.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Minimum Performance

Schedule in a timely manner. Your failure to adhere to the Minimum Performance Schedule shall constitute a default under this Agreement as provided in Section 9.1 hereof.

3.3 You must submit your request for acceptance of a prospective Restaurant site to us in writing, including any information and materials we may request. We shall have thirty (30) days after receipt of all requested information and materials to either accept or decline, in our sole discretion, your request.

3.3.1 If the prospective Restaurant site is for the first Development Right exercised hereunder, then the Franchise Agreement has been executed contemporaneously with this Agreement and we will provide you with a written acceptance or denial of your request for said site.

3.3.2 If the prospective Restaurant site is for the second or later Development Right exercised hereunder and we approve of the request for said site, then we shall present you with a Franchise Agreement for execution. Within ten (10) days after receipt of said Franchise Agreement, you shall return the executed Franchise Agreement to us. The Franchise Agreement for each additional Development Right exercised hereunder shall be the then-current Franchise Agreement, except that the Royalty and Worldwide Creative Marketing Fees shall not increase and shall be the same as stated in the first Franchise Agreement executed, subject to any non-material changes therein which are required to be made by changes in any applicable law, regulation or ordinance in effect from time to time. In the event we do not receive the properly executed Franchise Agreement within said ten (10) days from delivery thereof to you, our approval of your request shall be void and you shall have no rights with respect to said site.

3.4 You acknowledge that the acceptance of a request for a site for a Restaurant by us shall not be deemed to be an assurance or guaranty that the Restaurant will operate successfully or at a profit from such site. You understand the costs to purchase, equip and make the site operational as an Atomic Wings Restaurant may exceed the estimate provided for in our Franchise Disclosure Document. It shall be your responsibility to work with real estate, general contractors and other professionals to understand these overages and how best to accommodate for them. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if the site fails to meet your expectations. You will know all costs and timetables prior to forming your opinion and sending us your request for approval.

3.5 You may enter into the initial Franchise Agreement or any subsequent Franchise Agreement as required under this Agreement using a newly formed entity, such as a limited liability company, corporation or partnership for the sole purpose of entering into a Franchise Agreement and operating the Franchised Business pursuant thereto, provided that you shall also personally sign such Franchise Agreement as a principal.

#### **SECTION 4**

#### **DEVELOPMENT RIGHTS AND OBLIGATIONS**

4.1 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2, and you are in full compliance with all of your obligations under all Franchise Agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of Restaurants within the Development Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement.

4.2 The Development Rights granted to you herein may, in our discretion, include the right to develop Restaurants at any Non-Traditional Site. As used herein, a “Non-Traditional Site” includes,

without limitation: gas stations or convenience stores; transportation facilities, including airports, train stations, subways and rail and bus stations; military bases and government offices; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals; business or industrial foodservice venues; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; Indian reservations; casinos; or any similar captive market location.

4.3 Upon the termination or expiration of this Agreement, we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, Restaurants within the Development Area subject only to the territorial rights granted to you with respect to Restaurants operated by you pursuant to the Franchise Agreements.

4.4 We and our affiliates retain all rights with respect to Restaurants, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:

4.4.1 to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside the Development Area, and under any terms and conditions we deem appropriate. "Alternative distribution channels" include, but are not limited to, the internet, catalog sales, grocery stores, club stores, telemarketing or other marketing methods;

4.4.2 to operate and to grant others the right to operate Restaurants located outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to your Restaurants; and

4.4.3 to acquire and operate a business operating one or more restaurants or food service businesses located or operating in the Development Area.

## **SECTION 5** **RENEWAL**

This Agreement shall not be subject to renewal; however, if you wish to purchase a new Development Area and continue to develop Restaurants, we will, in good faith, negotiate a new Multi-Unit Developer Agreement with you.

## **SECTION 6** **TERM AND RIGHT OF FIRST REFUSAL**

Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the date the last Restaurant is opened pursuant to the Minimum Performance Schedule established in Attachment 1.

## **SECTION 7** **YOUR OBLIGATIONS**

You acknowledge and agree that:

7.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of Restaurants and to submit the same to us for our approval in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any Restaurants within the Development Area.

You shall obtain the license to use such additional rights at each Restaurant upon the execution of each Franchise Agreement by both you and us and only in accordance with the terms of each Franchise Agreement.

7.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof.

7.3 Except as provided in Sections 6 hereof, the Development Rights granted hereunder are non-exclusive, and we retain the right, in our sole discretion:

(a) To continue to construct and operate other Restaurants and to use the System and the Marks at any location outside the Development Area, and to license others to do so.

(b) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by us as Marks for use with different franchise systems for the sale of the different products or services not in connection with the System at any location, on such terms and conditions as we may deem advisable and without granting you any rights therein.

(c) To develop, merchandise, sell and license others to sell any of our products, proprietary or otherwise, presently existing or to be developed in the future, to the public through alternative distribution channels outside or inside of the Development Area and to use the Marks in connection therewith.

7.4 You have sole responsibility for the performance of all obligations arising out of the operation of your business pursuant to this Agreement, including, but not limited to, the payment when due of any and all Taxes levied or assessed by reason of such operation.

7.4.1 If any amounts payable by you to us are subject to any Taxes that you are required to deduct from the payments, you shall promptly deliver to us at the time of payment all receipts of applicable governmental authorities for all such Taxes withheld or paid. If you or any other person is required by any law or regulation to make any deduction or withholding (on account of Tax or otherwise) from any payment for our or our affiliate's account, you shall, at our option, either: (a) together with the payment, pay such additional amount as will ensure that we or our affiliate receives (free and clear of any Tax or other deductions or withholding) the full amount which we would have received if no such deduction or withholding had been required; or (b) make such payment having taken into account the relevant deduction or withholding (on account of Tax or otherwise).

7.4.2 You shall ensure that any Taxes that you are required to deduct from amounts payable by us to you or our affiliates under this Agreement are paid to the relevant taxation authority on the same date as the amounts payable by you to us under this Agreement are paid to us.

7.4.3 You are responsible for and shall indemnify and hold us and our affiliates harmless against any penalties, interest and expenses incurred by or assessed against us or our affiliates as a result of your failure to withhold such Taxes or to timely remit them to the appropriate taxing authority. You shall fully and promptly cooperate with and assist us to provide all information and records we may request in connection with any application by us to any taxing authority with respect to Tax credits, exemptions or refunds available for any withholding or other Taxes paid or payable by you.

7.4.4 If we or our affiliate are required to refund to you any amounts paid hereunder, we and our affiliate will not be required to refund that portion of those amounts that were withheld by you in order to comply with any applicable Tax law.

7.4.5 The term “Taxes” means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, taxes imposed on the royalties paid to us, or the exercise of rights granted pursuant to this Agreement, whether imposed upon you or us.

7.5 In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your business and that the operations of said business are separate and distinct from the operation of an Atomic Wings Restaurant.

7.6 You shall at all times preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.7 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.8 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.9 In no event shall any Restaurant be opened for business unless and until a Franchise Agreement for such Restaurant has been fully executed.

## **SECTION 8** **OUR SERVICES**

We shall, at our expense, provide the following services:

8.1 Upon our receipt of our requested forms, materials and your written request of approval for a site, we will approve or disapprove your request in writing. If you request us to conduct an on-site location evaluation of the site for a Restaurant, you must pay our per diem fee for our representative, as well as reimburse our representative’s travel, lodging and meals.

8.2 Provide you with standard specifications and layouts for the interior and exterior design, improvements, equipment, furnishings, décor and signs identified with the Restaurants as we make available to all multi-unit developers and franchisees from time to time.

8.3 Review of your site plan and final build-out plans and specifications for conformity to the construction standards and specifications of the System, upon our receipt of your written request for approval thereof.

8.4 Provide such other resources and assistance as may hereafter be developed and offered by us to our other multi-unit developers.

**SECTION 9**  
**DEFAULT AND TERMINATION**

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement shall be terminated in accordance with the provisions of any such law:

9.1.1 If you shall, in any respect, fail to meet the Minimum Performance Schedule.

9.1.2 If you shall purport to effect any assignment other than in accordance with Section 11 hereof.

9.1.3 Except as provided in Section 11 hereof, if you attempt to sell, assign, transfer or encumber this Agreement prior to the time that at least twenty-five percent (25%) of the Restaurants to be constructed and opened for business in accordance with the Minimum Performance Schedule are, in fact, open or under construction.

9.1.4 If you make, or have made, any material misrepresentation to us in connection with obtaining this Multi-Unit Developer Agreement, any site approval hereunder, or any Franchise Agreement.

9.1.5 If you default in the performance of any obligation under any Franchise Agreement with us, provided such default results in the termination of the Franchise Agreement.

9.1.6 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Restaurant, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.7 If you are convicted of, or have entered a plea of *nolo contendere* to, a felony, a crime involving moral turpitude, or other crime that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein.

9.1.8 If any of you shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the business shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.9 If you or any of your affiliates cease to operate all of the Restaurants opened pursuant to the terms of this Agreement.

9.1.10 If you fail to comply with all applicable laws and ordinances relating to the Restaurants developed under this Agreement, including Anti-Terrorism Laws, or if your assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you otherwise violate any such law, ordinance, or regulation.

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective Franchise Agreement.

9.2.2 If you violate any of the covenants as set forth in Section 12.1 of this Agreement.

9.2.3 If you shall fail to remit to us any payments pursuant to Sections 2 or 3 when same are due.

9.2.4 If you shall begin work upon any Restaurant at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you default in the performance of any other obligation under this Agreement.

9.2.7 If you open any Restaurant for business before a Franchise Agreement for such Restaurant has been fully executed.

## **SECTION 10** **OBLIGATIONS FOLLOWING TERMINATION**

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish Restaurants.

10.1.2 To cease immediately to hold yourself out in any way as a multi-unit developer of ours or to do anything which would indicate a relationship between you and us.

10.2 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

## **SECTION 11** **TRANSFER OF INTEREST**

11.1 This Agreement is personal to you and you shall neither sell, assign, transfer nor encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer or encumbrance to occur directly, indirectly or contingently by agreement

or by operation of law without our prior written consent. You understand that this Agreement may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment or transfer of any interest, except in accordance with this Section shall constitute a material breach of this Agreement.

11.2 You have represented to us that you are entering into this Multi-Unit Developer Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. Therefore, you agree that any attempt to assign this Agreement, prior to the time that at least twenty-five percent (25%) of the Restaurant(s) to be constructed hereunder are opened or under construction shall be deemed to be an event of default.

11.3 If you receive from an unaffiliated third party and desire to accept a bona fide written offer to purchase your business, Development Rights and interests, we shall have the option, exercisable within thirty (30) days after receipt of written notice setting forth the name and address of the prospective purchaser, the price and terms of such offer, and a copy of such offer and the other information stated in this Section 11.3, to purchase such business, Development Rights and interests, including your right to develop sites within the Development Area, on the same terms and conditions as offered by said third party. In order that we may have information sufficient to enable us to determine whether to exercise this option, we may require you to deliver to us certified financial statements as of the end of your most recent fiscal year and such other information about your business and operations as we may request. If we decline, or do not accept the offer in writing within thirty (30) days, you may, within thirty (30) days from the expiration of the option period, sell, assign and transfer your business, Development Rights and interest to said third party, provided we have consented to such transfer as required by this Section 11. Any material change in the terms of the offer prior to closing of the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by us or our nominee, as in the case of an initial offer. Our failure to exercise the option afforded by this Section 11.3 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section with respect to the proposed transfer.

11.4 You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Development Rights, the System and the Marks, as well as our reputation and image, and are for the protection of us, you and other multi-unit developers and franchisees. Any assignment or transfer permitted by this Section 11 shall not be effective until we receive a completely executed copy of all transfer documents, and we consent in writing thereto.

11.5 Except as provided in the Section 11, we agree not to unreasonably withhold our consent to a sale, assignment or transfer by you hereunder. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless:

11.5.1 All of your obligations created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee.

11.5.2 All ascertained or liquidated debts of you to us or our affiliated or subsidiary corporations are paid.

11.5.3 You are not in default hereunder.

11.5.4 We are reasonably satisfied that the transferee meets all of our requirements for new multi-unit developers, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength and other business considerations.

11.5.5 Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, our then-current form of Multi-Unit Developer Agreement, Franchise Agreements for all Restaurants open or under construction hereunder, and such other then-current ancillary agreements being required by us of new multi-unit developers on the date of transfer.

11.5.6 You execute a general release, in a form satisfactory to us, of any and all claims against us, our officers, directors, employees and principal stockholders of any and all claims and causes of action that you may have against us or any subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance thereof by us, except in respect of those claims which cannot be released at law. You also agree to subordinate any claims you may have against the transferee to us and indemnify us against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by us in the Franchise Disclosure Document given to the transferee.

11.5.7 You or transferee pay to us a transfer fee equal to fifty percent (50%) of our then current initial franchise fee to cover our reasonable costs in effecting the transfer.

#### 11.6 Death or Permanent Disability.

11.6.1 The grant of rights under this Agreement is personal to you, and on your death or permanent disability, the executor, administrator, conservator, or other personal representative of yours shall be required to transfer your interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by us. Failure to transfer in accordance with the foregoing will constitute a material default and all that is granted by this Agreement will terminate. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of your Atomic Wings outlet(s) and remaining Minimum Performance Schedule during the six (6)-month period from its onset.

11.6.2 Upon your death or your claim of permanent disability, you or a representative of yours must notify us of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Section for any *inter vivos* transfer.

11.6.3 Immediately after your death or permanent disability, or while the rights granted under this Agreement are owned by your executor, administrator, guardian, personal representative or trustee, your Atomic Wings outlet(s) and remaining Minimum Performance Schedule shall be supervised by an interim successor manager satisfactory to us, or we, in our sole discretion, may provide interim management at a fee equal to ten percent (10%) of the gross sales generated by your Atomic Wings outlet(s) during our operation thereof, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by us, pending transfer of your Atomic Wings outlet(s) and remaining Minimum Performance Schedule to your lawful heirs or successors.

11.7 Our consent to a transfer of any interest in by you of any of the Development Rights pursuant to this Section shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

11.8 We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the

time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

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

## **SECTION 12** **COVENANTS**

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, secret recipes, information regarding the marketing methods and techniques of us and the System. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you shall not, either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons or legal entity:

12.1.1 Divert or attempt to divert any business or client of the Franchised Business 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.

12.1.3 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any food service business other than the Franchised Business (including any business operated by you prior to entry into this Agreement), which business is of a character and concept similar to the Restaurant, including a food service business which offers and sells the same or substantially similar food products, namely a food service business which specializes in Buffalo-style chicken wings of any variety (a “Competitive Business”).

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, or upon transfer, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within twenty (20) miles of any Atomic Wings Restaurant in the System.

12.3 Subsections 12.1.3 and 12.2 of this Section shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any company which is registered under the Securities Exchange Act of 1934, as amended.

12.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed

within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 12.

12.5 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16 hereof.

12.6 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 12.

12.7 You acknowledge that any failure to comply with the requirements of this Section 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive relief prohibiting any conduct by you in violation of the terms of this Section 12. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise. Notwithstanding the generality of the foregoing, you further understand and agree that if you fail to comply with a non-competition covenant stated herein, you agree to pay to us Five Hundred Dollars (\$500) per week for each week such failure to comply continues.

12.8 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any Restaurant in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within ten (10) days of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

### **SECTION 13** **NOTICES**

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by facsimile or email (provided that the sender confirms the facsimile by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission) to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party.

### **SECTION 14** **INDEPENDENT LICENSEE AND INDEMNIFICATION**

14.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent licensee, and neither shall be responsible for the debts or liabilities incurred by the other.

14.2 You shall hold yourself out to the public to be an independent licensee operating pursuant to this Agreement. You agree to take such actions as shall be necessary to that end.

14.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our officers, directors, and employees harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with your activities hereunder, as well as the cost, including reasonable attorneys' fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks which are caused solely by our actions or actions caused by the negligent acts of us or our agents.

## **SECTION 15** **APPROVALS**

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2 We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advise, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

## **SECTION 16** **NON-WAIVER**

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

## **SECTION 17** **SEVERABILITY AND CONSTRUCTION**

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.

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

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement may be executed in triplicate, or such other number as is required, and each copy of the executed Agreement shall be deemed an original.

## **SECTION 18**

### **ENTIRE AGREEMENT; APPLICABLE LAW**

This Agreement, the documents referred to herein and the Attachments attached hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement shall be interpreted and construed under the laws of the State of Maryland, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located within the County of Prince George, Maryland.

## **SECTION 19**

### **DISPUTE RESOLUTION**

19.1 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration in Maryland under the authority of Maryland Statutes. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Maryland Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Maryland Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

19.2 With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you hereby irrevocably submit yourself to the jurisdiction of the state courts of Prince George's County, Maryland and the Federal District Court closest to our headquarters. You hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You hereby agree that service of process may be made upon any of you in any

proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Maryland or federal law. You further agree that venue for any proceeding relating to or arising out of this Agreement shall be Prince George's County, Maryland; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Maryland law.

19.3 You and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.1 and Section 19.2 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. You and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

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

19.5 We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Restaurant, brought by either party hereto against the other, whether in arbitration, or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

19.6 If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

## **SECTION 20**

### **TIMELY PERFORMANCE**

You hereby acknowledge that your timely development of the Restaurants in the Development Area in accordance with the Minimum Performance Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open Restaurants within the Development Area in accordance with the Minimum Performance Schedule, to operate such Restaurants pursuant to the terms of the Franchise Agreements and to maintain all such

Restaurants in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Minimum Performance Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder. Further, a failure or delay in performance by any party to this Agreement shall not be a default hereunder if such failure or delay arises out of or results from a Force Majeure, which for purposes of this Agreement shall be defined as fire, flood, earthquake or other natural disasters, or acts of a public enemy, war, rebellion or sabotage.

**SECTION 21**  
**EFFECTIVE DATE**

This Agreement shall be effective as of the date it is executed by us below.

The parties hereto have duly executed, sealed and delivered this Agreement on the below effective date.

MULTI-UNIT DEVELOPER:

FRANCHISOR:  
ATOMIC WINGS FRANCHISOR INC.

\_\_\_\_\_  
Name: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATOMIC WINGS FRANCHISOR INC.  
MULTI-UNIT DEVELOPER AGREEMENT**

**ATTACHMENT 1**

**MINIMUM PERFORMANCE SCHEDULE**

The Agreement authorizes and obliges Multi-Unit Developer to establish and operate \_\_\_\_\_ (\_\_\_\_\_) “Atomic Wings” Restaurants pursuant to a Franchise Agreement for each Restaurant. The following is Multi-Unit Developer’s Minimum Performance Schedule:

Minimum Cumulative Number  
of Franchise Agreements for  
Restaurants to be located  
and Operating  
Within the Development Area

By this Date

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

APPROVED:

MULTI-UNIT DEVELOPER

ATOMIC WINGS FRANCHISOR INC.

\_\_\_\_\_  
Name: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATOMIC WINGS FRANCHISOR INC.**  
**MULTI-UNIT DEVELOPER AGREEMENT**

**ATTACHMENT 2**  
**DEVELOPMENT AREA**

The following describes the Development Area within which Multi-Unit Developer may locate “Atomic Wings” Restaurants under this Agreement:

\_\_\_\_\_.

APPROVED:

MULTI-UNIT DEVELOPER

ATOMIC WINGS FRANCHISOR INC.

\_\_\_\_\_  
Name: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT D TO THE DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES**  
(As of December 31, 2022/2023)

<b>CALIFORNIA</b>		
<u>The Mukhiz LLC</u> Sandeep Mukhi*	9140 Alcosta Boulevard San Ramon, California 94583	925-248-8140
<b>ILLINOIS</b>		
<u>Kavita Venkatesh</u>	<u>3517 North Spaulding Ave</u> <u>Chicago, IL 60618</u> <u>(CLOUD KITCHEN)</u>	<u>331-575-2860</u>
<b>MARYLAND</b>		
<u>Alpha Eastern Blvd LLC</u> Tilak Patel	235 Eastern Boulevard North Hagerstown, Maryland 21740	240-261-2098
<u>Capital Brands Restaurant Group LLC</u>	3124 Queens Chapel Road Hyattsville, Maryland 20782	917-284-2910
<b>NEW YORK</b>		
<u>Munir Tahir Abrar Hussain,</u> <u>Chowdhury Toyaha</u>	1704 Western Avenue Albany, New York 12203	518-313-7103
<u>NY Halal Boys</u> Saber Ahmad Mohamed Sayed Moustafa	<u>188 Parkside Avenue</u> <u>438 Utica Ave</u> Brooklyn, New York 11226NY <u>11213</u>	<u>646-261-0088</u> <u>347-240-8635</u>
Mohamed Moustafa <u>Abdelrahman Moustafa</u>	1227 Fulton Street Brooklyn, New York 11216	347-484-4597
Abrar Hussain, Chowdhury Toyaha, Shahed Ahmed, & Imrul Imran*	9499 Niagara Falls Boulevard Buffalo, New York 14304	716-524-3004
<u>Yamah Omar</u>	<u>28 Woodleft Avenue</u> Freeport, New York 11520	516-442-2000
<u>Pink Blush, Inc.</u> Fahad Samad	159-23 Hillside Avenue Jamaica, New York 11432	718-480-6642
David Singh	2090 Frederick Douglass Boulevard New York, New York 10026	917-415-3263
<u>Khadiza Wings Corp.</u> MD Shafiqul Sarkar  <i>Transferred from CBG Midtown in 2022</i>	980 2 <sup>nd</sup> Avenue New York, New York 10017	646-998-4910
Joaquin Villegas	311 Broadway New York, New York 10007	212-571-7667
<u>Capital Brands Restaurant Group NY LLC</u>	184 1 <sup>st</sup> Avenue New York, New York 10009	917-284-2910
Julio Estevez	6051 Myrtle Avenue Ridgewood, New York 11385	718-550-4031
<b>NEVADA</b>		

<u>CBLCKP LLC</u> Karl Garcia	<u>5595 Simmons St</u> North Las Vegas, NV 89301	<u>904-553-4982</u>
<b>TENNESSEE</b>		
<u>Rajiv Vyas</u>	<u>5607 Franklin Rd</u> Murfreesboro, TN 37128	<u>615-243-9934</u>
<b>TEXAS</b>		
Kisan Amin	701 West Park Row Drive Suite 809 Arlington, Texas 11520	682-323-7853

<b>FRACTIONAL FRANCHISEES**</b>		
<b>Fractional Franchisee</b>	<b>Location</b>	<b>Telephone Number</b>
Aldo Criscuolo	Heights Pizza 330 Heights Road Darien, Connecticut 06820	(203) 656-3200
Joe Criscuolo	Nick's Pizza 522 Glenbrook Road Stamford, Connecticut 06906	(203) 324-4949
Nick Murphy	Bar 43 43-06 43 <sup>rd</sup> Street Sunnyside, New York 11104	(718) 361-3090
Corona Pizza	5123 108 <sup>th</sup> St Corona, NY 11368	(718)-271-3736
Buon Appetito	520 Jersey Ave Jersey City, NJ 07302	(201)-985-8200

<b>EXPRESS FRANCHISEES**</b>		
<b>Express Franchisee</b>	<b>Location</b>	<b>Telephone Number</b>
Anthony Catanzaro	Boom Burger 85 Montauk Highway Westhampton Beach, New York 11978	(631) 998-4663
Tim Ducey	Tap House 72-07 Austin St. Forest Hills, New York 11375	(718) 997-0500
Avenue X Pizza & Grill	2201 Avenue X Brooklyn, New York 11235	(718) 769-8200

**Franchisees who signed an agreement, but whose outlet(s) had not yet opened as of December 31, 20222023:**

<b>ARKANSAS</b>	
<b>Name/Address</b>	<b>Area/Phone Number</b>

Jatin D. Patel* 104 Carriage Court Whitehall, Arkansas 71602	<del>TBD</del> , Little Rock, Arkansas <u>870-575-3928</u>
<b>ILLINOIS</b>	
<u>Name/Address</u>	<u>Area/Phone Number</u>
Kavita Venkatesh 1305 Lorraine Place Schaumburg, Illinois 60173	<del>TBD</del> , Evanston, Illinois <u>312-933-5284</u>
<del>NEVADA</del> Chris Steinacher	Fairview Heights, IL <u>618-210-5192</u>
<b>INDIANA</b>	
<u>Name/Address</u>	<u>Area/Phone Number</u>
<del>CBLCKP LLC</del> Kaytee Garcia 7762 Candle Rock Street North Las Vegas, Michael Harmon Nevada 89084	<del>TBD</del> , Reno, Nevada Indiana <u>mike@atomicwings.com</u>
<b>MINNESOTA</b>	
<u>Name/Address</u>	<u>Area/Phone Number</u>
Ron Harris	Edina, MN <u>847-863-1414</u>
<b>MISSOURI</b>	
<u>Name/Address</u>	<u>Area/Phone Number</u>
Michael Domico	Bridgeton, MO <u>618-305-9639</u>
<b>NEW YORK</b>	
<u>Name/Address</u>	<u>Area/Phone Number</u>
<del>FOM Variety, LLC</del> Fahad Samad, Omar Salama, Mohamed Hussein 140-14-28 <sup>th</sup> Road, Apt. 1D Flushing, New York 11354	<del>36-56-34<sup>th</sup> Street</del> Long Island City, New York 11106
Crazy Right LLC Jiang Yu 3 Columbus Circle, 15 <sup>th</sup> Floor New York, New York 10019	881 10 <sup>th</sup> Avenue New York, New York 10019 <u>646-709-8295</u>
<del>Foodmax LLC</del> Syed Raza Hasnain Jafri Mohammed Abid Mahmud 1227 Peapond Road North Bellmore, New York 11710	<del>TBD</del> , New York
<b>SOUTH DAKOTA</b>	
<b>WASHINGTON DC</b>	
<u>Name/Address</u>	<u>Area/Phone Number</u>
Eric and Stef Engelstad	Sioux Falls, SD <u>605-880-0102</u>

John Paul Wadibia 632A Undercliff Avenue Edgewater, New Jersey 07020 <del>TEXAS</del>	2851 Georgia Avenue Northwest Washington, DC 20001
Texas- Jalal Kapadia	Houston, TX 361-737-1299
<b>WEST VIRGINIA</b>	
<b>Name/Address</b>	<b>Area/Phone Number</b>
Tilak Hiren Patel 6423 Morning Time Lane Clarksville, Maryland 21029	925 Foxcroft Avenue Martinsburg, West Virginia 25401 Beach, VA 757-285-0207

\*Multi-Unit Developers

\*\*We no longer offer franchises for fractional or express models.

**FRANCHISEES WHO HAVE LEFT THE SYSTEM**

(As of December 31, ~~2022~~2023)

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

**Franchisees:**

<b>New York</b>		
<b>MARYLAND</b>		
Magdy Salama and Wael Zahran 2408 Keeler Avenue Merrick, New York 11566 <del>Never opened</del> <del>terminated 2022</del> Capital Brands Restaurant Group LLC	3124 Queens Chapel Road Hyattsville, Maryland 20782	CBG Midtown Fahad Samad 917-301-6102 <del>Transferred to Sarkar in</del> <del>2022</del> 284-2910
<del>Yasmin Wings Inc.</del> Zakia Yasmin 145-29-119 <sup>th</sup> Avenue, Floor 1 Jamaica, New York 11436 <del>Never opened</del> <b>terminated 2022</b>	<b>NEW YORK</b>	
NY Halal Boys Saber Ahmad <b>Washington</b> <b>DC</b> Mohamed Sayed	188 Parkside Avenue Brooklyn, New York 11226	646-261-0088
Yamah Omar	<del>Vintge Inc</del> Philip Monde, Frederick Whitaker, Sayem Khan, David Romilus and Brent Monde 979 Hempstead Turnpike Franklin Square 28 Woodcleft Avenue	516-442-2000

	Freeport, New York 11010 <i>Never opened — terminated 2022</i> 11520	
--	-------------------------------------------------------------------------	--

**Fractional and Express Franchisees\*\*: who signed an agreement, but whose outlet had not opened.**

<b><u>NEW YORK</u></b>	
<b><u>Name/Address</u></b>	<b><u>Area/Phone Number</u></b>
FOM Variety, LLC Fahad Samad, Omar Salama, Mohamed Hussein 140-14 28 <sup>th</sup> Road, Apt. 1D Flushing, New York 11354	36-56 34 <sup>th</sup> Street Long Island City, New York 11106 917-301-6102
Foodmax LLC Syed Raza Hasnain Jafri Mohammed Abid Mahmud 1227 Peapond Road North Bellmore, New York 11710	New York Jafri_srh@hotmail.com
<b><u>WASHINGTON DC</u></b> Jason Catlin 917-714-2747 <i>Closed 2022</i>	
<b><u>Name/Address</u></b>	<b><u>Area/Phone Number</u></b>
John-Paul Wadibia 632A Undercliff Avenue Edgewater, New Jersey 07020	2851 Georgia Avenue Northwest Washington, DC 20001 jeanpaul@onenationgroup.com
<b><u>WEST VIRGINIA</u></b>	
<b><u>Name/Address</u></b>	<b><u>Area/Phone Number</u></b>
Tilak Patel 6423 Morning Time Lane Clarksville, Maryland 21029	925 Foxcroft Avenue Martinsburg, West Virginia 25401 443-540-8748

**Fractional and Express Franchisees\*\*: None**

\*\*We no longer offer franchises for fractional or express models.

**EXHIBIT E TO THE DISCLOSURE DOCUMENT**

**TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUAL**

**ATOMIC WINGS  
TABLE OF CONTENTS**

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**EXHIBIT F TO THE DISCLOSURE DOCUMENT**

**STATE SPECIFIC ADDENDA**

## CALIFORNIA APPENDIX

1. California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning transfer, termination or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Developer Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement and Multi-Unit Developer Agreement provide for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement and Multi-Unit Developer Agreement contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may be rule or order require, before a solicitation of a proposed material modification of an existing franchise.
5. The franchisor, any person or franchise broker in Item 2 of the FDD are not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
6. The Franchise Agreement and Multi-Unit Developer Agreement require binding arbitration. The arbitration will occur in Prince George's County, Maryland, with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
7. The Franchise Agreement and Multi-Unit Operator Agreement require application of the laws of Maryland. This provision may not be enforceable under California law.
8. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
9. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the franchise disclosure document.
10. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
11. **OUR WEBSITE, [www.atomicwings.com](http://www.atomicwings.com), HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL**

PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

- 12. In the State of California, we will defer the payment of the initial franchise fee, multi-unit developer fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.**
- ~~13. The terms of Items 5, 6, 11, 12, , 15, and 17 of this Disclosure Document have been negotiated with other franchisees. A copy of all Negotiated Sales Notices filed in California in the last twelve months is attached on the following page(s) of this Exhibit F.~~

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF ILLINOIS**

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

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

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

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

For info about obtaining a liquor license in Illinois, see:  
<https://www.illinois.gov/ilcc/Pages/Forms-and-Applications.aspx>

For info about obtaining TIPS certification in Illinois, see:  
<https://www.tipscertified.com/tips-state-pages/Illinois/>

See: Liquor Control Act of 1934, 235 ILCS 5/ (West 2016) for Illinois Dram Shop laws.

Item 5 is supplemented to include the following disclosure:

~~**The franchisor will post a Certificate of Deposit in the amount of the initial fee for each franchise or multi-unit development opportunity sold in the State of Illinois. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.**~~

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

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

FRANCHISEE: \_\_\_\_\_ FRANCHISOR: \_\_\_\_\_  
\_\_\_\_\_ **ATOMIC WINGS FRANCHISOR INC.**

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

PRINCIPALS:

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF ILLINOIS**

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

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

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

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

For info about obtaining a liquor license in Illinois, see:  
<https://www.illinois.gov/ilcc/Pages/Forms-and-Applications.aspx>

For info about obtaining TIPS certification in Illinois, see:  
<https://www.tipscertified.com/tips-state-pages/Illinois/>

See: Liquor Control Act of 1934, 235 ILCS 5/ (West 2016) for Illinois Dram Shop laws.

Item 5 of the Franchise Disclosure Document. is supplemented to include the following disclosure:

**The franchisor will post a Certificate of Deposit in the amount of the initial fee for each franchise or multi-unit development opportunity sold in the State of Illinois. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.**

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

**ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY THE STATE OF  
ILLINOIS**

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

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

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

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

For info about obtaining a liquor license in Illinois, see:  
<https://www.illinois.gov/ilcc/Pages/Forms-and-Applications.aspx>

For info about obtaining TIPS certification in Illinois, see:  
<https://www.tipscertified.com/tips-state-pages/Illinois/>

See: Liquor Control Act of 1934, 235 ILCS 5/ (West 2016) for Illinois Dram Shop laws.

The appropriate ~~section~~ section of the Franchise Agreement ~~are amended~~ and Multi-Unit Developer Agreement is supplemented to include the following disclosure:

**The franchisor will post a Certificate of Deposit in the amount of the initial fee for each franchise or multi-unit development opportunity sold in the State of Illinois. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.**

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

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

~~The parties hereto have duly executed, sealed, and delivered this Addendum dated \_\_\_\_\_.~~

FRANCHISEE: (Entity):  
\_\_\_\_\_

FRANCHISOR:  
ATOMIC WINGS FRANCHISOR INC.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

FRANCHISEE (Principal):  
  
\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISEE (Principal):

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**PRINCIPALS:**

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

**ADDENDUM TO THE MULTI-UNIT DEVELOPER AGREEMENT  
REQUIRED BY THE STATE OF ILLINOIS**

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

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

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

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

For info about obtaining a liquor license in Illinois, see:  
<https://www.illinois.gov/ilcc/Pages/Forms-and-Applications.aspx>

For info about obtaining TIPS certification in Illinois, see:  
<https://www.tipscertified.com/tips-state-pages/Illinois/>

See: Liquor Control Act of 1934, 235 ILCS 5/ (West 2016) for Illinois Dram Shop laws.

The appropriate ~~sections~~section of the Franchise Agreement and Multi-Unit Developer Agreement ~~are amended~~is supplemented to include the following disclosure:

**The franchisor will post a Certificate of Deposit in the amount of the initial fee for each franchise or multi-unit development opportunity sold in the State of Illinois. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.**

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

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

~~The parties hereto have duly executed, sealed, and delivered this Addendum dated \_\_\_\_\_.~~

FRANCHISEE: (Entity):  
\_\_\_\_\_

FRANCHISOR:  
ATOMIC WINGS FRANCHISOR INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PRINCIPALS:**

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

\_\_\_\_\_

**STATE ADDENDUM TO THE ATOMIC WINGS  
DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND  
MULTI-UNIT DEVELOPER AGREEMENT FOR THE STATE OF INDIANA**

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.

2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee's exclusive territory.

3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).

4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 19 of the Franchise Agreement and Section 19 of the Multi-Unit Developer Agreement.

5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

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

FRANCHISEE- (Entity):

\_\_\_\_\_

FRANCHISOR:

ATOMIC WINGS FRANCHISOR INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PRINCIPALS:

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF MARYLAND**

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

1. Item 5 of the Disclosure Document is amended to state:

**Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.**

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

3. Item 17 of the Disclosure Document is amended to state that the provisions in the Franchise Agreement and Multi-Unit Developer Agreement which provide for termination upon bankruptcy of the franchisee/multi-unit developer may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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

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

6. Item 17 of the Disclosure Document is amended to include the following statement: "This Franchise Agreement and Multi-Unit Developer Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

7. Exhibit H of the Disclosure Document is amended to include the following statement: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

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

**ADDENDUM TO THE FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF MARYLAND**

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

1. Section 4.1 of the Franchise Agreement is amended to state:

**Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.**

2. The provisions in the Franchise Agreement which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. The appropriate sections of the Franchise Agreement are amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

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

6. The Franchise Agreement and Franchisee Acknowledgment Statement (Exhibit H of the Disclosure Document) are amended to include the following statement: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

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

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

**ADDENDUM TO THE MULTI-UNIT DEVELOPER AGREEMENT**  
**REQUIRED BY THE STATE OF MARYLAND**

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

1. Section 2 of the Multi-Unit Developer Agreement is amended to state:

**Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.**

2. The appropriate sections of the Multi-Unit Developer Agreement are amended to state that the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The provisions in the Multi-Unit Developer Agreement which provide for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

4. The appropriate sections of the Multi-Unit Developer Agreement are amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. The appropriate sections of the Multi-Unit Developer Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

6. The appropriate sections of the Multi-Unit Developer Agreement are amended to include the following statement: "This Multi-Unit Developer Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable."

7. The Multi-Unit Developer Agreement and the Franchisee Acknowledgment Statement (Exhibit H to the Disclosure Document) are amended to include the following statement: "All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

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

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

FRANCHISEE: (Entity):  
\_\_\_\_\_

FRANCHISOR:  
ATOMIC WINGS FRANCHISOR INC.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

PRINCIPALS:  
FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

## DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

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

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

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

Any questions regarding this notice should be directed to:

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

## **ADDENDUM REQUIRED BY THE STATE OF MINNESOTA**

This addendum to the Disclosure Document is ~~agreed to this day of \_\_\_\_\_~~  
~~\_\_\_\_\_~~, and effectively amends and revises ~~said~~ the Atomic Wings Franchisor Inc. Franchise Disclosure Document, Franchise Agreement and Multi-Unit Developer Agreement as follows:

1. Item 13 of the Disclosure Document and the appropriate sections of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

“In accordance with applicable requirements of Minnesota law, Franchisor shall protect Franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or shall indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding such use.”

2. Item 17 of the Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Developer Agreement are amended by the addition of the following language to the original language that appears therein:

“With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes Sec. 80C.14, Subds.3, 4 and 5, which require (except in certain specified cases) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.”

3. Item 17 of the Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Developer Agreement are amended by the addition of the following language to amend the Governing Law, Jurisdiction and Venue, and Choice of Forum sections:

“Minn. Stat. Sec. 80C.21 and Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreements can abrogate or reduce any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

4. Item 17 of the Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Developer Agreement are amended by the addition of the following language to the original language that appears therein:

“Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release.”

5. Any reference to liquidated damages in the Franchise Agreement or Multi-Unit Developer Agreement is hereby deleted in accordance with Minn. Rule 2860.4400J which prohibits requiring you to consent to liquidated damages.

6. The appropriate section of the Franchise Agreement and Multi-Unit Developer Agreement which provides for waiver of a jury trial is hereby deleted in accordance with Minn. Rule 2860.4400J.

7. The appropriate section of the Franchise Agreement and Multi-Unit Developer Agreement regarding Limitations of Claims is hereby amended to comply with Minn. Stat. §80C.17, Subd. 5.

8. Item 6, Insufficient Fund Fees: NSF fees are governed by Minnesota Statute 604.113; which puts a cap of \$30 on an NSF check. This applies to everyone in Minnesota who accepts checks except banks.

9. Under Minn. Rule 2860.440J, the franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required. The appropriate sections of the Franchise Agreement and Multi-Unit Developer Agreement are hereby amended accordingly.

**10. Item 5 of the Disclosure Document, Article 4 of the Franchise Agreement, and Section 2 of the Multi-Unit Developer Agreement are amended to state: “In the State of Minnesota, we will defer the payment of the initial franchise fee and any other initial payment until all of our material pre-opening obligations have been satisfied and your business is open and operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.”**

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

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

FRANCHISEE: (Entity):  
\_\_\_\_\_

FRANCHISOR:  
ATOMIC WINGS FRANCHISOR INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PRINCIPALS:  
FRANCHISEE (Principal):  
  
\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISEE (Principal):

\_\_\_\_\_

Name: \_\_\_\_\_

**ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT G OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or 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, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective

injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

(Signatures appear on the following page)

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

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

FRANCHISEE- (Entity):  
\_\_\_\_\_

FRANCHISOR:  
ATOMIC WINGS FRANCHISOR INC.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

**PRINCIPALS:**  
FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

## **ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA**

This addendum to the Disclosure Document, Franchise Agreement, and Multi-Unit Developer Agreement effectively amends and revises said documents as follows:

1. Item 17(c) of the Disclosure Document, Section 3.2.7 of the Franchise Agreement, and Section 11.5.6 of the Multi-Unit Developer Agreement are hereby amended to state that a franchisee shall not be required to sign a general release upon renewal of the Area Representative Agreement. Since the Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, this provision is hereby deleted in each place it appears in the Disclosure Document, Franchise Agreement, and Multi-Unit Developer Agreement used in North Dakota.

2. Covenants not to compete are generally considered unenforceable in the State of North Dakota, in accordance with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17(r) of the Disclosure Document, Article 10 of the Franchise Agreement, and Section 12 of the Multi-Unit Developer Agreement are amended accordingly.

3. Item 6 and Item 17(i) of the Disclosure Document, Section 18.16 of the Franchise Agreement, and Section 11.5.2 of the Multi-Unit Developer Agreement require the franchisee to consent to termination or liquidated damages. Since the Commissioner has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, these provisions are hereby deleted in each place they appear in the Disclosure Document, Franchise Agreement, and Multi-Unit Developer Agreement used in North Dakota.

4. Item 17(u) of the Disclosure Document, Section 19.7 of the Franchise Agreement, and Section 19 of the Multi-Unit Developer Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.

5. Item 17(v) of the Disclosure Document and the provisions of Section 19 of the Franchise Agreement and Section 19 of the Multi-Unit Developer Agreement which require jurisdiction of courts in the State of Maryland are deleted.

6. Item 17(w) of the Disclosure Document, Section 19 of the Franchise Agreement, and Section 18 of the Multi-Unit Developer Agreement are amended to indicate that the agreements are to be construed according to the laws of the State of North Dakota.

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

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

9. The provisions of Section 19 of the Franchise Agreement and Section 19 of the Multi-Unit Developer Agreement which require a franchisee to consent to a limitation of claims are hereby amended to state that the statute of limitations under North Dakota law applies.

10. Section 19.23 of the Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by the franchisor in enforcing the agreement. The Commissioner has determined this to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The provision is hereby amended to state that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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

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

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

FRANCHISEE- (Entity):  
\_\_\_\_\_

FRANCHISOR:  
ATOMIC WINGS FRANCHISOR INC.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

PRINCIPALS:  
FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISEE (Principal):  
\_\_\_\_\_  
Name: \_\_\_\_\_

**ADDENDUM TO THE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND  
MULTI-UNIT DEVELOPER AGREEMENT REQUIRED BY THE STATE OF SOUTH  
DAKOTA**

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

The parties hereto have duly executed, sealed and delivered this Addendum dated \_\_\_\_\_

FRANCHISEE: (Entity):

\_\_\_\_\_

FRANCHISOR:

ATOMIC WINGS FRANCHISOR INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PRINCIPALS:

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE  
COMMONWEALTH OF VIRGINIA**

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

1. The following statements are added to Item 5:

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

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

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

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

**ADDENDUM TO THE FRANCHISE AGREEMENT REQUIRED BY THE COMMONWEALTH  
OF VIRGINIA**

To the extent of any inconsistencies, Section 8.1 of the Franchise Agreement is hereby amended to state:

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

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

**ADDENDUM TO THE MULTI-UNIT DEVELOPER AGREEMENT REQUIRED BY THE  
COMMONWEALTH OF VIRGINIA**

To the extent of any inconsistencies, Section 2 of the Multi-Unit Developer Agreement is hereby amended to state:

**The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.**

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

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

FRANCHISEE- (Entity):  
\_\_\_\_\_

FRANCHISOR:  
ATOMIC WINGS FRANCHISOR INC.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

FRANCHISEE (Principal):

By: \_\_\_\_\_ By: \_\_\_\_\_  
Name: \_\_\_\_\_ Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

**PRINCIPALS:**

\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISEE (Principal):

\_\_\_\_\_  
Name: \_\_\_\_\_

**EXHIBIT G TO THE DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS AGENCIES/AGENTS FOR SERVICE OF PROCESS**

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

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222 Phone	<del>Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6<sup>th</sup> Floor Albany, NY 12231-0001 <u>12231</u> (518) 473-2492</del>
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, 14 <sup>th</sup> Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
RHODE ISLAND	Department of Business Regulation Securities Division 1511 Pontiac Avenue, Building 68-2 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of South Dakota Division of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

## EXHIBIT H TO THE DISCLOSURE DOCUMENT

### FORM OF GENERAL RELEASE

This release (the "Release") is given this day of \_\_\_\_\_ by \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ ("Franchisee") and \_\_\_\_\_'s principals \_\_\_\_\_, an individual residing at \_\_\_\_\_ and ("Principal(s)").

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

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

(c) THIS RELEASE IS A GENERAL RELEASE AND THE PARTIES INTEND AND AGREE THAT IT SHALL BE INTERPRETED, CONSTRUED AND ENFORCED AS SUCH.

(d) Franchisee and Principal(s) acknowledge, warrant, and represent that no promises, representations, or inducements, except as set forth in this General Release, have been offered or made by any Franchisor Released Party to secure the execution of this General Release, and that this General Release is executed without reliance on any statements or any representations not contained herein. Franchisee and Principal(s) knowingly waive (1) any claim that this General Release was induced by any

misrepresentation or nondisclosure, and (2) any right to rescind or avoid this General Release based upon presently existing facts, known or unknown.

FRANCHISEE AND PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. Franchisee and Principal(s) also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Released Franchisor Party with respect to any Franchisee Released Claim, and Franchisee and Principal(s) shall defend, indemnify, and hold harmless each of Franchisor Releasees against same.

Release given this day of \_\_\_\_\_ by:

FRANCHISEE (Entity): \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

FRANCHISEE (Principal):  
  
\_\_\_\_\_  
Name: \_\_\_\_\_

FRANCHISEE (Principal):  
  
\_\_\_\_\_  
Name: \_\_\_\_\_

**EXHIBIT I TO THE DISCLOSURE DOCUMENT**

**Item 2, 3, and 4 Disclosure for Area Representatives**

This Exhibit I supplements the information provided in Item 2 of our Disclosure Document as it relates to our Area Representatives in the geographic areas noted below. If we have an Area Representative in your geographic area and the Area Representative provided us information, we provide that Area Representative’s information below.

**Hiren Patel, Pritul Patel and Timir Patel - Area Representatives**

<b><u>SOUTHERN VIRGINIA AND NORTHERN NORTH CAROLINA</u></b>	
<b><u>Area Representative Name/Address/Phone</u></b>	<b><u>Territory</u></b>
<u>Hiren Patel, Pritul Patel, Timir Patel 1536 Drumheller Dr Virginia Beach, VA 23464 757-285-0207</u>	<u>Southern Virginia and Northern North Carolina</u>

**Item 2 - Business Experience:**

Hiren Patel, Pritul Patel and Timir Patel have been an Area Representative with us since November 2023.

Mr. Hiren Patel owns and operates multiple gas stations since 2010 in Hampton Roads, Virginia.

Mr. Pritul Patel has been in the hotel industry since March 2016 in Hampton Roads, Virginia and he looks after day to day operations.

Mr. Timir Patel has owned and operated gas stations since 2011 in Roanoke, Virginia.

**Item 3 - Litigation:**

No litigation is required to be disclosed in this Item.

**Item 4 - Bankruptcy:**

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

**Eric and Stephanie Engelstad – Area Representatives**

<b><u>SOUTH DAKOTA, NORTH DAKOTA, NEBRASKA, IOWA</u></b>	
<b><u>Area Representative Name/Address/Phone</u></b>	<b><u>Territory</u></b>
<u>See Management LLC Eric and Stephanie Engelstad 2608 West 95<sup>th</sup> St Sioux Falls, South Dakota 57108 605-880-0102</u>	<u>South Dakota, North Dakota, Nebraska, Iowa</u>

**Item 2 - Business Experience:**

Eric Englestad and Stephanie Engelstad have been an Area Representative with us since April 2023.

Mr. Engelstad has been an Area Representative with us since May 2023. He has been a multi-unit franchisee with Firehouse Subs since 2012 with locations in Sioux Falls, SD, Sioux City, IA, St. Cloud, MN, Watertown, SD, Minot, ND, Brookings, SD and Fargo, ND. Mr. Engelstad was an Area Representative with Firehouse Subs from July 2021 to December 2021 and a Franchise Business Consultant from January 2022 to November 2022 for the territory including North Dakota, South Dakota, Minnesota, Nebraska and Iowa.

Ms. Stefanie Engelstad has been an Area Representative with us since May 2023. She has been a District Leader with Firehouse Subs since April 2020 overseeing six locations in South Dakota, Iowa and North Dakota. Ms. Engelstad was a Senior Relationship Manager for Goosmann Law Firm in Sioux Falls, South Dakota from April 2018 to March 2020.

**Item 3 - Litigation:**

No litigation is required to be disclosed in this Item.

**Item 4 - Bankruptcy:**

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

**Michael Harmon – Area Representative**

<b><u>INDIANA</u></b>	
<b><u>Area Representative Name/Address/Phone</u></b>	<b><u>Territory</u></b>
<u>AW Development Group LLC</u> <u>Michael Harmon</u> <u>19187 Outer Bank Road</u> <u>Noblesville, Indiana 46062</u> <u>317-796-9979</u>	<u>State of Indiana</u>

<b><u>OHIO</u></b>	
<b><u>Area Representative Name/Address/Phone</u></b>	<b><u>Territory</u></b>
<u>AWMidwestOH LLC</u> <u>Michael Harmon</u> <u>19187 outer bank road</u> <u>Noblesville, Indiana, 46062</u> <u>317-796-9979</u>	<u>Ohio</u>

**Item 2 - Business Experience:**

Mr. Harmon has been an Area Representative with us since November 2021. From November 2010 through the present, he has been a franchisee with Firehouse Subs and currently owns and operates eight restaurants, all in Indiana, in that system.

**Item 3 - Litigation:**

No litigation is required to be disclosed in this Item.

**Item 4 - Bankruptcy:**

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

**Michael Domico – Area Representative**

<b><u>MISSOURI</u></b>
------------------------

<u>Area Representative Name/Address/Phone</u>	<u>Territory</u>
<u>Michael Domico</u> <u>647 Spyglass Summit</u> <u>Chesterfield, Missouri 63017</u> <u>618-305-9639</u>	<u>State of Missouri</u> <u>Madison and St. Clair Counties, Illinois</u> <u>Johnson and Wyandotte Counties, Kansas</u>

**Item 2 - Business Experience:**

Mr. Domico has been an Area Representative with us since July 2022. He has been a franchisee with Firehouse Subs in Maryland Heights, Missouri, since May 2013, and was an Area Representative with Firehouse Subs for the State of Missouri from January 2013 to December 2021.

**Item 3 - Litigation:**

No litigation is required to be disclosed in this Item.

**Item 4 - Bankruptcy:**

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

**Ronald Harris – Area Representative**

<u>MINNESOTA</u>	
<u>Area Representative Name/Address/Phone</u>	<u>Territory</u>
<u>TRM Business Ventures, Inc.</u> <u>Ronald Harris</u> <u>4747 Fremont Avenue North</u> <u>Minneapolis, Minnesota 55430</u> <u>847-863-1414</u>	<u>State of Minnesota</u>

**Item 2 - Business Experience:**

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

**Item 3 - Litigation:**

No litigation is required to be disclosed in this Item.

**Item 4 - Bankruptcy:**

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

**Brandan Harry - Area Representative**

<u>NEW YORK</u>	
<u>Area Representative Name/Address/Phone</u>	<u>Territory</u>
<u>Amigos MP, LLC</u> <u>Brendan Harry</u> <u>127 Briarcliff Road</u> <u>Shoreham, NY 11786</u> <u>631-872-0457</u>	<u>Long Island, New York (Nassau and Suffolk County)</u>

**Item 2 - Business Experience:**

Brandan Harry has been an Area Representative with us since November 2023. Since July 2005, he has been the Owner/President of KAH Insurance Brokerage, Inc in Shoreham, NY.

**Item 3 - Litigation:**

No litigation is required to be disclosed in this Item.

**Item 4 - Bankruptcy:**

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

**Richard Gordon – Area Representative**

<b><u>NEVADA</u></b>	
<b><u>Area Representative Name/Address/Phone</u></b>	<b><u>Territory</u></b>
<u>Franchise Business Investments, LLC</u> <u>Richard Gordon</u> <u>1060 Garden Cress Court</u> <u>Las Vegas, Nevada 89138</u> <u>909-717-4577</u>	<u>State of Nevada</u>

**Item 2 - Business Experience:**

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

**Item 3 - Litigation:**

No litigation is required to be disclosed in this Item.

**Item 4 - Bankruptcy:**

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

**Jalal Kapadia – Area Representative**

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

**Item 2 - Business Experience:**

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

**Item 3 - Litigation:**

No litigation is required to be disclosed in this Item.

**Item 4 - Bankruptcy:**

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

**Kishan Amin - Area Representative**

<b><u>TEXAS</u></b>	
<b><u>Area Representative Name/Address/Phone</u></b>	<b><u>Territory</u></b>
<u>Kishan Amin</u> <u>2923 Arbusto</u> <u>Grand Prairie, Tx 75054</u> <u>513-638-0225</u>	<u>Dallas, Texas</u>

**Item 2 - Business Experience:**

Kishan Amin has been an Area Representative with us since March 2023. Since 2021, Kishan has been the Manager at Star Restaurants 1979 LLC in Texas. From 2017 to 2021, Kishan was an Operations Manager at Star Hotels, LLC

**Item 3 - Litigation:**

[Disclose any litigation in this Item for any entity or individual(s)]

**Item 4 - Bankruptcy:**

[Disclose bankruptcies, including personal bankruptcies, for entity and individual(s).]

**Kavita Venkatesh – Area Representative**

<b><u>ILLINOIS</u></b>	
<b><u>Area Representative Name/Address/Phone</u></b>	<b><u>Territory</u></b>
<u>AW Chicago Co.</u> <u>Kavita Venkatesh</u> <u>1305 Lorraine Place</u> <u>Schaumburg, Illinois 60173</u> <u>312-933-5284</u>	<u>State of Illinois excluding Madison and St. Clair Counties</u>

**Item 2 - Business Experience:**

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

**Item 3 - Litigation:**

No litigation is required to be disclosed in this Item.

**Item 4 - Bankruptcy:**

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

**Rajiv Vyas & Gaurang Patel – Area Representatives**

<b><u>TENNESSEE</u></b>	
<b><u>Area Representative Name/Address/Phone</u></b>	<b><u>Territory</u></b>

<u>Shiv Nandi LLC</u> <u>Rajiv Vyas &amp; Gaurang Patel</u> <u>613 Ridgecrest Lane</u> <u>Lebanon, Tennessee 37087</u> <u>615-243-9934</u> <u>615-525-7795</u>	<u>State of Tennessee</u>
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**Item 2 - Business Experience:**

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

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

**Item 3 - Litigation:**

No litigation is required to be disclosed in this Item.

**Item 4 - Bankruptcy:**

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

**EXHIBIT I TO THE DISCLOSURE DOCUMENT**  
**FRANCHISEE ACKNOWLEDGMENT STATEMENT**

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

**Do not sign this Acknowledgment Statement if you are a resident of Maryland or the business is to be operated in Maryland.**

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into an Area Representative Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

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

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee hereby waives any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

\_\_\_\_\_  
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

\_\_\_\_\_  
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other

previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

\_\_\_\_\_  
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

\_\_\_\_\_  
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

\_\_\_\_\_  
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

\_\_\_\_\_  
Initial

7. Franchisee acknowledges that it has received the Atomic Wings Franchisor Inc. Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

\_\_\_\_\_  
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

\_\_\_\_\_  
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

\_\_\_\_\_  
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

\_\_\_\_\_  
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products or services under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products or services will not be sold within Franchisee's Territory by others who may have purchased such products or services from Franchisor.

\_\_\_\_\_  
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE ATOMIC WIINGS FRANCHISOR INC. AND ANY OF ITS PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, AND SHAREHOLDERS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE IS SPECIFICALLY INAPPLICABLE TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

\_\_\_\_\_  
Initial

ACKNOWLEDGED:

FRANCHISEE: \_\_\_\_\_ PRINCIPALS: (Entity): \_\_\_\_\_  
FRANCHISEE (Principal): \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE (Principal): \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

## EXHIBIT I TO THE DISCLOSURE DOCUMENT

### Item 2, 3, and 4 Disclosure for Area Representatives

This Exhibit I supplements the information provided in Item 2 of our Disclosure Document as it relates to our Area Representatives in the geographic areas noted below. If we have an Area Representative in your geographic area and the Area Representative provided us information, we provide that Area Representative's information below.

#### Michael Domico — Area Representative

MISSOURI	
Area Representative Name/Address/Phone	Territory
Michael Domico 647 Spyglass Summit Chesterfield, Missouri 63017 618-305-9639	State of Missouri Madison and St. Clair Counties, Illinois Johnson and Wyandotte Counties, Kansas

#### **Item 2 — Business Experience:**

~~Mr. Domico has been an Area Representative with us since July 2022. He has been a franchisee with Firehouse Subs in Maryland Heights, Missouri, since May 2013, and was an Area Representative with Firehouse Subs for the State of Missouri from January 2013 to December 2021.~~

#### **Item 3 — Litigation:**

~~No litigation is required to be disclosed in this Item.~~

#### **Item 4 — Bankruptcy:**

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

#### Richard Gordon — Area Representative

NEVADA	
Area Representative Name/Address/Phone	Territory
<del>Franchise Business Investments, LLC</del> Richard Gordon 1060 Garden Cress Court Las Vegas, Nevada 89138 909-717-4577	State of Arizona State of Nevada

#### **Item 2 — Business Experience:**

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

#### **Item 3 — Litigation:**

~~No litigation is required to be disclosed in this Item.~~

#### **Item 4 — Bankruptcy:**

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

**Michael Harmon—Area Representative**

INDIANA	
Area Representative Name/Address/Phone	Territory
<del>AW Development Group LLC Michael Harmon 19187 Outer Bank Road Noblesville, Indiana 46062 317-796-9979</del>	State of Indiana

**Item 2—Business Experience:**

~~Mr. Harmon has been an Area Representative with us since November 2021. From November 2010 through the present, he has been a franchisee with Firehouse Subs and currently owns and operates eight restaurants, all in Indiana, in that system.~~

**Item 3—Litigation:**

~~No litigation is required to be disclosed in this Item.~~

**Item 4—Bankruptcy:**

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

**Ronald Harris—Area Representative**

MINNESOTA	
Area Representative Name/Address/Phone	Territory
<del>TRM Business Ventures, Inc. Ronald Harris 4747 Fremont Avenue North Minneapolis, Minnesota 55430 847-863-1414</del>	State of Minnesota

**Item 2—Business Experience:**

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

**Item 3—Litigation:**

~~No litigation is required to be disclosed in this Item.~~

**Item 4—Bankruptcy:**

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

**Jalal Kapadia—Area Representative**

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

**Item 2 – Business Experience:**

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

**Item 3 – Litigation:**

~~No litigation is required to be disclosed in this Item.~~

**Item 4 – Bankruptcy:**

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

**Kavita Venkatesh – Area Representative**

ILLINOIS	
Area Representative Name/Address/Phone	Territory
<del>AW Chicago Co. Kavita Venkatesh 1305 Lorraine Place Schaumburg, Illinois 60173 312-933-5284</del>	<del>State of Illinois excluding Madison and St. Clair Counties</del>

**Item 2 – Business Experience:**

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

**Item 3 – Litigation:**

~~No litigation is required to be disclosed in this Item.~~

**Item 4 – Bankruptcy:**

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

**Rajiv Vyas & Gaurang Patel – Area Representatives**

TENNESSEE	
Area Representative Name/Address/Phone	Territory
<del>Shiv Nandi LLC Rajiv Vyas &amp; Gaurang Patel 613 Ridgcrest Lane Lebanon, Tennessee 37087 615-243-9934 615-525-7795</del>	<del>State of Tennessee</del>

**Item 2 – Business Experience:**

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

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

**Item 3 – Litigation:**

No litigation is required to be disclosed in this Item.

**Item 4 – Bankruptcy:**

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

**State 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~~state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

~~— This document~~ Franchise Disclosure Document is ~~effective and may be used in the following states, where the document is filed,~~ registered, on file or exempt from registration, ~~as of the Effective Date stated below~~ registrations in the following states having franchise disclosure laws, with the following effective dates:

<b>State</b>	<b>Effective Date</b>
California	July 27, 2023, amended September 27, 2023
Illinois	May 1, 2023, amended September 26, 2023
Indiana	June 18, 2023, amended September 1, 2023
Maryland	
Michigan	June 25, 2023
Minnesota	August 7, 2023, amended <i>Pending</i>
New York	June 20, 2011, amended July 13, 2023, amended October 2, 2023
North Dakota	June 23, 2023, amended September 28, 2023
South Dakota	April 7, 2023
Virginia	September 7, 2023

<b>STATE</b>	<b>EFFECTIVE DATE</b>
California	(not registered)
Hawaii	(not registered)
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	June 25, 2023
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	(not registered)
South Dakota	Pending
Virginia	Pending
Washington	(not registered)
Wisconsin	(not registered)

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**RECEIPT**

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

If Atomic Wings Franchisor Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires you to receive this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Atomic Wings Franchisor Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit G.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

<u>Zaki Omar</u> <u>5010 Branchville Road</u> <u>College Park, Maryland 20740</u> <u>(917)284-2910</u>	<u>Michael Domico</u> <u>647 Spyglass Summit Dr</u> <u>Chesterfield, Missouri 63017</u> <u>(618-305-9639</u>	<u>Area Representative:</u>  <u>(Please insert name of Area Representative, if applicable.)</u>
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Issuance Date: April 30, 2024.

I received a Disclosure Document dated April 30, 2024, that included the following Exhibits:

- Exhibit A – Financial Statements
- Exhibit B – Franchise Agreement
- Exhibit C – Multi-Unit Developer Agreement
- Exhibit D – List of Franchisees and Franchisees Who Have Left the System
- Exhibit E – Table of Contents of Confidential Operations Manual
- Exhibit F – State Specific Addenda
- Exhibit G – State Agencies/Agents for Service of Process
- Exhibit H – General Release
- Exhibit I – Items 2, 3, and 4 Disclosures Regarding Area Representatives
- Exhibit J - Franchisee Acknowledgment Statement

Date Received: \_\_\_\_\_ DATE: \_\_\_\_\_  
(If other than date signed)

Print Name: \_\_\_\_\_

Print Address: \_\_\_\_\_

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

**KEEP FOR YOUR RECORDS**

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Zaki Omar 5010 Branchville Road College Park, Maryland 20740 (917)284-2910	Michael Domico 647 Spyglass Summit Dr Chesterfield, Missouri 63017 (618-305-9639)	Area Representative: _____ (Please insert name of Area Representative, if applicable.)
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Issuance Date: April 29, 30, 2024, 2023, amended August 31, 2023

I received a Disclosure Document dated April 29, 2023, amended August 31, 30, 2024, 2023, that included the following Exhibits:

- ~~EXHIBIT~~ Exhibit A: – Financial Statements
- ~~EXHIBIT~~ Exhibit B: – Franchise Agreement with Attachments
- ~~EXHIBIT~~ Exhibit C: – Multi-Unit Developer Agreement with Attachments
- ~~EXHIBIT~~ Exhibit D: – List of Franchisees and Franchisees Who Have Left the System
- ~~EXHIBIT~~ Exhibit E: – Table of Contents of Confidential Operations Manual
- ~~EXHIBIT~~ Exhibit F: – State Specific Addenda
- ~~EXHIBIT~~ Exhibit G: List of – State Administrators Agencies/Agents for Service of Process
- ~~EXHIBIT~~ H: Franchisee Acknowledgment Statement
- ~~EXHIBIT~~ Exhibit H – General Release
- Exhibit I: Item – Items 2, 3, and 4 Disclosure for Disclosures Regarding Area Representatives

Exhibit J - Acknowledgment Statement

Date Received: \_\_\_\_\_  
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Date:

(If other than date signed)



**RECEIPT**

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

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The name and principal business address and telephone number of each franchise seller offering the franchise is:

Zaki Omar 5010 Branchville Road College Park, Maryland 20740 (917)284-2910	Area Representative: _____ _____ (Please insert name of Area Representative, if applicable.)
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**DATE:**

Issuance Date: April 29, 2023, amended August 31, 2023

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- \_\_\_\_\_ EXHIBIT D: List of Franchisees and Franchisees Who Have Left the System
- \_\_\_\_\_ EXHIBIT E: Table of Contents of Operations Manual
- \_\_\_\_\_ EXHIBIT F: State Specific Addenda
- \_\_\_\_\_ EXHIBIT G: List of State Administrators/Agents for Service of Process
- \_\_\_\_\_ EXHIBIT H: Franchisee Acknowledgment Statement
- \_\_\_\_\_ EXHIBIT I: Item 2, 3, and 4 Disclosure for Area Representatives

Date Received: \_\_\_\_\_

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Date: \_\_\_\_\_

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(If other than date signed)

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(Signature of recipient)

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\_\_\_\_\_

Print Address: \_\_\_\_\_

\_\_\_\_\_

City, State: \_\_\_\_\_

\_\_\_\_\_  
(Signature of recipient)

Please return signed Receipt to: Atomic Wings Franchisor Inc.  
5010 Branchville Road  
College Park, Maryland 20740