

WFRANCHISE DISCLOSURE DOCUMENT

ATOMIC WINGS FRANCHISOR INC.

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



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 \$538,500. This includes \$25,000 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 \$230,900 to \$588,500. This includes \$75,000 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 Zaki 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

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.

In the past we included the following sentence: During our fiscal year ended December 31, 2023, we have waived and discounted the initial franchise fees for 2 franchisees were discounted by \$25,000, and the initial franchise fees were waived for 2 franchisees. No other franchise fees were discounted or waived in 2023-

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 ⁽¹⁾	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

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 1st 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	Serial Number	Registration Date	Registration Number	Register
ATOMIC WINGS	7,882,418	12/26/2006	3,189,464	Principal

Mark	Serial Number	Registration Date	Registration Number	Register
 ATOMIC WINGS		<u>97,802,470</u> <u>06/11/2024</u>	<u>Pending</u> <u>7,415,562</u>	<u>97/802,470</u> Principal

~~With regard to the above logo Mark only, we do not have a federal registration for 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.

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.

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, 2023, December 31, 2022, and December 31, 2021. Also attached are our unaudited financial statements as of May 31, 2024.

Our fiscal year end is December 31st.

ITEM 22 **CONTRACTS**

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

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

ITEM 23 **RECEIPTS**

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

EXHIBIT A TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

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**THESE FINANCIAL STATEMENTS ARE PREPARED
WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES
OR SELLERS OF FRANCHISES SHOULD BE ADVISED
THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS
AUDITED THESE FIGURES OR EXPRESSED AN
OPINION WITH REGARD TO THE CONTENT OR FORM.**

ATOMIC WINGS FRANCHISOR INC

Balance Sheet As of May 31, 2024

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
CHASE CHECKING (3465)	62,127.95
Total Bank Accounts	\$62,127.95
Other Current Assets	
Intercept EFT Reserve	0.00
Udeposited Fund	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$62,127.95
Fixed Assets	
Furniture and Equipment	5,939.57
Accumulated Depreciation	-5,837.71
Total Furniture and Equipment	101.86
Total Fixed Assets	\$101.86
Other Assets	
Leasehold Improvements	60,175.37
Organization Cost	123,719.00
Accumulated Amortization	-128,733.61
Total Organization Cost	-5,014.61
Total Other Assets	\$55,160.76
TOTAL ASSETS	\$117,390.57
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	0.00
Total Accounts Payable	\$0.00
Credit Cards	
CHASE CC 0450	10,650.21
Total Credit Cards	\$10,650.21
Other Current Liabilities	
Direct Deposit Payable	0.00
Payroll Liabilities	
Federal Taxes (941/943/944)	14,179.54
Federal Unemployment (940)	126.00
IN Income / Local Taxes	0.00
MD Income Tax	4,721.58
MD Unemployment Tax	0.00
Total Payroll Liabilities	19,027.12

ATOMIC WINGS FRANCHISOR INC

Balance Sheet As of May 31, 2024

	TOTAL
Total Other Current Liabilities	\$19,027.12
Total Current Liabilities	\$29,677.33
Long-Term Liabilities	
AFG WC LLC - Line of Credit	0.00
EIDL LOAN	53,500.00
Loan Payable to Shareholders	81,941.37
PPP LOAN	0.00
Total Long-Term Liabilities	\$135,441.37
Total Liabilities	\$165,118.70
Equity	
Additional Paid in Capital	672,376.23
Capital CONTRIBUTION	25,000.00
Opening Balance Equity	-2,645.41
OWNER EQUITY CONTRIBUTION	1,200.00
Retained Earnings	-716,254.15
Shareholder Distributions	-68,796.83
ZAKI OMAR	-3,000.00
Total Shareholder Distributions	-71,796.83
Net Income	44,392.03
Total Equity	\$ -47,728.13
TOTAL LIABILITIES AND EQUITY	\$117,390.57

ATOMIC WINGS FRANCHISOR INC

Profit and Loss

January - May, 2024

	TOTAL
Income	
AREA DEVELOPMENT FEES	305,500.00
INITIAL FRANCHISE FEE	12,003.68
REBATE INCOME	11,102.62
ROYALTY INCOME	192,963.29
Total Income	\$521,569.59
Cost of Goods Sold	
Restaurant Supplies	29,790.12
Total Cost of Goods Sold	\$29,790.12
GROSS PROFIT	\$491,779.47
Expenses	
Advertising and Promotion	94,509.00
Auto Expenses	96.80
AUDI	1,977.75
BMW	205.00
GASOLINE	3,278.98
INSURANCE	6,315.84
PARKING	2,059.71
TOLLS	1,148.18
Total Auto Expenses	15,082.26
Bank Service Charges	824.50
Commission Expense	3,000.00
Compensation of Officer	812.41
Computer and Internet Expenses	14,217.72
CONSULTING FEES	12,500.00
CONTRACTORS	12,654.77
DUES & SUBSCRIPTIONS	10,306.24
Insurance Expense	3,205.46
Interest Expense	665.61
Interest Expense EIDL - SBA	3,960.00
Legal and Professional Fees	98,258.71
License and Permit	2,500.00
Meals and Entertainment	6,673.49
Office Supplies	992.88
Payroll Expenses	
Taxes	5,422.16
Wages	69,230.88
Total Payroll Expenses	74,653.04
Postage and Delivery	1,049.82
Purchases	4,423.20
Repairs and Maintenance	978.00
ROYALTY PAYMENTS	12,540.37

ATOMIC WINGS FRANCHISOR INC

Profit and Loss

January - May, 2024

	TOTAL
Taxes	400.00
TRAINING	2,324.22
Travel Expense	68,098.88
Uniforms	1,593.06
Utilities	1,163.80
Total Expenses	\$447,387.44
NET OPERATING INCOME	\$44,392.03
NET INCOME	\$44,392.03