**FRANCHISE DISCLOSURE DOCUMENT**

**Atomium, Inc.**
a Vermont corporation
18 Night Pasture Lane
South Chittenden, Vermont 05701
(802)775-0058
www.wafflecabin.com
franchising@wafflecabin.com

The franchise is for a restaurant or mobile trailer offering quick-serve Belgian sugar waffles and beverages such as coffee, tea and hot cocoa operating under the name "Waffle Cabin" using the franchisor's proprietary recipes, formulae, techniques, trade dress, trademarks and logos.

The total investment necessary to begin operation of a Waffle Cabin restaurant is $93,450 to $225,700. This includes from $36,588 to $56,298 that must be paid to the franchisor and/or its affiliate. The total investment necessary to begin operation of a Waffle Cabin trailer/truck is $90,250 to $188,100. This includes $36,588 to $56,298 that must be paid to the franchisor and/or its affiliate.

The total investment necessary to begin operation of a Waffle Cabin multi-unit operator business ranges from $101,200 to $239,950 for three Waffle Cabin businesses to be developed. This includes from $37,838 to $53,048 that must be paid to the franchisor and/or its affiliate. The minimum number of outlets required to be opened under a Waffle Cabin multi-unit operator business is three.

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 Jason Palmer at 18 Night Pasture Lane, South Chittenden, Vermont, 05701, and (802)775-0058.

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* 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: May 28, 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 .

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

## What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

## Some States Require Registration

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

## 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 operator agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Vermont. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Vermont 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 if 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.

3) **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business

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

## DISCLOSURE REQUIRED BY THE STATE OF MICHIGAN

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

(a) A prohibition on the right of a franchisee to join an association of franchises.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

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

Any questions regarding this notice should be directed to:

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

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

### The Franchisor

Atomium, Inc. (referred to in this Disclosure Document as "Waffle Cabin", "we", "us", or "our") was formed as a Vermont corporation on August 17, 2012. Our principal place of business is 18 Night Pasture Lane, South Chittenden, Vermont, 05701, and we do business under our corporate name and the Marks as described below. In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as "franchisee", "you", or "your" which includes all franchise owners and partners, if you are a corporation, partnership or other entity.

We do not own or operate any businesses of the type being franchised. We have not offered franchises in any other line of business and we do not engage in any other business activity. We began offering franchises in November 2012.

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

### Our Parents, Predecessors and Affiliates

We have no parent or predecessor. We have an affiliated company, Leo's Inc., a Massachusetts corporation, which is headquartered at 20 Moonbrook Drive, Rutland, Vermont, 05701 ("Affiliate"). Our Affiliate owns the proprietary marks which it has licensed to us so that we may sublicense them to our franchisees, as described in Item 13, and our Affiliate is an approved supplier for certain proprietary and non-proprietary products. Our Affiliate has never offered franchises in this or any other line of business.

We have operated, through our affiliates beginning in 1998, Waffle Cabin businesses similar to the franchise offered by this Disclosure Document. Our affiliates currently own and operate 13 Waffle Cabins, mostly at ski resorts, in Vermont, New York, and Massachusetts.

### Description of Franchise

We offer franchises for the right to establish and operate a restaurant or food trailer/truck offering quick-serve Belgian sugar waffles and beverages such as coffee, tea and hot cocoa ("Restaurant" or "Trailer/Truck" or "Franchised Business"). The Franchised Businesses operate under the trade name and mark "Waffle Cabin" 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".

Waffle Cabin outlets are operated under the Marks and the System in accordance with the terms of the Franchise Agreement. Waffle Cabin Restaurants are typically 12 foot by 12, 14 or 16-foot cabins or kiosks located primarily at ski resorts, malls, stadiums, transportation centers, airports, amusement parks, theme parks and similar locations. You must purchase the cabin/kiosk that we specify and which is shipped as a single unit to your location and it must be installed according to our specifications and applicable laws and building codes, unless an existing structure is present and approved by Waffle Cabin for use following the appropriate and approved modifications. Each Restaurant will offer take out and catering services. Waffle Cabin Trailer/Truck typically operate in densely populated towns and cities, near parks and other large public outdoor spaces like concert venues.

Franchised Businesses 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-purchase 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 Manual (the "Manual"), which you should expect to evolve over time, that are provided to you as a franchisee (described in Item 11).

**Franchise Agreement**

We offer the right to establish and operate a Restaurant or Trailer/Truck under the terms of a single unit franchise agreement within a specific Territory (the "Franchise Agreement"). Our current form of Franchise Agreement is Exhibit B to this Disclosure Document, and our current form of Food Trailer Addendum is Attachment 9 to the Franchise Agreement. You may be an individual, corporation, partnership or other form of legal entity. If you are an entity, under the Franchise Agreement, the owners of the entity are characterized as Principals (referred to in this Disclosure Document as "your Principals").

**Multi-Unit Operator Agreement**

In certain circumstances, we will offer the right to enter into a Multi-Unit Operator Agreement in the form attached as Exhibit C to this Disclosure Document (the "Multi-Unit Operator Agreement") to develop any combination of multiple franchised Restaurants or Trailer/Truck to be located within a specifically described geographic territory (the "Exclusive Area"). We will determine the Exclusive Area before you sign the Multi-Unit Operator Agreement and it will be included in the Multi-Unit Operator Agreement. You must establish three Franchised Businesses within the Exclusive Area within a three-year period, and you must sign a separate Franchise Agreement for each Franchised Business established under the Multi-Unit Operator Agreement. The Franchise Agreement for the first Franchised Business developed under the Multi-Unit Operator Agreement will be in the form attached as Exhibit B to this Disclosure Document, and we expect that you will sign the first Franchise Agreement at the same time you sign the Multi-Unit Operator Agreement. For each additional Franchised Business developed under the Multi-Unit Operator Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, but the royalty, brand development and other continuing fees payable to us will be the same as for your first Franchised Business.

**Market and Competition**

The market for quick-serve restaurants and mobile food units in general is well developed and intensely competitive. 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.

**Industry Regulations**

The restaurant industry is heavily regulated. You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Franchised Business, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Franchised Business. You should independently research and review the legal requirements of the

food services industry with your own attorney before you sign any binding documents or make any investments.

Depending on where your Franchised Business is located, your business may be considered as seasonal.

Each of your managers and other employees we designate must be ServSafe (or similar) certified.

## ITEM 2
## BUSINESS EXPERIENCE

**Chief Operating Officer and Chief Executive Officer – Peter E. Creyf**

Mr. Creyf has been our Chief Executive Officer and Co-owner since August 2016. From August 2012 to August 2016, he was our Co-owner and Director of Training. Since August 2016 he has been Co-owner and Director Research & Development of our Affiliate in Rutland, Vermont. From January 1998 to August 2016, he was Co-owner and Chief Executive Officer of our Affiliate in Rutland, Vermont.

**Vice President Franchising & Business – Jason Palmer**

Mr. Palmer has been our Vice President Franchising & Business since July 2022. From October 2021 to June 2022, he was Director of Food and Beverage for Bolton Valley Resort in Richmond, Vermont. Mr. Palmer was Director of Food and Beverage for Okemo Mountain Resort in Ludlow, Vermont, from October 2018 to October 2021, and was Owner/General Manager at Allium Restaurant in Waterbury, Vermont, from July 2017 to October 2018.

## 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 us an initial franchise fee of $23,500 for the right to establish a single Waffle Cabin Restaurant or Waffle Cabin Trailer/Truck under a Franchise Agreement. You must pay the initial franchise fee in full when you sign the Franchise Agreement. This fee is used in part for working capital and in part for profit. If you are a qualified United States veteran, we will reduce the initial franchise fee to $21,000. The initial franchise fee is not imposed uniformly on all franchisees.

If you are unable to secure, or we do not approve, a site for your Restaurant within eight months after you sign the Franchise Agreement, you may request that the Franchise Agreement be terminated and that the initial franchise fee be refunded. You must sign any documents we require, including a confidentiality agreement and general release before any money will be refunded to you. The initial franchise fee is not refundable under any other circumstances.

**Initial Purchases**: Before your Franchised Business opens for business, you must purchase all of your initial inventory of certain items from us, which includes the following items: dough balls, logoed paper products, and mountain cider. We estimate that the cost of these items will be between $2,588 and $2,798. The low end of this range assumes you purchase only the dough balls, logoed paper products, and mountain cider from us, while the high end assumes you are also purchasing your initial inventory of Carat chocolate from us. These amounts do not include the delivery fee for these items. These amounts are not refundable.

**Equipment, Furniture and Fixtures**: Before your Franchised Business opens for business, you must purchase your equipment, furniture and fixtures, this includes chest freezer, proofer, hot cocoa machine, coffee machine and urn, chocolate melter, waffle irons and assorted small wares. You may purchase your waffle irons from any approved supplier, or you may purchase them from us. If you choose to purchase from us, you must pay us a 50% deposit of $10,500 to $15,000 for equipment upon signing the Franchise Agreement, the balance will be due upon delivery.

**Delayed Opening Fee**: Your Franchised Business must be opened and operating within eight months after you sign the Franchise Agreement. If your Franchised Business is not opened within this eight-month period, except for circumstances beyond your control, such as delays in obtaining permits, weather delays and delays in delivery and/or installation of equipment and furnishings, you must pay us a delayed opening fee equal to $2,500 per month for up to six additional months to have the Franchised Business opened. If your Franchised Business is not open and operating within this additional six-month period, we have the right to terminate your Franchise Agreement or continue to collect the delayed opening fee, to be determined in our discretion. This fee is not refundable. The delayed opening fee does not apply to multi-unit operators.

**Multi-Unit Operator Agreement**: We also offer the opportunity to develop and operate a three-pack of any combination of Waffle Cabin Restaurants and Trailer/Truck under our Multi-Unit Operator Agreement. If you sign a Multi-Unit Operator Agreement with us, you will pay to us a development fee equal to 100% of the initial franchise fee for the first Franchised Business to be developed, plus 50% of the reduced initial franchise fee for each of the next two Franchised Businesses to be developed under the Multi-Unit Operator Agreement. The initial franchise fee for the second and third Franchised Businesses under a Multi-Unit Operator Agreement will be reduced to $11,750 each. For example, to purchase the three-pack the development fee is calculated as $23,500 + (2 x $5,875 = $11,750) = $35,250. The development fee is paid in a lump sum when you sign the Multi-Unit Operator Agreement, is fully earned by us upon receipt and is not refundable under any circumstances.

We expect that you will sign the Franchise Agreement for your first Franchised Business at the same time you sign the Multi-Unit Operator Agreement, and we will apply a portion of the development fee to pay the initial franchise fee for the first Franchised Business in full. For the second and third Franchised Businesses you will develop as a multi-unit operator, we will apply a portion of the development fee toward the initial franchise fee due for those Franchised Businesses and the balance of the reduced initial franchise fee, or $5,875, is payable in a lump sum within 30 days of opening each Franchised Business for business.

The development fee is imposed uniformly on all multi-unit operators and is not refundable under any circumstances. Only multi-unit operators who have signed a Multi-Unit Operator Agreement with us are eligible for the reduced initial franchise fee for the second and third units.

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

## ITEM 6
## OTHER FEES

| Fees [1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty Fee [2] | 5% of Gross Sales | Payable on the 15th day of each month, or the next business day if the 15th is not a business day | Royalty Fees are calculated based on Gross Sales for the previous calendar month. Amounts due will be paid by the 15th of the following month and are paid to us. |
| Website Fee | $30 | Payable together with the Royalty Fee | For development and maintenance of your web page on our website |
| Brand Development Fee [3] | None at this time<br><br>When established, up to 2% of Gross Sales | Payable together with the Royalty Fee | We reserve the right to establish a Brand Development Fund at any time, and when it is established you must contribute to the Brand Development Fund. The Brand Development Fund is described in Item 11 |
| Local Advertising [3] | No minimum required | | Payable to your local advertising suppliers. Any advertising you wish to use must first be approved by us |
| Initial Training (For New or Replacement Employees) | Our then-current per person training fee, plus expenses<br><br>Current per person training fee = $1,500 | Before Training | We will train up to four people (as many as three Principals and your General Manager) at no additional charge. If you request that we provide our initial training program to any additional Principals, or to a new or replacement General Manager during the term of your Franchise Agreement, you must pay our training fee as well as the trainees' expenses, including travel, lodging, meals and applicable wages. |

| Fees [1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Additional On-Site Training | Our then-current per diem rate per trainer, plus expenses<br><br>Current per diem rate = $450 | When billed | If you request that we provide additional training at your Franchised Business, you must pay our daily fee for each trainer we send to your Franchised Business, and you must reimburse each trainer's expenses, including travel, lodging and meals. |
| Interest | 18% per annum or the highest interest rate allowed by applicable law, whichever is greater | On demand | Interest may be charged on all overdue amounts. Interest accrues from the original due date until payment is received in full |
| Audit Fee | 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 |
| Transfer Fee (Franchise Agreement) | $7,500 | Upon completion of the transfer | No fee charged for a one-time transfer from individual(s) to a corporate entity formed for convenience of ownership of the franchise. |
| Successor Term Fee | $2,000 | Upon signing of successor franchise agreement | |
| Transfer Fee (Multi-Unit Operator Agreement) | $9,500 | Upon completion of the transfer | |
| Inspection and Testing | $250 | With submission to us | Payable if you request that we evaluate a product or supplier that we have not previously approved and that you want to use for your Franchised Business (see Item 8). |
| Liquidated Damages | See footnote 4 | | |

| Fees [1] | Amount | Due Date | Remarks |
|---|---|---|---|
| Costs and Attorneys' Fees | Will vary under circumstances | On demand | If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement |
| Indemnification | Will vary under circumstances | On demand | 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 trademarks in an unauthorized manner |
| Repair, Maintenance, and Remodeling/ Redecorating | Will vary under circumstances, but will not total exceed $10,000 in any five-year period | As incurred | Payable to approved suppliers. You must regularly clean and maintain your Franchised Business and its equipment. We may require you to remodel or redecorate your Franchised Business to meet our then-current image for all Waffle Cabin outlets. We will not require you to remodel or redecorate your Franchised Business more frequently than every five years |
| ServSafe (or similar) Certification | $150 per person or the then-current market rate | As needed | Each of your managers and other employees we designate must be ServSafe or similarly certified. Payable to an approved supplier |
| Insurance Premiums | Reimbursement of our costs, plus 10% administrative fee | On demand | If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf |
| Management Fee | 5% of Gross Sales, plus expenses | If incurred | We may step in and manage your Franchised Business in certain circumstances, such as death, disability or prolonged absence. We will charge a management fee if |

| Fees [1] | Amount | Due Date | Remarks |
|---|---|---|---|
| | | | we manage your Franchised Business, and you must reimburse our expenses |
| POS System Maintenance Fees | $79 to $179 for the first terminal<br><br>$49 to $79 for each additional terminal | Monthly | Payable to ShopKeep. These are the fees for upgrades and updates to the POS System. |

Notes:

1. All fees described in this Item 6 are non-refundable and are imposed uniformly on all franchisees. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. Except as specifically stated above, the amounts given may be due to changes in market conditions, our cost of providing services and future policy changes. At the present time we have no plans to increase payments over which we have control.

2. For the purposes of determining the royalties to be paid under the Franchise Agreement, "Gross Sales" means the total selling price of all services and products and all income of every other kind and nature related to the Franchised Business, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point-of-sale system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments.

The Royalty Fee and Brand Development Fee (if established) will be paid by the 15th of the following month and should be submitted to us at our address, based on the Franchised Business' Gross Sales for the preceding calendar month. If you do not report the Franchised Business' Gross Sales, we may debit your account for 120% of the last Royalty Fee and Brand Development Fee that we debited. If the fees we debit are less than the fees you actually owe us, once we have been able to determine the true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the fees we debit are greater than the fees you actually owe us, we will credit the excess against the amount we otherwise would debit from your account for the next payment due.

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

3. We may establish and administer a Brand Development Fund on behalf of the System (see Item 11) to provide national or regional creative materials for the benefit of the System.

4. If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you 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, whichever is higher.

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

## YOUR ESTIMATED INITIAL INVESTMENT

### RESTAURANT - BRICK AND MORTAR

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|
| Initial Franchise Fee (1) | $23,500 | Lump Sum | On signing Franchise Agreement | Us |
| Delayed Opening Fee (1) | $0 to $15,000 | Lump Sum | If Incurred | Us |
| Leasehold Improvements (2) | $30,000 to $100,000 | As Incurred | As Incurred | Independent Contractors |
| Lease Payments – 3 Months (3) | $1,000 to $21,000 | As Incurred | As Incurred | Landlord |
| Security Deposits(4) | Note 4 | Note 4 | Note 4 | Note 4 |
| Equipment, Furniture and Fixtures (5) | $21,000 to $30,000 | 30 days term | On signing Franchise Agreement/Prior to Opening | Approved Suppliers; Us |
| Signage (6) | $750 to $1,100 | Lump Sum | Prior to Opening | Approved Suppliers |
| Initial Inventory - Proprietary Items (does not include delivery charge) | $2,588 to $2,798 | 30 days term | Prior to Opening | Us |
| Initial Inventory - Other (does not include delivery charge) (7) | $1,612 to $3,052 | 30 days term | Prior to Opening | Approved Suppliers; Us |
| Point-of-Sale System (8) | $1,250 to $1,750 | As Incurred | Prior to Opening | ShopKeep |
| Travel, lodging and meals for initial training (9) | $0 to $3,500 | As Incurred | During training | Airlines, Hotels and Restaurants |
| Insurance – 3 Months (10) | $500 | Lump Sum | As Incurred | Insurance Companies |
| Grand Opening Advertising (11) | $0 | See Note 11 | See Note 11 | See Note 11 |
| Licenses and Permits (12) | $250 to $1,000 | As Incurred | As Incurred | Government Agencies |

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|
| Professional Fees (13) | $1,000 to $5,000 | As Incurred | As Incurred | Accountant; Attorney |
| Additional Funds – 3 Months (14) | $10,000 to $17,500 | As Incurred | As Incurred | Suppliers |
| **Total** | **$93,450 to $225,700** | | | |

**MOBILE – TRAILER/TRUCK**

| (1) Type of Expenditure | (2) Amount | (3) Method of Payment | (4) When Due | (5) To Whom Payment is to be Made |
|---|---|---|---|---|
| Initial Franchise Fee (1) | $23,500 | Lump Sum | On signing Franchise Agreement | Us |
| Delayed Opening Fee (1) | $0 to $15,000 | Lump Sum | If Incurred | Us |
| Vehicle(2) | $35,000 to $90,000 | As Incurred | As Incurred | Independent Contractors |
| Security Deposits(4) | Note 4 | Note 4 | Note 4 | Note 4 |
| Equipment (5) | $15,000 to $25,000 | 30 days term | On signing Franchise Agreement/Prior to Opening | Approved Suppliers; Us |
| Initial Inventory - Proprietary Items (does not include delivery charge) | $2,468 to $2,678 | 30 days term | Prior to Opening | Us |
| Initial Inventory - Other (does not include delivery charge) (7) | $1,532 to $2,922 | 30 days term | Prior to Opening | Approved Suppliers; Us |
| Point-of-Sale System (8) | $1,000 to $1,500 | As Incurred | Prior to Opening | ShopKeep |
| Travel, lodging and meals for initial training (9) | $0 to $3,500 | As Incurred | During training | Airlines, Hotels and Restaurants |
| Insurance – 3 Months (10) | $500 | Lump Sum | As Incurred | Insurance Companies |

| (1)<br>Type of Expenditure | (2)<br>Amount | (3)<br>Method of Payment | (4)<br>When Due | (5)<br>To Whom Payment is to be Made |
|---|---|---|---|---|
| Grand Opening Advertising [11] | $0 | See Note 11 | See Note 11 | See Note 11 |
| Licenses and Permits [12] | $250 to $1,000 | As Incurred | As Incurred | Government Agencies |
| Professional Fees | $1,000 to $5,000 | As Incurred | As Incurred | Accountant; Attorney |
| Additional Funds – 3 Months [13] | $10,000 to $17,500 | As Incurred | As Incurred | Suppliers |
| **Total** | **$90,250 to $188,100** | | | |

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment. All of our estimates assume that you will purchase the required items.

**Notes:**

1. ***Initial Franchise Fee; Delayed Opening Fee***. These fees are discussed in Item 5.

2. ***Leasehold Improvements/Trailer/Truck***. The cost of leasehold improvements will vary depending on numerous factors, including: (a) the size and configuration of the premises; (b) pre-construction costs; and (c) cost of materials and labor, which may vary based on geography and location or whether you must use union labor for the build-out of your Restaurant or Trailer/Truck. These figures are our principals' best estimate based on constructing cabins at ski resorts in the New England areas. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. Waffle Cabin Restaurants are 12 foot by 12, 14, or 16-foot cabins located primarily at ski resorts, but also at malls, stadiums, transportation centers, airports, amusement parks, theme parks and similar locations. You must purchase or lease the cabin we specify for your Franchised Business, the cost of which is estimated to be between $25,000 and $40,000 for a slope-side cabin, between $30,000 and $80,000 for a kiosk, or between $30,000 and $100,000 for a brick-and-mortar store. Your cabin will be shipped as a single unit to your location. The cabin must then be installed and built-out according to our specifications and applicable laws and building codes unless an existing structure is present and approved by Waffle Cabin for use following the appropriate and approved modifications. If an existing structure is present your costs may be lower. Our estimate does not include any tenant improvement allowance that you may negotiate.

You will purchase or finance your vehicle through an approved supplier. These estimates include the cost of the vehicle, the vehicle wrap, and the labor costs to customize the trailer.

3. ***Lease Payments***. The figures are for the initial phase of the business for rent, and our estimates assume that you will lease space for your Restaurant. The nature of this franchise does not require the purchase of real property, so our estimates do not include this. Your Restaurant must be in the cabin that we designate, and rent is generally charged as a percentage of sales from your Restaurant. In addition to base rent, your lease may require you to pay common area maintenance charges ("CAM

Charges") for 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 area being leased, 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. You will need a total area of 300 to 1,500 square feet of space.

4. ***Security Deposits***. We do not expect that you will need to provide security deposits to your landlord or to utility suppliers. The cabin comes with its own water tank, and we expect that you will use the landlord's electricity supply.

5. ***Equipment, Furniture and Fixtures***. The equipment you will need includes chest freezer, proofer, hot cocoa machine, coffee machine and urn, chocolate melter, waffle irons and assorted small wares. You may purchase your waffle irons from any approved supplier, or you may purchase them from us. The waffle irons purchased from us are shipped from Belgium, and the cost of the waffle irons can vary depending on changes in the value of the U.S. Dollar or Belgium's currency (the Euro). These cost fluctuations are not within our control. The furniture you will need includes stools for inside the cabin and a picnic table for outside of the cabin. To provide catering services, you will need to purchase a portable generator. A 50% deposit will be due for equipment upon signing of the Franchise Agreement with the balance due upon delivery. You are not required to have furniture and fixtures for your Trailer/Truck, but you may choose to have picnic tables and chairs to set up outside your Trailer/Truck at certain events.

6. ***Signage***. These amounts represent your cost for signage, a menu board, and temporary signage for any delivery vehicle. If you operate a Trailer/Truck, the cost for signage is included in the Trailer/Truck estimates.

7. ***Initial Inventory - Proprietary Items; Initial Inventory - Other***. The amounts for proprietary items represent your cost of initial inventory of dough balls, mountain cider, and logoed paper products that you must purchase from us for the initial phase of operating the Franchised Business. The high end of this range also includes the cost for your initial inventory of carat chocolate if you were to purchase this item from us. You may purchase your inventory of carat chocolate from any approved supplier, or you may purchase it from us. The amounts for "Other" represent your cost of initial inventory of all other food and beverage supplies, paper goods and cleaning products for the initial phase of operating the Franchised Business. These amounts do not include the fees for delivery of the products.

8. ***Point-of-Sale System***. You must obtain the point-of-sale system that we specify. The point-of-sale system is described in Item 11.

9. ***Travel, Lodging and Meals for Initial Training***. We provide initial training for up to four people (up to three Principals and your General Manager) at no additional charge. These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages. These amounts do not include any fees or expenses for training any additional Principals. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation. The low end of this range may be applicable if you and your trainees live close to our headquarters or to the Rutland, Vermont, outlet and there is no need for lodging and significant travel.

10. ***Insurance***. These figures are estimates of the cost of the quarterly premiums for the insurance you must obtain and maintain for your Franchised Business, as described in Item 8. Insurance premiums may be payable monthly, quarterly, semi-annually or annually, based on the insurance company's practices and your creditworthiness.

11. ***Grand Opening Advertising***. We recommend, but do not require, that you conduct a grand opening advertising campaign to promote the opening of your Franchised Business. If you choose to conduct a grand opening campaign, it must be approved by us before you can begin it.

12. ***Licenses and Permits***. These are estimates of the costs for 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 Franchised Business. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement.

13. ***Additional Funds***. We relied on our Affiliate's experience in operating Waffle Cabin Restaurants at ski resorts since 1998 when estimating this range. You will need capital to support ongoing expenses, such as payroll, restocking of inventory, utilities (including internet access), gas (if you operate a Trailer/Truck), bank fees, vendor fees (including ServSafe certification fees), royalty fees, and brand development fees if these costs are not covered by sales revenue for your first three months of operation.

These amounts do not include any estimates for debt service. These are only estimates, and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations.

* * * * *

**YOUR ESTIMATED INITIAL INVESTMENT**
**MULTI-UNIT OPERATOR – THREE-PACK OF FRANCHISED BUSINESSES**

| (1) Type of Expenditure | (2) Amount | (3) Method of Payment | (4) When Due | (5) To Whom Payment is to be Made |
|---|---|---|---|---|
| Development Fee [(1)] | $35,250 | Lump Sum | On signing Multi-Unit Operator Agreement | Us |
| Vehicle – 3 Months [(2)] | $2,000 to $2,500 | As Arranged | As Incurred | Suppliers |
| Other Expenditures for First Franchised Business [(3)] | $63,950 to $202,200 | See First Table | See First Table | See First Table |
| **Total** | **$101,200 to $239,950** | | | |

In general, none of the expenses listed in the above chart are refundable. We do not finance any portion of your initial investment.

**Notes:**

1. ***Development Fee***. This fee is discussed in Item 5.

2. ***Vehicle***. We anticipate that you will need a vehicle to view potential sites and to oversee the build-out of the Franchised Business. Our estimate includes three months of expenses for gas, maintenance and vehicle payments.

3. ***Other Expenditures for First Franchised Business***. These are the estimates to build-out your first Franchised Business. Costs associated with building out additional Franchised Businesses are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs.

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

You must purchase or lease and install all fixtures, furnishings, equipment (including the required cabin, waffle irons and point-of-sales system), décor items, signs and related items we require, all of which must conform to the standards and specifications stated in our Confidential Operations Manual ("Manual") or otherwise in writing, unless you have first obtained our written consent to do otherwise. 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.

To make sure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards and specifications that we prescribe in the Manual or otherwise in writing. We will provide you notice in writing (including by e-mail and updates to the Manual) of any changes to our standards and specifications. 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. All menu items must be prepared in accordance with 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.

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 Franchised Business 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 (currently $250) 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 required cabin, waffle irons and point-of-sales system), and other products used or offered for sale at the Franchised Business solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications. 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 email) of any changes to the lists of approved products and approved suppliers.

Currently we and our Affiliate are the sole approved suppliers for dough balls, logoed paper products, and the mountain cider. We and our Affiliate are also approved suppliers for waffle irons and carat chocolate. We and our Affiliate have the right to earn a profit from the sale of these items to our franchisees. During the fiscal year ended December 31, 2023, we received revenue of $590,347, or 68% of our total revenues of $872,044, as revenue from the sale of these items to our franchisees. The

following officer listed in Item 2 have an ownership interest in our Affiliate: Peter Creyf. None of our officers has an ownership interest in any other approved supplier.

If you wish to purchase, lease or use any products that we have not previously approved, or purchase or lease from a supplier we have not previously approved, you must submit a written request for approval or you must request the supplier to do so. You must reimburse our costs related to our testing and inspection (currently $250). We must approve any supplier in writing before you make any purchases 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. 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 in writing within 45 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. We are not obligated to approve any specific product or supplier if we believe that approval of that product or supplier is not in the best interests of the System. We may revoke our prior approval of any product or supplier at any time, and after your receipt of written notice from us regarding our revocation you must stop using that product or stop purchasing from that supplier.

We and/or our affiliates have developed and may continue to develop for use in the System certain products which are prepared from confidential proprietary recipes and other proprietary products 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. Therefore, you will use only our proprietary recipes and other proprietary products and will purchase those items solely from us or from a source designated by us for all of your inventory of those products.

We may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System and for the benefit of our franchisees. Currently, no purchase arrangements with designated and approved suppliers exist, and there are no purchasing or distribution cooperatives in which you must participate. We do not provide material benefits, such as granting new, additional, or successor franchises, to franchisees based on a franchisee's purchase of particular products or services or use of particular suppliers. Your compliance with the requirements of this Item 8 does not automatically give you the right to an additional or successor franchise.

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 Franchised Businesses in our System. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees. 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, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System or the franchised network of outlets.

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). During the fiscal year ended December 31, 2023, neither we nor our Affiliate were paid any Allowances.

We estimate that your purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 45% to 55% of your total purchases in establishing the Franchised Business, and approximately 16% of your total purchases in the continuing operation of the Franchised Business.

All advertising and promotional materials, signs, decorations, paper goods and other items we designate must bear the Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements in the Manual or otherwise. 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.

You must obtain our approval of the site for the Restaurant before you acquire the site. You must also obtain our acceptance of any contract of sale or lease for the Restaurant before you sign the contract or lease. We may require you and your landlord to sign a Collateral Assignment of Lease which permits us to assume your lease in certain circumstances, including the termination or expiration of your Franchise Agreement (Attachment 2 to the Franchise Agreement).

For the catering services your Restaurant may provide, we anticipate that your employees will use their personal vehicles to provide these services from your Restaurant. We have the right to require you to have temporary signage placed on each vehicle. We expect that all vehicles will be kept clean, in good working order and be properly insured. You must have each person providing catering services comply with all laws, regulations, and rules of the road and due care and caution should be used in 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.

A Trailer/Truck may also provide catering services. We expect that all food Trailer/Truck will be kept clean, in good working order, and be properly insured according to our System requirements. Each person who will drive the Trailer/Truck must comply with all laws, regulations, and rules of the road and must use due care and caution in operating the Trailer/Truck.

You must purchase or lease the 12 foot by 12, 14 or 16-foot cabin that we specify, and which is shipped as a single unit to your outlet's site. The cabin must be installed at your outlet's site according to our specifications and according to applicable laws and building codes. For businesses outside of ski resorts, like those in malls, stadiums, transportation centers, airports, amusement parks or theme parks, the location types and sizes will vary according to the space required, but the cabin must still be installed or built-out according to our specifications and according to applicable laws and building codes. We have the right to inspect your Restaurant while it is being installed.

For the operation of a Trailer/Truck, you must purchase you're trailer or truck from a supplier we approve. We will advise you and offer guidance on the layout of your Trailer/Truck.

Before you open the Franchised Business for business, you must obtain the insurance coverage that is required by the terms of your lease and applicable law, and that we specify in the Manual or otherwise in writing. Your 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. Currently you must maintain the following insurance:

(a) general liability insurance with limits not less than $1,000,000 per occurrence and $2,000,000 aggregate; (b) worker's compensation with limits required by applicable state law, but not less than $500,000; (c) any insurance required by the terms of your lease for the Restaurant; and (d) any other insurance we may require in the future.

All insurance policies, except for workers' compensation, must name us and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds. Also, all insurance policies required hereunder shall expressly provide that not less than 30 days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies. 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 do not obtain any insurance as required, we have the right (but not the obligation) to purchase insurance on your behalf and you must reimburse our costs related to this purchase plus an administrative fee (see Item 6).

## 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 MUOA means the Multi-Unit Operator Agreement.

| Obligation | Section in Agreement | Disclosure Document Item |
|---|---|---|
| a. Site selection and acquisition/ lease | FA: Section 2<br>MUOA: Section 3 | Items 8 and 11 |
| b. Pre-opening purchases/leases | FA: Sections 6, 7 and 8 | Items 5, 6, 7, 8 and 11 |
| c. Site development and other pre-opening requirements | FA: Section 2 | Items 1, 8 and 11 |
| d. Initial and ongoing training | FA: Section 6 | Items 5, 6 and 11 |
| e. Opening | FA: Section 6 | Items 5, 6 and 11 |
| f. Fees | FA: Sections 4 and 8<br>MUOA: Sections 2 and 3 | Items 5, 6, and 7 |
| g. Compliance with standards and policies/Operating Manual | FA: Sections 2, 3, 6, 8, 9, 10, 11 and 12 | Items 11 and 14 |
| h. Trademarks and proprietary information | FA: Sections 9 and 10 and Attachment 4<br>MUOA: Section 7 | Items 11, 13 and 14 |
| i. Restrictions on products/services offered | FA: Section 7<br>MUOA: Section 7 | Items 8 and 16 |

| Obligation | Section in Agreement | Disclosure Document Item |
|---|---|---|
| j. Warranty and customer service requirements | FA: Section 7 | Item 8 |
| k. Territorial development and sales quotas | MUOA: Section 3 | Item 12 |
| l. Ongoing product/service purchases | FA: Section 7 | Items 6 and 8 |
| m. Maintenance, appearance and remodeling requirements | FA: Sections 2, 7 and 14 | Items 8 and 11 |
| n. Insurance | FA: Section 12 | Items 7 and 8 |
| o. Advertising | FA: Section 8 | Items 6, 8 and 11 |
| p. Indemnification | FA: Section 15<br>MUOA: Section 14 | Item 6 |
| q. Owner's participation/ management/staffing | FA: Sections 6, 14, 15 and 19<br>MUOA: Section 7 | Items 1, 11 and 15 |
| r. Records and Reports | FA: Sections 4, 7 and 11 | Item 6 |
| s. Inspections and audits | FA: Sections 2, 7 and 11<br>MUOA: Section 12 | Items 6, 8 and 11 |
| t. Transfer | FA: Section 14<br>MUOA: Section 11 | Items 6 and 17 |
| u. Renewal | FA: Section 3<br>MUOA: Section 5 | Items 6 and 17 |
| v. Post-termination obligations | FA: Section 18<br>MUOA: Section 10 | Items 6 and 17 |
| w. Non-competition covenants | FA: Section 10 and Attachment 4<br>MUOA: Section 12 | Item 17 |
| x. Dispute Resolution | FA: Section 19<br>MUOA: Section 19 | Items 6 and 17 |
| y. Liquidated Damages | FA: Section 18 | Item 6 |
| z. Guaranty | FA: Section 6 and Attachment 7 | 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, we are not required to provide you with any assistance**.

**Pre-Opening Obligations**

**Multi-Unit Operator Agreement**: Under the Multi-Unit Operator Agreement, we will provide you with the following assistance:

1. We will grant to you rights to an Exclusive Area within which you will establish and operate three Franchised Businesses under separate Franchise Agreements (Multi-Unit Operator Agreement – Section 1.1).

2. We will review the information regarding potential sites that you provide to us to determine whether the sites meet our standards and criteria for a Waffle Cabin Restaurant and, if the site meets our criteria, approve the site for a Restaurant (Multi-Unit Operator Agreement – Section 8.1).

3. We will provide you with standard specifications and layouts for building and furnishing the Restaurant or for customizing your Trailer/Truck (Multi-Unit Operator Agreement – Section 8.2).

4. We will provide other resources and assistance as may be developed and offered to our Multi-Unit Operators (Multi-Unit Operator Agreement – Section 8.3).

**Franchise Agreement**: Before the opening of a Franchised Business we will provide the following assistance and services:

1. Our written site selection guidelines and the site selection assistance we deem advisable. (Franchise Agreement, Section 5.1.) We will also designate your Territory (see Item 12).

2. If we determine it is necessary, one on-site evaluation of the proposed site for your Restaurant. (Franchise Agreement, Section 5.2.)

3. Standards and specifications for the cabin and its installation. (Franchise Agreement, Section 5.3.) We reserve the right to inspect your Restaurant during its installation.

4. On loan, our Manual, which we may revise during the term of your Franchise Agreement. (Franchise Agreement, Sections 5.4 and 10.1.) We may provide all or a portion of the Manual to you electronically, such as via a password-protected website.

5. A list of approved products and suppliers, which we may revise during the term of your Franchise Agreement. (Franchise Agreement, Sections 5.9 and 7.4.)

6. An initial training for up to four people (three Principals and your General Manager) at no additional charge at our corporate headquarters, at one of our Affiliate's locations in Vermont or at another location we designate. If you wish to have additional Principals trained, or a new or additional General Manager, you must pay our then-current training fee. (Franchise Agreement, Sections 5.10 and 6.4.)

7. One of our representatives to provide up to three days of opening assistance and training around the opening of your Franchised Business. If you request that our representative provide more than

three days of assistance, you must reimburse the expenses that our representative incurs while providing the additional days of opening assistance, such as travel, lodging and meals. (Franchise Agreement, Section 6.4.) If you are opening your second or later Franchised Business, we reserve the right to designate the amount of opening assistance provided.

8. The initial training and the opening assistance can be combined or occur at the same time and designated location.

**Continuing Obligations**

During the operation of a Franchised Business we will provide the following assistance and services:

1. As we reasonably determine necessary, visits to and evaluations of the Franchised Business 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, Sections 5.5 and 7.5.6.)

2. Advice and written materials (including updates to the Manual) concerning techniques of managing and operating the Franchised Business, including new developments and improvements in equipment, food products, packaging and preparation. (Franchise Agreement, Section 5.7.)

3. In connection with the opening of the Franchised Business, we shall provide you with one of our representatives to provide on-site opening assistance and training for up to three days around your Franchised Business' opening. If you request that our representative provide additional days of opening assistance, you agree to pay all expenses our representative incurs while providing the additional days of assistance, including, without limitation, travel, lodging and meals expenses (Franchise Agreement, Section 6.4.2.)

4. At your request, additional on-site training or assistance at your Franchised Business. You must pay our per diem fee for each trainer providing the training and you must reimburse our expenses (see Item 6). (Franchise Agreement, Section 6.4.3.)

5. Administration of the brand development fund. (Franchise Agreement, Section 8.3.)

6. 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, Section 9.4.)

7. We may designate the maximum prices for the goods, products and services offered from your Franchised Business, where permitted by applicable law, and you must comply with our pricing requirements. (Franchise Agreement, Section 7.13.) You understand that by following our maximum pricing requirements we are not guaranteeing that you will achieve any specific level of sales or profitability.

8. You must display Notice and Announcements at conspicuous locations on the premises of the Franchised Business as we may designate in writing. (Franchise Agreement, Section 7.5.10)

**Grand Opening Advertising**: You may, but are not required to, conduct a grand opening advertising campaign to promote the opening of your Franchised Business. If you choose to conduct an opening advertising campaign, it must be approved by us before you may begin it.

**Brand Development Fund**: We have the right to establish and administer a Brand Development Fund (the "Brand Development Fund") to advertise the System and the products offered by Waffle Cabin outlets on a regional or national basis. If we choose to establish the Brand Development Fund, you must contribute to the Brand Development Fund an amount of up to 2% of the Franchised Business' Gross Sales each month, to be paid in the same manner as the Royalty Fee. Since the Brand Development Fund was not established during the fiscal year ending December 31, 2023, no monies have been spent by the Brand Development Fund.

The Brand Development Fund is maintained and administered by us or our designee as follows:

1. We 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. Advertising materials may be developed in-house by us or we may employ one or more advertising agencies to develop advertising. The coverage may be regional and national in nature. The Brand Development Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all outlets operating under the System. We may use monies from the Brand Development Fund to support our website. Any outlets operated by us or our affiliates will contribute to the Brand Development Fund generally on the same basis as you. In administering the Brand Development Fund, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or make sure that any particular franchisee benefits directly or pro rata from the placement of advertising.

2. The Brand Development 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; menu and product development; development and maintenance of our website; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally. All sums you pay to the Brand Development Fund will be accounted for separately from our general funds. We may reimburse ourselves out of the Brand Development Fund for our reasonable administrative costs and expenses that we may incur in the administration or direction of the Brand Development Fund and advertising programs for you and the System. The Brand Development Fund and its earnings will not otherwise benefit us except that any resulting technology and intellectual property will be deemed our property. The Brand Development Fund is operated solely as a conduit for collecting and expending the Brand Development Fees as outlined above. Any sums paid to the Brand Development Fund that are not spent in the year they are collected will be carried over to the following year. No portion of the Brand Development Fund will be used for advertising that is primarily a solicitation of franchise sales.

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

4. Although the Brand Development Fund is intended to be perpetual, we may terminate the Brand Development Fund at any time. The Brand Development Fund will not be terminated until all monies in the Brand Development Fund have been spent for advertising or promotional purposes or returned to contributors on a pro rata basis. If we terminate the Brand Development Fund, we have the option to reinstate it at any time and it will be operated as described above.

**Local Advertising**: We recommend, but do not require, that you conduct local advertising in your Territory to promote your Franchised Business. If you choose to conduct local advertising, we must

approve all advertising before you use it. You must not advertise or use our Marks in any fashion on the Internet, World Wide Web or via other means of advertising through telecommunication without our express written consent.

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

**Cooperative Advertising**: We do not anticipate forming or approving the formation of any advertising cooperatives.

**Website / Intranet**: 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 Franchised Business a "click through" subpage at our website for the promotion of your Franchised Business. 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 Franchised Business, you must routinely provide us with updated copy, photographs and news stories about your Franchised Business 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. If you are purchasing a Fractional franchise, all of your uses of the Proprietary Marks in connection with an existing website you maintain for your existing business must be approved by us.

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 Waffle Cabin – also be devoted in part to offering Waffle Cabin 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 Franchised Business; 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 "Waffle Cabin" names or any names confusingly similar to the Proprietary Marks.

You are not permitted to promote your Franchised Business or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, Instagram, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Franchised Business' operation, including prohibitions on your and the Franchised Business' employees posting or blogging comments about the Franchised Business or the Waffle Cabin System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, TikTok, and Instagram, 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 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.
prior written consent.

**Advisory Council**: We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Waffle Cabin outlets, advertising conducted by the Brand Development Fund, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council.

If formed, an advisory council will be comprised of our representatives and franchisee representatives. The franchisee representatives may be chosen by us or elected by other franchisees in the System. If you participate on an advisory council, you will pay any expenses you incur related to your participation, such as travel and living expenses to attend council meetings.

**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 approved site. We generally do not own the premises and lease it to you. Before you lease or purchase the site for the Restaurant, you must locate a site that satisfies our site selection guidelines. You will search for a site for the Restaurant in an area for which we have provided our approval. You will use our site submittal forms to submit, for our approval of the site, the information we require. If we believe it is necessary, we will conduct one on-site evaluation. Before we conduct any on-site evaluation, you must submit, on our forms, a description of the site, including evidence that the site satisfies our site selection guidelines, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site.

You must submit to us information and materials relating to the proposed site for our review no later than 30 days after you have signed the Franchise Agreement. We will have 30 days after we receive this information and materials from you to approve or decline the proposed site as the location for your Waffle Cabin Restaurant. If you are unable to secure, or if we do not approve, a site for your Restaurant within eight months after you sign the Franchise Agreement, you may request termination of the Franchise Agreement and a refund of the initial franchise fee.

We will provide you with our current written site selection guidelines and any other site selection counseling and assistance we think is advisable. Our criteria for site selection includes primarily the venue where you intend to establish the Restaurant (such as a ski resort, mall, stadium, transportation center, airport, amusement park, theme park or similar location), and placement and setting for the cabin at the location we have approved. We will use these and other factors in determining the suitability of your proposed site for a Waffle Cabin Restaurant.

**Opening**: We estimate that the time from the Franchise Agreement is signed to the opening of the Franchised Business will be approximately eight months. Your total timeframe may be shorter or longer depending on the time necessary to obtain an acceptable site, to obtain financing, to obtain the permits and licenses for the installation of the cabin and operation of the Franchised Business, to

complete installation of the cabin as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the cabin, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Franchised Business, including purchasing inventory and supplies. You must open the Franchised Business and begin business within eight months of signing the Franchise Agreement. If you are unable to open the Franchised Business within this timeframe, we may charge you a delayed opening fee of $2,500 per month for up to six additional months. If your Restaurant has not opened within this additional six-month period, we have the right to terminate your Franchise Agreement or, in our discretion, we may extend the period of time for you to open and you must continue paying the delayed opening fee.

**Training**: No later than 30 days before the Franchised Business opens, up to four people (up to three Principals and your General Manager) must have completed, to our satisfaction, our initial training program. Our initial training program is included in the initial franchise fee, there is no additional cost to the franchisee. We will conduct this training at the location of the franchisee. Our initial training program lasts for approximately three days. 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 and other personnel needing training, the number of new Franchised Businesses being opened and the timing of the scheduled openings of Franchised Businesses.

We may approve you to train replacement General Managers under our training program before permitting you to train your entire staff for a third or later Franchised Business opening. You may not train any personnel until we have approved you as a trainer.

If, during the term of your Franchise Agreement, you request that we provide additional training or assistance on-site at your Franchised Business, 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 of travel, lodging, and meals.

The instructional materials used in the initial training include our Operations Manual and any other materials that we believe will be beneficial to our franchisees in the training process. Classroom training and on-the-job training can be combined or occur at the same time and designated location :

The training schedule and activities of the initial training program are described below:

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Register Training | 1.5 hr. | .5-1 hr. | Waffle Cabin site or Rutland, VT |
| Opening procedures | 1 hr. | 1 hr. | Waffle Cabin site or Rutland, VT |
| Dough Handling | 4 hr. | 1-1.5hr. | Waffle Cabin site or Rutland, VT |

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Waffle handling | 2 hr. | 1-1.5 hr. | Waffle Cabin site or Rutland, VT |
| Beverage machine ops | 1 hr. | .5 hr. | Waffle Cabin site or Rutland, VT |
| Cleaning procedures | 1 hr. | 1 hr. | Waffle Cabin site or Rutland, VT |
| Cash out | 1 hr. | 1 hr. | Waffle Cabin Site or Rutland, VT |
| Paperwork Inventory | 1 hr. | .5 hr. | Waffle Cabin site or Rutland, VT |
| Warewashing in kitchen | 0 | .5 hr. | Resort kitchen |
| Closing procedures | 0 | .5 hr. | Waffle Cabin Site |

**ADDITIONAL TRAINING PROGRAM**

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| POS Training | 0 | 1 hr. | Waffle Cabin site or Rutland, VT |
| Your relation with a Ski Resort | 0 | .5 hr. | Waffle Cabin site or Rutland, VT |
| Franchise performance reporting | 0 | 1 hr. | Waffle Cabin site or Rutland, VT |
| Cabin Cleanliness | 0 | 1-1.5 hr. | Waffle Cabin Site |

The instructors primarily conducting our initial and additional training program include Peter Creyf, Richard Orellana, and Jason Palmer. Each of our instructors has at least five to seven years of relevant experience to the subjects they are teaching. Peter Creyf has 22 years' experience with our Affiliate and eight years' experience with us. Richard Orellana has been with our Affiliate for over seven years and has conducted training programs over that entire span. Jason Palmer started in the restaurant business in 1998 and has over 15 years senior level experience operating Food and Beverage in some of the biggest resorts in the Northeast. Additionally, Jason has restaurant ownership experience as well as sales and marketing experience.

The initial and additional training programs are 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.

We do not anticipate holding periodic refresher training programs or meetings of franchisees.

In addition to our initial training program, you, your managers and any other personnel we designate must be ServSafe certified or other similar certifications. The cost of the certification is not included in the initial franchise fee and we do not provide this certification. You may need to receive periodic additional training and/or certification.

**Confidential Operations Manual**: The Table of Contents for our Manual is attached to this Disclosure Document as Exhibit E. Our Manual contains approximately 222 pages.

**Computer and Point-of-Sale Systems**: You must purchase or lease and use certain point-of-sale systems and computer hardware and software that meet our specifications and that are capable of electronically interfacing with our computer system. The computer system will provide sales tracking information, inventory management, business reports, labor and scheduling management, order processing and credit card processing.

The computer system is designed to enable us to have immediate and independent access to the sales-based data monitored 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 and a high-speed telecommunication line in accordance with our specifications to permit us to access the computer system (or other computer hardware and software) electronically.

Unless we designate a different system, you must purchase the ShopKeep POS System (iPad 9.7" and iPad stand, credit card reader, printer and cash drawer). The approved supplier for the point-of-sale system, if we designate one, will be included in the Manual. We expect that the ShopKeep POS System will cost between $1,000 and $1,500. You are not required to have a separate maintenance contract for your POS System, but you must pay the monthly fees to ShopKeep for the upgrades and updates of the software. Currently these fees range from $79 to $179 for the first terminal and an additional $49 to $79 for any additional terminals. We may require you to update and/or upgrade all or a portion of your point-of-sale 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 point-of-sale system or the cost of any update and/or upgrade. Neither we nor any affiliate of ours is responsible for providing you with any upgrades, updates or maintenance for your point-of-sale system.

You must obtain and maintain 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. We must have access at all times and in the manner that we specify.

## ITEM 12
## TERRITORY

**Franchise Agreement**: Your Franchise Agreement will specify a "Territory", which typically will be defined as all or a portion of a named town, city, or county and will be identified on a marked map and/or by a list of one or more contiguous zip codes. The Territory will be determined on an individual basis taking into account minimum numbers of households, average home prices, and household incomes. A typical territory for a suburban location is a three-mile radius around the Restaurant address; a typical territory for an urban location is three to five city blocks. If your Restaurant is located at a venue, your Territory will be defined as the address of the venue.

Apart from a venue, you will not receive an exclusive territory. If your Restaurant is located at a venue, the venue is your exclusive territory and does not include the surrounding areas outside of the

venue. You may face competition from other franchisees, from outlets that we own, from other channels of distribution or competitive brands that we control.

Trailer/Truck do not receive a Territory. In both urban and suburban areas, limitations will be placed on where Trailer/Truck are permitted to operate to avoid cannibalization of Restaurant sales. These limitations currently include:

- Trailers are not permitted to operate within four miles in suburban areas and within six city blocks in urban areas of any Restaurant in the System.
- Trailer/Truck franchisees will schedule, through the Waffle Cabin intranet at least one month out, or as soon as the date has been contracted with a location, the days and times for operation for the month. We will grant permission on a first-come first-serve basis.
- We will maintain a special event or festival listing on the Waffle Cabin intranet. The first franchisee to reserve a Trailer/Truck location for each special event or festival will have the exclusive right to operate at that special event or festival. If the festival or special event is located within another franchisee's Territory, then the occupying franchisee retains a right of first refusal ("ROFR") for that festival or special event. If the occupying franchisee chooses not to execute the ROFR, we will grant permission to the franchisee who first reserved the Trailer/Truck location to operate at the special event or festival. Any disputes regarding who will operate at the event will be decided by us.

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Restaurant in the Territory. The only exclusions will be limited to those permitted under the Franchise Agreement.

While ski resort territories are exclusive, if you do not exercise the Ski Resort ROFR (described below) to add additional Restaurants at the ski resort, we will have the right to sell additional Restaurants to other prospects at the ski resort, and your Territory will be divided between you and the new franchisee. There are no other circumstances under which the Territory may be altered before your Franchise Agreement expires or is terminated.

You are permitted to provide catering services from your Restaurant. You may not provide catering services to any customer outside of your Territory unless that customer is in an area that has not yet been sold to a franchisee in the System.

If you operate a Restaurant at a ski resort, you are granted a right of first refusal to establish additional franchises at that ski resort ("Ski Resort ROFR"). If we determine that your Territory can support another Waffle Cabin franchise, we will notify you and you will have 30 days to tell us whether you will purchase the additional franchise. If you do not notify us within the 30-day period that you wish to purchase the additional franchise, or if you choose to not purchase the additional franchise, then we have the right to either sell another franchise in the Territory or we may develop a Restaurant in the Territory.

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 require to consider your 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 Waffle Cabin Restaurants and is located within your Territory, and you must sign our then-current form of Franchise Agreement. If we permit you to relocate, you will not pay a new initial franchise fee when you sign the new Franchise Agreement.

As expressly limited by the Franchise Agreement, we and our affiliates retain all rights with respect to Restaurants, the Marks, our proprietary products, and any other 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 our proprietary products, other products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, both within and outside your Territory, and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Restaurants located outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Restaurant; and (c) the right to acquire and operate a business operating one or more restaurants or food service businesses located or operating in your Territory.

You may sell our proprietary products and menu items to customers who live anywhere but who choose to dine at or from your Franchised Business. You may not engage in any promotional activities or sell the proprietary products or similar products or services, whether directly or indirectly, through or on the internet, the world wide web, or any other similar proprietary or common carrier electronic delivery system (collectively, the "Electronic Media"); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. While you may place advertisements in printed media, television and radio that are targeted to customers and prospective customers located within your Territory, 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 Territory. You may not deliver any products to customers located outside of your Territory unless the customer is located in an area where there is no another Waffle Cabin outlet in operation. You may not sell our proprietary products to any business or other customer at wholesale.

We and our affiliates may sell products under the Marks within and outside your Territory through any method of distribution other than a Waffle Cabin outlet, including sales through channels of distribution such as Electronic Media, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales (together, "alternative distribution channels"). You may not use alternative distribution channels to make sales outside or inside your Territory and you will not receive any compensation for our sales through alternative distribution channels. We or our Affiliate will fulfill all orders placed through the retail portion of our Website, and you will not be entitled to any portion of the profits received from this, even if the customer's order is generated from or delivered to an address within your Territory.

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. Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned outlets which sell our proprietary 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.

**Multi-Unit Operator Agreement**: Under the Multi-Unit Operator Agreement we grant you the right to develop and operate three Waffle Cabin outlets in the Exclusive Territory that is specified in the Minimum Performance Schedule, which is an attachment to the Multi-Unit Operator Agreement. The Exclusive Territory is typically described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality. The actual size of the Exclusive Territory will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population and market conditions. 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 criteria for you to meet the Minimum Performance Schedule.

During the term of the Multi-Unit Operator Agreement, we and our affiliates will not operate or grant a franchise for the operation of Franchised Businesses to be located within the Exclusive Territory. The only exclusions will be limited to those permitted under the Franchise Agreement and Multi-Unit Operator Agreement. However, we have the right to terminate this exclusivity if you are not in full compliance with all of the terms and conditions of the Multi-Unit Operator Agreement and all of the Franchise Agreements signed under it. Your territorial rights to the Exclusive Territory may or may not, in our discretion, include the right to develop Restaurants at any non-traditional site or ski resort.

As expressly limited by the Multi-Unit Operator Agreement, we and our affiliates retain all rights with respect to Franchised Businesses, 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 Proprietary Products, other products offered at Franchised Businesses and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described above, both within and outside your Exclusive Territory, and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Franchised Businesses located outside the Exclusive Territory under any terms and conditions we deem appropriate and regardless of proximity to your Franchised Businesses; and (c) the right to acquire and operate a business operating one or more restaurants or food service businesses located or operating in your Exclusive Territory.

To maintain your rights under the Multi-Unit Operator Agreement you must have open and in operation the cumulative number of Franchised Businesses 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 exclusivity or a termination of the Multi-Unit Operator Agreement.

In addition, when the last Franchised Business to be developed within the Exclusive Territory opens for business, your exclusive rights under the Multi-Unit Operator Agreement with respect to the Exclusive Territory 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 Franchised Businesses within the Exclusive Territory. This right will be subject only to the territorial rights under your franchise agreements for Restaurants in the Exclusive Territory. You are not granted a right of first refusal to develop additional Franchised Businesses, but if you have completed developing outlets in compliance with the Multi-Unit Operator Agreement, we will in good faith negotiate a new Multi-Unit Operator Agreement with you. The Exclusive Territory may not be altered unless we and you mutually agree to do so. It will not be affected by your sales volume. You are not granted any other option, right of first refusal or similar right to acquire additional Franchised Businesses in your Exclusive Territory under the Multi-Unit Operator Agreement.

## 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. These Marks may be used only in the manner we authorize and only for the operation of your Franchised Business. The Multi-Unit Operator Agreement does not grant to you any right to use the Marks.

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.

Our Affiliate has registration of the following principal Marks with the U.S. Patent and Trademark Office ("USPTO"):

| Mark | Registration Date | Registration Number | Register |
|---|---|---|---|
| Waffle Cabin | 5/6/2008 | 3,424,772 | Principal |
| Waffology | 9/7/2010 | 3,845,020 | Principal |

There are no currently effective material determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of this state or any court, nor is there any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Principal Trademarks which may be relevant to their use in this state or in any other state. We do not know of any superior prior rights or infringing uses that could materially affect your use of the Principal Trademarks in any state. There are no agreements currently in effect which limit our right to use or to license others to use the Marks, except for the perpetual, non-cancelable trademark license agreement between us and our Affiliate dated November 8, 2012. Our Affiliate intends to file all affidavits when required to maintain its rights to the Marks.

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.

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. Under the Franchise Agreement, you are obligated to comply with these changes and modifications, and you have no right to reimbursement for any expenses incurred in complying with the discontinuance of or modification to the use of any Marks or for any expenses incurred in complying with the use of additional or substitute Marks. Under the Franchise Agreement, you waive any other claim arising from or relating

to any Mark change, modification, or substitution, and you covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

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

10. To grant other licenses for the use of the Marks in addition to those licenses granted or to be granted to franchisees;

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

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

## ITEM 14
## PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

**Patents and Copyrights**: There are no patents or registered copyrights that are material to the franchise.

**Confidential Manuals**: You must operate the Franchised Business in accordance with the standards and procedures specified in the Manual. One copy of the Manual will be loaned to you by us for the term of the Franchise Agreement. We may, instead of providing you with a hard copy of the Manual, make our Manual available electronically via a password protected intranet.

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

We may revise the contents of the Manual and you must comply with each new or changed standard. You must also insure 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. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, recipes, and the terms of your agreement with us, are considered confidential. 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 Franchised Business that may be communicated to you or any of your Principals or that you may learn about. You and each of your Principals may divulge this confidential information only to your employees who must have access to it to operate the Franchised Business. 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. You must have your General Manager and any of your personnel who have received or will have access to confidential information sign confidentiality covenants.

If you, your Principals, General Manager or employees develop any new concept, process or improvement in the operation or promotion of the Franchised Business, you must promptly notify us and give us all necessary information, free of charge. You, your Principals, General Manager 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 FRANCHISED BUSINESS

When you sign your agreement, you must designate and retain at all times an individual to serve as the General Manager. If you are an individual, we recommend that you be the General Manager. You must be actively involved in the operation of your Franchised Business. If you own and operate multiple Franchised Businesses, you must be actively involved in the oversight of your Franchised Businesses. You must make sure that your Franchised Businesses are being operated according to the terms of your Franchise Agreement and the Manual. The General Manager must satisfy the applicable training requirements in the Franchise Agreement and complete our training program as provided to you in the Manual or other written instructions. He/She must be individually acceptable to us, must be approved by us to act as a General Manager, and must be responsible for the supervision and management of the Franchised Business and devote full time and best efforts to this activity. If the General 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 stops serving or no longer meets the requirements.

You must also retain other personnel as are needed to operate and manage the Franchised Business. Your General Manager and all other personnel who will have access to our proprietary and confidential information and training must sign our Confidentiality and Non-Competition Agreement which is attached to our Franchise Agreement as Attachment 4. We will be a third-party beneficiary of each agreement with the independent right to enforce the agreement's terms. We have 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.

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 7. If your Franchised Business is owned by an entity, we do not require the on-premises supervisor to have equity interest.

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

You must sell or offer for sale all menu items, food products, logoed merchandise such as paper products and memorabilia we require, in the manner and style we require. You must sell and offer for sale only the menu items, 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 discontinue 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 Franchised Business at any time, and there are no limits on our right to make those changes.

You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, proprietary products, logoed merchandise, other products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items according to 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.

You must keep the Franchised Business very clean and maintain it in good repair and condition. You must make any additions, alterations, repairs and replacements, including repainting or replacement of obsolete signs, furnishings, equipment, and décor as we may reasonably direct. You must not make any changes to the premises without obtaining our written consent before you make the changes. You must obtain and pay for any new or additional equipment, including point-of-sale, computer hardware and software, fixtures, supplies and other products and materials that you must have to offer and sell new menu items from the Franchised Business.

We may designate the maximum prices for the goods, products and services offered from your Franchised Business, where permitted by applicable law, and you must comply with our pricing requirements.

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 as described in Item 12. You may not directly solicit customers outside of your 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.**

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| a. Length of the franchise term | Section 3.1 | Term continues for five years from the date of the Franchise Agreement unless terminated earlier |
| b. Renewal or extension of the term | Section 3.2 | One additional term of five years |
| c. Requirements for franchisee to renew or extend | Section 3.2 | You must provide us with advance written notice that you wish to enter into a successor franchise agreement; you must be in compliance with the Franchise Agreement; you must be current in all payments to us and/or our Affiliate; you must sign a general |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| | | release (where legal) and sign the then-current Franchise Agreement; you must pay successor term fee. Additional successor terms will be in our sole discretion<br><br>You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same. |
| d. Termination by franchisee | None | You may terminate the Franchise Agreement on any grounds available by law. |
| e. Termination by franchisor without cause | Not applicable | The Franchise Agreement will terminate upon your death or permanent disability and the Franchised Business must be transferred within six months to a replacement franchisee that we approve. |
| f. Termination by franchisor with "cause" | Section 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 | Sections 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 obtain 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, fail to cure any other default that is susceptible of cure within 30 days after notice |
| h. "Cause" defined – noncureable defaults | Sections 17.1.2 and 17.1.3 | We may terminate you for cause if you fail to cure certain defaults, including: 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 find an acceptable location within time required, fail to remodel |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| | | when required, fail to open Franchised Business 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 or Trailer/Truck location, 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 or maintain false books or records. 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 | Section 18 | Obligations include: You must stop operating the Franchised Business 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, 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 | Section 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 granted except to an assignee who, in our good faith judgment, is willing and able to assume our obligations |
| k. "Transfer" by franchisee – defined | Section 14.2.1 | Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Franchised Business or you (if you are not a natural person) |
| l. Franchisor approval of transfer by franchisee | Section 14.2.2 | You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| m. Conditions for franchisor approval of transfer | Section 14.2.2 | Conditions include: You must pay all amounts due us or our affiliates, not otherwise be in default, sign a general release (where legal), and pay a transfer fee. Transferee must meet our criteria, complete training to our satisfaction and sign current Franchise Agreement. |
| n. Franchisor's right of first refusal to acquire franchisee's business | Section 14.4 | Within 30 days after notice, we have the option to purchase the interest proposed to be transferred on the same terms and conditions offered by the purchaser |
| o. Franchisor's option to purchase franchisee's business | Section 18.11 | Upon termination or expiration of the Franchise Agreement, we have the right to purchase certain assets of the Franchised Business |
| p. Death or disability of franchisee | Section 14.5 | The Franchise Agreement will terminate upon your death or permanent disability and the Franchised Business must be transferred within six months to a replacement franchisee that we approve. |
| q. Non-competition covenants during the term of the franchise | Section 10.3.1 | You are prohibited from operating or having an interest in a similar business without our prior written consent. Non-competition provisions are subject to state law. |
| r. Non-competition covenants after the franchise is terminated or expires | Section 10.3.2 | You and your Principals are prohibited for two years from expiration or termination of the franchise from operating or having an interest in a similar business within 10 miles of any Franchised Business in the System. Non-competition provisions are subject to state law. |
| S. Modification of the agreement | Sections 10.1.5 and 19.2 | The Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with Manual as amended |

| Provision | Section in Franchise Agreement | Summary |
|---|---|---|
| t. Integration/merger clause | Section 19.2 | Only the terms of the Franchise Agreement and other related agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| u. Dispute resolution by arbitration or mediation | Sections 19.7 | Arbitration in Vermont, subject to applicable state and federal law |
| v. Choice of forum | Section 19.8 | Rutland County, Vermont, subject to applicable state and federal law (see Exhibit F – State Specific Addenda for exceptions) |
| w. Choice of Law | Section 19.8 | Vermont, subject to applicable state and federal law (see Exhibit F – State Specific Addenda for exceptions) |

**THE MULTI-UNIT OPERATOR RELATIONSHIP**

| Provision | Section in Multi-Unit Operator Agreement | Summary |
|---|---|---|
| a. Length of the franchise term | 6 | Length of the Minimum Performance Schedule, which is expected to be three years |
| b. Renewal or extension of the term | 5 | After all Franchised Businesses have been developed, we will negotiate in good faith another Multi-Unit Operator Agreement |
| c. Requirements for multi-unit operator to renew or extend | Not applicable | |
| d. Termination by multi-unit operator | Not applicable | The Agreement does not provide for this, but you may seek to terminate on any grounds available to you at law. |
| e. Termination by franchisor without cause | 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 Operator 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 Franchised Business before all of your pre-development obligations are met; failure to obtain our consent when required; you open any Franchised Business 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 Franchised Businesses stop operating; unauthorized transfer; you make a material misrepresentation to us; conviction by you or your Principals 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 operator's obligations on termination/ non-renewal | 10 | You must stop selecting sites for Restaurants, and you may not open any more Franchised Businesses |
| 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 judgment, is willing and able to assume our obligations under the Multi-Unit Operator Agreement |
| k. "Transfer" by multi-unit operator – defined | 11 | Includes transfer of any interest in the Multi-Unit Operator Agreement |
| l. Franchisor approval of transfer by multi-unit operator | 11 | We have the right to approve all transfers, our consent not to be unreasonably withheld |
| m. Conditions for franchisor approval of transfer | 11 | Conditions for transfer include not being in default, at least 25% of all Franchised Businesses required to be developed are open or under construction, all debts are paid, the buyer meets our current criteria for new Multi-Unit Operators, execution of 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 operator's business | 11 | We have the right to match the offer |

| Provision | Section in Multi-Unit Operator Agreement | Summary |
|---|---|---|
| o. Franchisor's option to purchase multi-unit operator's business | Not applicable | |
| p. Death or disability of multi-unit operator | 11 | Upon the death or permanent disability of a Principal, the interest must be transferred to an approved party within 12 months |
| q. Non-competition covenants during the term of the franchise | 12 | You are prohibited from operating or having an interest in a similar business without our prior written consent, except for Franchised Businesses operated under Franchise Agreements with us. Non-competition provisions are subject to state law. |
| R. Non-competition covenants after the franchise is terminated or expires | 12 | No competing business for two years and within 10 miles of any Franchised Business in the System. Non-competition provisions are subject to state law. |
| s. Modification of the agreement | 18 | Multi-Unit Operator Agreement may not be modified unless mutually agreed to in writing |
| t. Integration/merger clause | 18 | Only the terms of the Multi-Unit Operator Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Multi-Unit Operator Agreement may not be enforceable. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| u. Dispute resolution by arbitration or mediation | 19 | Arbitration in Vermont, subject to applicable state and federal law |
| v. Choice of forum | 19 | Rutland County, Vermont, subject to applicable state and federal law |
| w. Choice of law | 18 | Vermont, subject to applicable state and federal 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.

The following represents the historical performance achieved by the 14 company-owned cabins that were open and operating in the 2023 calendar year.

| Location | # | Model | Total Gross Sales | Remark | High | Low | Average | Median |
|---|---|---|---|---|---|---|---|---|
| Evergreen Walk, South Windsor, CT | 1 | B&M | $18,906 | *Opened in December 2023 – Pop-up* | N.A. | | | |
| Holiday Valley, NY | 1 | Cabin | $228,683 | | $87,567 | $19,206 | $57,171 | $60,955 |
| Killington Resort, VT | 4 | Cabin | $590,910 | | $63,433 | $513 | $28,139 | $25,934 |
| Mount Snow Resort, VT | 2 | Cabin | $502,146 | | $117,550 | $89 | $38,627 | $19,071 |
| Okemo Mountain, VT | 2 | Cabin | $637,486 | | $102,778 | $5,761 | $57,953 | $72,705 |
| Pico Mountain, VT | 1 | Cabin | $93,593 | *Closed on Tuesdays and Wednesdays, except Holidays* | $37,637 | $1,090 | $18,719 | $20,197 |
| Sugarbush Resort, VT | 1 | Cabin | $167,064 | | $45,521 | $4,338 | $27,844 | $34,719 |
| Wachusett Mountain, MA | 1 | Cabin | $332,754 | *Night skiing available* | $120,928 | $2,223 | $55,459 | $53,459 |
| Windham Mountain, NY | 1 | Cabin | $137,424 | | $48,373 | $21,397 | $34,356 | $23,256 |
| **TOTAL** | **14** | | **$2,708,968** | | | | | |

The following represents the historical performance achieved by the 38 franchisee-owned cabins that were open and operating in the 2023 calendar year. We have excluded the performance for one cabin located in Florida that opened and later ceased operations in 2023.

| Franchisee / Location | # | Model | Total Gross Sales | Remark | High | Low | Average | Median |
|---|---|---|---|---|---|---|---|---|
| Blue Mountain Ski Resort / Palmerton, PA | 2 | Cabin | $91,306 | *Only sales of waffles and cider - Only winter months* | $32,142 | $10,058 | $22,827 | $24,553 |
| Bodhi, LLC / Snoqualmie, WA | 1 | B&M | $48,691 | *Opened in December 2023 – Only winter months* | N.A. | | | |
| Bracky, LLC / Holmdel, NJ | 1 | Mobile | $22,650 | *Only catering services -Year round* | $4,200 | $0 | $1,888 | $2,380 |
| Camelback Resort / Tannersville, PA | 2 | Cabin | $321,229 | *Only sales of waffles and cider – Only winter months* | $99,637 | $249 | $32,123 | $23,946 |
| Carinthia Cabins, LLC / Gunstock Mountain, NH | 1 | Cabin | $13,878 | *Opened in December 2023 – Only winter months* | N.A. | | | |
| Exit 32 Baking, LLC / Bretton Woods, NH | 1 | Cabin | $87,381 | *Only winter months* | $34,386 | $1,702 | $17,476 | $18,018 |
| Exit 32 Baking, LLC / Loon Mountain, NH | 2 | Cabin | $334,417 | *Only winter months* | $97,010 | $2,825 | $30,402 | $22,128 |
| Exit 32 Baking, LLC / Sunday River, ME | 2 | Cabin / Mobile | $261,516 | *Cabin only winter months – Mobile +/- year round* | $72,655 | $469 | $17,434 | $12,150 |
| Green Mountain Waffles / Jay Peak Resort, VT | 1 | Cabin | $121,620 | *Only winter months* | $35,813 | $118 | $24,324 | $32,366 |
| Harpers Waffles / Long Beach, NY | 1 | B&M | $55,321 | *Year round* | $11,758 | $1,704 | $4,610 | $3,049 |
| Headwall Holdings, LLC / Steamboat Resort, CO | 1 | B&M | $28,092 | *Opened in December 2023 – Year round* | N.A. | | | |
| Headwall Holdings, LLC / Winter Park Resort, CO | 4 | 3 Cabin / 1 B&M | $823,683 | *Cabins only winter months – B&M +/- year Round* | $54,991 | $173 | $28,403 | $27,668 |
| Jersey Waffle Cabin / Milford, NJ | 1 | Mobile | $35,954 | *Only catering services – Year round* | $8,353 | $632 | $3,995 | $2,987 |
| Ledge Rock / Gore Mountain, NY | 1 | Cabin | $222,769 | *Only winter months* | $78,455 | $1,769 | $31,824 | $37,230 |
| Ledge Rock / Whiteface Mountain, NY | 1 | Cabin | $143,402 | *Only winter months* | $49,757 | $2,284 | $20,486 | $25,060 |
| Northville Waffles / Northville, MI | 1 | Mobile | $131,272 | *Only catering services – Year round* | $76,893 | $0 | $10,939 | $3,874 |
| Philly Waffle Cabin / Lansdale, PA | 1 | Mobile | $202,009 | *Only catering services – Year round* | $37,741 | $5,004 | $16,834 | $13,966 |
| Ragged Waffles, LLC / Ragged Mountain, NH | 1 | Cabin | $52,337 | *Only winter months* | $19,360 | $5,320 | $13,084 | $13,828 |
| Ragged Waffles, LLC | 1 | Cabin | $149,257 | *Only winter* | $45,581 | $2,809 | $29,155 | $37,863 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| / Mount Sunapee, NH | | | | *months* | | | | |
| Ragged Waffles, LLC / Waterville Valley, NH | 1 | Cabin | $126,210 | *Only winter months* | $40,106 | $3,377 | $25,242 | $28,564 |
| Smuggler's Notch Ski Club / Smuggler's Notch, VT | 1 | Cabin | $27,278 | *Only winter months* | $9,844 | $70 | $6,819 | $3,904 |
| State Stone, Inc / Boyne Mountain, MI | 1 | Cabin | $296,918 | *Only winter months* | $97,376 | $1,033 | $29,692 | $7,062 |
| State Stone, Inc / Crystal Mountain, MI | 1 | Cabin | $174,725 | *Only winter months* | $65,609 | $1,221 | $34,945 | $28,454 |
| State Stone, Inc / The Highlands, MI | 1 | Cabin | $10,158 | *Opened in December 2023 – Only winter months* | N.A. | | | |
| Tonia's Waffle Cabin / Purgatory Resort, CO | 1 | Cabin | $77,656 | *Only sales of waffles and cider – Only winter months* | $22,193 | $273 | $11,094 | $14,471 |
| Vernon Waffle Cabin / Belleayre, NY | 1 | Cabin | $212,059 | *Only winter months* | $63,085 | $2,602 | $42,412 | $47,246 |
| Vernon Waffle Cabin / Mountain Creek, NJ | 2 | Cabin | $224,632 | *Only winter months* | $92,265 | $17,528 | $56,158 | $57,419 |
| Waffle Cabin of Connecticut / Ridgefield, CT | 1 | Mobile | $65,180 | *Only catering services – Year round* | $11,769 | $1,704 | $5,432 | $4,656 |
| WCS, LLC / Snowshoe Mountain Resort, WV | 2 | Cabin | $292,826 | *1 Cabin only winter months – 1 cabin +/- year round* | $49,152 | $213 | $14,641 | $3,816 |
| TOTAL | 38 | | $4,654,426 | | | | | |

**These outlets have earned these amounts. Your individual results may differ. There is no assurance that you'll earn as much.**

**Notes:**

- The above figures are the actual results for all Franchised Businesses in the Waffle Cabin System. Restaurants are primarily located at ski resorts (open during the winter months) but may be located at other non-traditional locations like malls or other seasonal locations like beachfront properties.

- The Gross Sales reported for Blue Mountain Ski Resort, Tonia's Waffle Cabin, and Camelback Resort include only sales of waffles and apple cider.

- "Gross Sales" is defined as all income of any type or nature and from any source that was derived or received directly or indirectly from, through, by or on account of the operation of the franchised location, in whatever form and from whatever source, including, but not limited to, cash, services, in kind from barter and/or exchange, on credit or otherwise, as well as business interruption insurance proceeds, all without deduction for expenses, including marketing expenses and taxes. "Gross Sales" does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

- Bracky, Northville Waffles, Philly Waffle Cabin, Jersey Waffle Cabin and Waffle Cabin of Connecticut operated only catering services in 2023.

The Franchised Businesses report Gross Sales information to us based upon a uniform reporting system. Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request. The information presented above has not been audited.

Other than the preceding financial performance representation, Atomium, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Peter Creyf at 18 Night Pasture Lane, South Chittenden, Vermont, 05701, and (802)775-0058, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1**
**Systemwide Outlet Summary**
**For years 2021, 2022, 2023**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2021 | 26 | 28 | +2 |
| | 2022 | 28 | 33 | +5 |
| | 2023 | 33 | 38 | +5 |
| Company-Owned* | 2021 | 18 | 17 | -1 |
| | 2022 | 17 | 13 | -4 |
| | 2023 | 13 | 14 | +1 |
| **Total Outlets** | **2021** | **44** | **45** | **+1** |
| | **2022** | **45** | **47** | **+2** |
| | **2023** | **46** | **52** | **+6** |

*The Company-Owned Outlets reflected in the chart above are owned and operated by our affiliates.

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

| State | Year | Number of Transfers |
|---|---|---|
| None | 2021 | 0 |
| | 2022 | 0 |
| | 2023 | 0 |
| **Total** | **2021** | **0** |
| | **2022** | **0** |
| | **2023** | **0** |

**Table No. 3**
**Status of Franchised Outlets**
**For years 2021, 2022, 2023**

| State | Year | Outlets at Start of Year | Outlets Opened | Termina-tions | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Colorado | 2021 | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | 2022 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2023 | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| Connecticut | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Florida | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 1 | 0 | 0 | 0 | 1 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Maine | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Michigan | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| New Hampshire | 2021 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2022 | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | 2023 | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| New | 2021 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |

| State | Year | Outlets at Start of Year | Outlets Opened | Termina-tions | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|---|
| Jersey | 2022 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2023 | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| New York | 2021 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| | 2023 | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| North Carolina | 2021 | 0 | 1 | 0 | 0 | 0 | 1 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pennsylvania | 2021 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2022 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | 2023 | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| Vermont | 2021 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | 2022 | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| Washington | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| West Virginia | 2021 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| **Total** | **2021** | **26** | **3** | **0** | **0** | **0** | **1** | **28** |
| | **2022** | **28** | **6** | **0** | **0** | **0** | **1** | **33** |
| | **2023** | **33** | **5** | **0** | **0** | **0** | **0** | **38** |

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

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| Massachusetts | 2021 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2022 | 2 | 0 | 0 | 1 | 0 | 1 |
| | 2023 | 1 | 0 | 0 | 0 | 0 | 1 |

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisee | Outlets Closed | Outlets Sold to Franchisee | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| New York | 2021 | 5 | 0 | 0 | 0 | 1 | 4 |
| | 2022 | 4 | 0 | 0 | 0 | 2 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| Vermont | 2021 | 11 | 0 | 0 | 0 | 0 | 11 |
| | 2022 | 11 | 0 | 0 | 0 | 1 | 10 |
| | 2023 | 10 | 0 | 0 | 0 | 0 | 10 |
| **Total** | **2021** | **18** | **0** | **0** | **0** | **1** | **17** |
| | **2022** | **17** | **0** | **0** | **1** | **3** | **13** |
| | **2023** | **13** | **1** | **0** | **0** | **0** | **14** |

*The Outlets in the above chart are owned and operated by our affiliates.

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

| States | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| California | 0 | 1 | 0 |
| Utah | 0 | 1 | 0 |
| **Total** | **0** | **2** | **0** |

A list of the names of all franchisees and multi-unit operators and the addresses and telephones numbers of their franchises will be provided in Exhibit D to this disclosure document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or multi-unit operator 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 any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Waffle Cabin System.

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

## ITEM 21
## FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A are our audited financial statements for the fiscal years ended December 31, 2023, December 31, 2022, and December 31, 2021. Also included in Exhibit A is our unaudited balance sheet as of July 1, 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:

| | |
|---|---|
| Franchise Agreement | Exhibit B |
| Multi-Unit Operator Agreement | Exhibit C |
| Form of General Release | Exhibit H |
| Franchisee Acknowledgment Statement | Exhibit I |

As permitted by state law. 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.

## 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**
**Waffle Cabin Franchise Disclosure Document**

**FINANCIAL STATEMENTS**

# ATOMIUM, INC.

## FINANCIAL STATEMENTS
## YEARS ENDED DECEMBER 31, 2023 AND 2022
## AND
## INDEPENDENT AUDITORS' REPORT

MCCORMACK, GUYETTE & ASSOCIATES
A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Atomium, Inc.
Rutland, Vermont

### Opinion

We have audited the accompanying financial statements of Atomium Inc (a Vermont Corporation), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, 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 Atomium Inc as of December 31, 2023 and 2022, and the results of 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 Atomium Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related 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 the 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 aggregate, that raise substantial doubt about Atomium, Inc.'s 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 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement, 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 Atomium, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial double about Atomium, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

*McCormack, Guyette & Associates, PC*

License #113

March 5, 2024

**ATOMIUM, INC.**
**BALANCE SHEETS**
**DECEMBER 31, 2023 AND 2022**

## ASSETS

| | 2023 | 2022 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 504,013 | $ 210,171 |
| Accounts receivable-trade, net of allowance for credit losses of $25,000 for 2023 and $0 for 2022 | 306,756 | 294,208 |
| Accounts receivable-employees | 6,580 | - |
| Inventory | 261,518 | 140,601 |
| Other current assets | 1,500 | 1,500 |
| Prepaid expenses | 1,903 | 53,588 |
| Due from owner | 100 | 100 |
| Total current assets | 1,082,370 | 700,168 |
| **PROPERTY AND EQUIPMENT** | | |
| Leasehold improvements | 8,167 | 8,167 |
| Equipment | 130,489 | 115,908 |
| | 138,656 | 124,075 |
| Less- accumulated depreciation | 27,648 | 6,060 |
| | 111,008 | 118,015 |
| **OTHER ASSETS** | | |
| Operating lease right-of-use assets | 30,445 | 46,883 |
| Investment in future franchise location | 64,447 | - |
| Start up and franchise costs, net of amortization | 4,179 | 5,225 |
| | 99,071 | 52,108 |
| | $ 1,292,449 | $ 870,291 |

## LIABILITIES AND STOCKHOLDER'S EQUITY

| | | |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Accounts payable | $ 24,321 | $ 11,498 |
| Sales tax payable | 1,196 | 757 |
| Deferred revenue | 23,500 | 19,500 |
| Current portion operating lease liability | 17,128 | 16,438 |
| Income taxes payable | 89,838 | - |
| Total current liabilities | 155,983 | 48,193 |
| **LONG TERM LIABILITIES** | | |
| Operating lease liability | 13,317 | 30,445 |
| Deferred revenue | 47,500 | 23,000 |
| **TOTAL LIABILITIES** | 216,800 | 101,638 |
| **STOCKHOLDER'S EQUITY** | | |
| Common stock, 20 shares authorized, issued and outstanding | 100 | 100 |
| Retained earnings | 1,075,549 | 768,553 |
| | 1,075,649 | 768,653 |
| | $ 1,292,449 | $ 870,291 |

The accompanying notes are an integral part of these financial statements

**ATOMIUM, INC.**
**STATEMENTS OF INCOME**
**AND CHANGES IN RETAINED EARNINGS**
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

| | 2023 | 2022 |
|---|---|---|
| **INCOME** | | |
| Franchise fees | $ 42,000 | 59,750 |
| Royalties | 239,697 | 200,949 |
| Commissions | - | 3,188 |
| Sales of goods and equipment to franchisees, net of cost | 590,347 | 258,292 |
| | 872,044 | 522,179 |
| **OPERATING EXPENSES** | | |
| Advertising | 8,408 | 14,139 |
| Auto expense | 28,438 | 18,927 |
| Amortization | 1,046 | 1,046 |
| Bad debt expense | 4,467 | - |
| Depreciation | 21,588 | 5,917 |
| Dues and subscriptions | 2,994 | 2,805 |
| Insurance | 7,196 | 5,797 |
| Meals and entertainment | 1,981 | 1,274 |
| Miscellaneous expense | 3,874 | 45 |
| Office expense | 6,751 | 6,520 |
| Other taxes and licenses | - | (425) |
| Payroll fees | 1,229 | 1,156 |
| Payroll taxes | 18,580 | 11,435 |
| Postage | 2,656 | 3,397 |
| Professional fees | 27,211 | 25,722 |
| Registration fees | 2,502 | 3,197 |
| Rent | 8,850 | 6,518 |
| Repairs and maintenance | 7,013 | 5,742 |
| Salaries and wages | 210,449 | 141,979 |
| Trade show expenses | 19,287 | 2,708 |
| Travel | 10,711 | 12,741 |
| Utilities | 10,044 | 1,440 |
| Operating expenses | 405,275 | 272,080 |
| Net income from operations | 466,769 | 250,099 |
| **OTHER INCOME (EXPENSE)** | | |
| Interest income | 65 | 44 |
| Interest expense | - | (1) |
| | 65 | 43 |
| **NET INCOME BEFORE INCOME TAXES** | 466,834 | 250,142 |
| Federal and state income taxes | 129,838 | 39,714 |
| **NET INCOME** | 336,996 | 210,428 |
| **RETAINED EARNINGS**, beginning of year | 768,553 | 558,125 |
| Adoption of allowance for credit losses | (30,000) | - |
| **RETAINED EARNINGS**, end of year | $ 1,075,549 | $ 768,553 |

The accompanying notes are an integral part of these financial statements

**ATOMIUM, INC.**
**STATEMENTS OF CASH FLOWS**
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

| | 2023 | 2022 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income | $ 306,996 | $ 210,428 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Amortization expense | 1,046 | 1,046 |
| Depreciation expense | 21,588 | 5,917 |
| Gain on sale of fixed assets | - | (500) |
| Bad debt write offs | 4,467 | - |
| (Increase) decrease in: | | |
| Accounts receivable | (23,595) | 25,555 |
| Inventory | (120,917) | (35,133) |
| Other current assets | - | 964 |
| Prepaids | 51,685 | (53,588) |
| Increase (decrease) in: | | |
| Accounts payable | 12,823 | (5,000) |
| Other accrued liabilities | 439 | (47) |
| Deferred revenue | 28,500 | (27,500) |
| Income taxes payable | 89,838 | (82,018) |
| **NET PROVIDED BY OPERATING ACTIVITIES** | 372,870 | 40,124 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Cash paid for investment in franchise location | (64,447) | - |
| Cash paid for purchase of fixed assets | (14,581) | (109,051) |
| **NET CASH (USED FOR) INVESTING ACTIVITIES** | (79,028) | (109,051) |
| **NET INCREASE (DECREASE) IN CASH** | 293,842 | (68,927) |
| **CASH AND CASH EQUIVALENTS,** beginning of year | 210,171 | 279,098 |
| **CASH AND CASH EQUIVALENTS**, end of year | $ 504,013 | $ 210,171 |

The accompanying notes are an integral part of these financial statements

**ATOMIUM, INC.**
**NOTES TO FINANCIAL STATEMENTS**
**DECEMBER 31, 2023 AND 2022**

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** – Atomium, Inc. (the Company) was incorporated in the State of Vermont on August 17, 2012 in order to organize and franchise the Waffle Cabin. The Waffle Cabin concept is the selling of specialty waffles and beverages in alpine cabins, in other traditional retail locations as well as mobile units.

Starting in 2016, the Company is also selling equipment and raw goods to its franchisees. The raw goods were purchased through a related party that developed the Waffle Cabin business strategy.

Starting in 2023, the Company is now producing some of the raw goods to sell directly to the franchisees, instead of purchasing those items from the related party.

**Income taxes** - The Company is subject to income taxes on earnings, both at the federal corporate rates and rates applied by the States of Vermont.

**Cash equivalents** - For purposes of the statement of cash flows, the Company considers all unrestricted short-term investments with a maturity of three months or less to be cash equivalents.

**Accounts receivable and revenue recognition** – Revenue is recognized as earned. Royalties are recognized as earned through the sales of the franchisees. Revenue from the sale of equipment and raw goods is recognized when the product is shipped.

**Franchise fees revenue recognition** – The Company adopted the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 6060 *Revenue from Contracts with Customers* January 1, 2020. Revenue from franchise fees is recognized as earned over the terms of the contract for the portion of the fee allocated to each defined deliverable or service, in the case of pre-opening services, distinguished from the franchise license.

**Allowance for Credit Losses** – The allowance is valued using the current expected credit loss impairment model for accounts receivable. The valuation is based on historical experience, current conditions and reasonable and supportable forecasts, as available.

**Inventory** - Inventory consists of ingredients for producing raw goods, plus other raw goods for making the specialty waffles, equipment, supplies, beverages and paper goods. Inventory is valued at the lower of cost or net realizable value.

**Property and equipment** - Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 15 years.

**Other assets** - Other assets consist of start up costs and franchise costs. Start up costs were incurred for the establishment of the corporation. Franchise costs were incurred to set up the legal framework in a variety of jurisdictions, and to establish the franchise before sale activity is allowed to occur. These costs are being amortized over a period of 15 years.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Investment in franchise location** – In 2023, the Company paid to have a retail space retrofitted for a future franchise location. The plan is to recover this cost through location of a new franchise operation in this space.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Advertising** - The Company follows the policy of charging the cost of advertising to expense as incurred.

**Date of Management's Review** - Subsequent events were evaluated through March 5, 2024, which is the date the financial statements were available to be issued.

## NOTE 2 – ALLOWANCE FOR CREDIT LOSSES

Effective January 1, 2023 the Company adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modified the measurement of expected credit losses on certain financial instruments. The Company adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Company that are subject to ASU 2016-13 include trade accounts receivable.

The cumulative effect of the change to retained earnings was $30,000 as of January 1, 2023, which was the date of the adoption of this standard. The impact of the recording of the allowance is presented as a reduction in the balance of trade accounts receivable on the balance sheet for each year presented.

The allowance for credit losses is an estimated based on historical account write-off trends, facts about the current financial condition of the customers, general forecasts of future operating results based on current trends and economic factors. Credit quality is monitored through the timing of payments compared to payment terms, and know facts regarding the financial condition of the customers. Risk associated with new customers with no known performance history is also factored in. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. The Company had the following activity for its allowance for credit losses for the current year ended.

| | |
|---|---|
| Beginnng balance, January 1 | $ 30,000 |
| Provision for expected credit losses | 4,467 |
| Bad debt write-offs | (9,467) |
| Ending balance, December 31 | $ 25,000 |

## NOTE 3 – INVENTORY

Inventory at December 31 consists of:

| | 2023 | 2022 |
|---|---|---|
| Finished goods | $ 125,936 | $ - |
| Raw materials | 98,431 | - |
| Purchased for resale | 37,151 | 140,601 |
| | $ 261,518 | $ 140,601 |

During 2023, the Company began to manufacture some of the food supplies for sale to the franchisees. This supply of goods was formerly purchased from a related party. Finished goods consists of direct costs to produce the goods, as well as a calculated portion of overhead costs consisting of rent, utilities, insurance and other occupancy expenses.

Cost of goods sold consisted of:

| | 2023 | 2022 |
|---|---|---|
| Equipment and supplies | $ 67,893 | $ 14,505 |
| Food and paper goods | 155,003 | 432,091 |
| Freight | 36,006 | 42,977 |
| Finished goods | 97,828 | - |
| | $ 356,730 | $ 489,573 |

## NOTE 4 – OPERATING LEASE

The Company leases warehouse space from a related party.

The current lease agreement was entered into on October 1, 2022, with a one-year term beginning October 1, 2022 and with the option to renew twice for one-year terms. The lease is cancellable by only by the Company as the tenant, so the renewal periods has been included in the calculation of the right of use asset. The current period of October 1, 2022 through September 30, 2025 has been used as the term of the lease.

The lease payments are adjusted annually based on the Consumer Price Index. Future adjustments of the lease payments are not included in the right-of-use assets or liability balances.

The right-of-use asset represents the right to use the underlying assets for the lease term and the liability represents the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The federal risk-free rate was used at the commencement date, in determining the present value of lease payments.

## NOTE 4 – OPERATING LEASE (continued)

The Company has elected the practical expedient package to not reassess at adoption (i) expired or existing contracts as to whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial indirect costs for existing leases.

The Company has elected to apply ASC 842 (Accounting for Leases) as of the effective date and not to restate comparative periods.

The components of lease expense were as follows:

| | 2023 |
|---|---|
| Lease Costs: | |
| Operating lease costs: | $ 18,000 |

Other information related to leases was as follows:

| | 2023 |
|---|---|
| Other Information: | |
| Cash paid for amounts included in the measurement of lease liabilities | |
| Operating cash flows from operating lease | $ 18,000 |
| Weighted-average remaining lease term - Operating lease | 2 years |
| Weighted-average discount rate - Operating lease | 4.12% |

Future minimum lease payments under non-cancellable leases as of December 31, 2023 were as follows:

| | |
|---|---|
| 2024 | $ 18,000 |
| 2025 | 13,500 |
| 2026 | - |
| 2027 | - |
| Thereafter | - |
| | 31,500 |
| Less imputed interest | (1,055) |
| Total | $ 30,445 |

Presented on the balace sheet as of December 31:

| | 2023 | 2022 |
|---|---|---|
| Current liabilities | $ 17,128 | $ 16,438 |
| Long term liabilities | 13,317 | 30,445 |
| | $ 30,445 | $ 46,883 |

A portion of the cost of the warehouse lease has been allocated to finished goods inventory as well as other costs, including utilities, insurance and other occupancy costs.

## NOTE 5 – RELATED PARTY TRANSACTIONS

A corporate related party sells goods to the Company, which in turn sells to its franchisees, and desires to maintain that income stream for itself. The amount of goods and equipment sold to the Company by the corporate related party for the year ended December 31, 2023 and 2022 was $133,408 and $319,851, respectively, net of purchases.

One of the Company's shareholders has developed several locations, owned personally. Purchases from the Company for resale goods were $4,694 and $37,926 for December 31, 2023 and 2022, respectively.

Warehouse space was rented from related parties. Rents paid for the year ended December 31, 2023 and 2022 were $22,830 and $9,110, respectively.

Accounts receivable from related parties was $7,392 and $25,302, for December 31, 2023 and 2022, respectively.

## NOTE 6 - SUPPLEMENTAL CASH FLOWS DISCLOSURE

Operating activities reflected interest paid of $0 and $1 during 2023 and 2022, respectively.

Operating activities reflect income taxes paid during 2023 and 2022 of $30,000 and $54,322, respectively.

## NOTE 7 – DEFERRED REVENUE UNDER REVENUE RECOGNITION

Financial Accounting Standards Board's Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company adopted the requirement of the new revenue recognition guidance as of January 1, 2020, utilizing the full retrospective transition method.

Franchise fee contracts consist of two deliverable performance obligations on the part of the Company, those being the pre-opening services and the franchise license. These have been valued and separated, and are being recognized over the performance life of each separate service. The pre-opening services are recognized in the first year, as those services are delivered within the first 8 months of signing. The remaining value for the franchise fee is recognized over the term of the franchise agreement, which is five years.

Deferred revenue matures as follows for the years ended December 31:

| | 2023 | 2022 |
|---|---|---|
| **Deferred revenue** | | |
| Amount deferred under the revenue recognition method | | |
| Current (within one year) | $ 23,500 | $ 19,500 |
| Long term (beyond one year) | 47,500 | 23,000 |
| | $ 71,000 | $ 42,500 |

## NOTE 8 – CONCENTRATIONS OF CREDIT RISK

The Company maintains its cash balances in financial institutions located in central Vermont. The account balances are insured by the FDIC up to $250,000, per depositor, per institution. The maximum loss that could have resulted from that risk totaled $254,013 at December 31, 2023, which is the excess of the deposits over the amount that would have been covered by federal insurance.

## NOTE 9 - RECLASSIFICATIONS

Certain amounts in 2022 financial statements have been reclassified for comparative purposes to conform with the 2023 presentation.

# ATOMIUM, INC.

## FINANCIAL STATEMENTS
## YEARS ENDED DECEMBER 31, 2022 AND 2021
## AND
## INDEPENDENT AUDITORS' REPORT

MCCORMACK, GUYETTE & ASSOCIATES
A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Atomium, Inc.
Rutland, Vermont

## Opinion

We have audited the accompanying financial statements of Atomium Inc (a Vermont Corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income, 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 Atomium Inc as of December 31, 2021 and 2020, and the results of 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 Atomium Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related 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 the 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 aggregate, that raise substantial doubt about Atomium, Inc.'s 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 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement, 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 Atomium, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial double about Atomium, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

*McCormack, Guyette & Associates, PC*

License #113

March 1, 2023

ATOMIUM, INC.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

## ASSETS

| | 2022 | 2021 |
|---|---|---|
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 210,171 | $ 279,098 |
| Accounts receivable | 294,208 | 319,763 |
| Inventory | 140,601 | 105,468 |
| Other current assets | 1,500 | 2,464 |
| Prepaid expenses | 53,588 | - |
| Due from owner | 100 | 100 |
| Total current assets | 700,168 | 706,893 |
| **PROPERTY AND EQUIPMENT** | | |
| Leasehold improvements | 8,167 | - |
| Equipment | 115,908 | 15,024 |
| | 124,075 | 15,024 |
| Less- accumulated depreciation | 6,060 | 643 |
| | 118,015 | 14,381 |
| **OTHER ASSETS** | | |
| Start up and franchise costs, net of amortization | 5,225 | 6,271 |
| | $ 823,408 | $ 727,545 |

## LIABILITIES AND STOCKHOLDER'S EQUITY

| | | |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Accounts payable | $ 11,498 | $ 16,498 |
| Sales tax payable | 757 | 804 |
| Deferred revenue | 19,500 | 27,500 |
| Income taxes payable | - | 82,018 |
| Total current liabilities | 31,755 | 126,820 |
| **LONG TERM LIABILITIES** | | |
| Deferred revenue | 23,000 | 42,500 |
| **TOTAL LIABILITIES** | 54,755 | 169,320 |
| **STOCKHOLDER'S EQUITY** | | |
| Common stock, 20 shares authorized, issued and outstanding | 100 | 100 |
| Retained earnings | 768,553 | 558,125 |
| | 768,653 | 558,225 |
| | $ 823,408 | $ 727,545 |

The accompanying notes are an integral part of these financial statements

**ATOMIUM, INC.**
**STATEMENTS OF INCOME**
**AND CHANGES IN RETAINED EARNINGS**
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

| | 2022 | 2021 |
|---|---|---|
| **INCOME** | | |
| Franchise fees | $ 59,750 | $ 53,500 |
| Royalties | 200,949 | 152,878 |
| Commissions | 3,188 | - |
| Sales of goods and equipment to franchisees, net of cost | 258,292 | 347,444 |
| Rental retail space | - | 34,615 |
| | 522,179 | 588,437 |
| **OPERATING EXPENSES** | | |
| Advertising | 14,139 | 20,485 |
| Auto expense | 18,927 | 12,705 |
| Amortization | 1,046 | 1,046 |
| Bad debt expense | - | 31,955 |
| Depreciation | 5,917 | 9,856 |
| Dues and subscriptions | 2,805 | 4,248 |
| Insurance | 5,797 | 9,990 |
| Meals and entertainment | 1,274 | 972 |
| Miscellaneous expense | 45 | 2,088 |
| Office expense | 6,520 | 9,650 |
| Other taxes and licenses | (425) | 796 |
| Payroll fees | 1,156 | 1,184 |
| Payroll taxes | 11,435 | 11,253 |
| Postage | 3,397 | 1,226 |
| Professional fees | 25,722 | 18,086 |
| Registration fees | 3,197 | 1,875 |
| Rent | 6,518 | 23,873 |
| Repairs and maintenance | 5,742 | 677 |
| Salaries and wages | 141,979 | 135,347 |
| Trade show expenses | 2,708 | 10,457 |
| Travel | 12,741 | 8,987 |
| Utilities | 1,440 | 5,162 |
| Operating expenses | 272,080 | 321,918 |
| Net income from operations | 250,099 | 266,519 |
| **OTHER INCOME (EXPENSE)** | | |
| Gain on sale of assets | - | 51,176 |
| PPP loan forgiveness | - | 65,264 |
| Interest income | 44 | 30 |
| Interest expense | (1) | - |
| | 43 | 116,470 |
| **NET INCOME BEFORE INCOME TAXES** | 250,142 | 382,989 |
| Federal and state income taxes | 39,714 | 90,418 |
| **NET INCOME** | 210,428 | 292,571 |
| **RETAINED EARNINGS**, beginning of year | 558,125 | 265,554 |
| **RETAINED EARNINGS**, end of year | $ 768,553 | $ 558,125 |

The accompanying notes are an integral part of these financial statements

**ATOMIUM, INC.**
**STATEMENTS OF CASH FLOWS**
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

| | 2022 | 2021 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income | $ 210,428 | $ 292,571 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Amortization expense | 1,046 | 1,046 |
| Depreciation expense | 5,917 | 9,856 |
| PPP loan forgiveness | - | (65,264) |
| Gain on sale of fixed assets | (500) | (51,176) |
| Bad debt write offs | - | 31,955 |
| (Increase) decrease in: | | |
| Accounts receivable | 25,555 | (162,988) |
| Inventory | (35,133) | (40,379) |
| Other current assets | (52,624) | 20,046 |
| Increase (decrease) in: | | |
| Accounts payable | (5,000) | (12,481) |
| Other accrued liabilities | (47) | 804 |
| Deferred revenue | (27,500) | 22,000 |
| Income taxes payable | (82,018) | 82,018 |
| **NET PROVIDED BY OPERATING ACTIVITIES** | 40,124 | 128,008 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from sale of assets | - | 105,000 |
| Cash paid for purchase of fixed assets | (109,051) | (15,024) |
| **NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES** | (109,051) | 89,976 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from notes payable | - | 37,194 |
| **NET CASH PROVIDED BY FINANCING ACTIVITIES** | - | 37,194 |
| **NET INCREASE (DECREASE) IN CASH** | (68,927) | 255,178 |
| **CASH AND CASH EQUIVALENTS**, beginning of year | 279,098 | 23,920 |
| **CASH AND CASH EQUIVALENTS**, end of year | $ 210,171 | $ 279,098 |

The accompanying notes are an integral part of these financial statements

ATOMIUM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** – Atomium, Inc. (the Company) was incorporated in the State of Vermont on August 17, 2012 in order to organize and franchise the Waffle Cabin. The Waffle Cabin concept is the selling of specialty waffles and beverages in alpine cabins in other traditional retail locations as well as mobile units.

Starting in 2016, the Company is also selling equipment and raw goods to its franchisees.

Two retail Waffle Cabins owned by the Company opened at the end of December, 2016 and in November 2017, in Colorado. A retail store location also owned by the Company opened at the end of January, 2017 in Colorado. The cabins were sold in 2019, and the retail location ceased to be operated by the Company in the last quarter of 2019. The assets at the Colorado location were sold in 2021.

**Income taxes** - The Company is subject to income taxes on earnings, both at the federal corporate rates and rates applies by the States of Vermont and Colorado.

**Cash equivalents** - For purposes of the statement of cash flows, the Company considers all unrestricted short-term investments with a maturity of three months or less to be cash equivalents.

**Accounts receivable and revenue recognition** – Revenue is recognized as earned. Royalties are recognized as earned through the sales of the franchisees. Revenue from the sale of equipment and raw goods is recognized when the product is shipped. Receivables are written off in the year when management determines they are no longer collectible.

**Franchise fees revenue recognition** – Revenue from franchise fees is recognized as earned over the terms of the contract for the portion of the fee allocated to each defined deliverable or service, in the case of pre-opening serves, distinguished from the franchise license.

**Inventory** - Inventory consists of raw goods for making the specialty waffles, beverages and paper goods. Inventory is valued at the lower of cost or net realizable value.

**Property and equipment** - Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 15 years.

**Other assets** - Other assets consist of start up costs and franchise costs. Start up costs were incurred for the establishment of the corporation. Franchise costs were incurred to set up the legal framework in a variety of jurisdictions, and to establish the franchise before sale activity is allowed to occur. These costs are being amortized over a period of 15 years.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Advertising** - The Company follows the policy of charging the cost of advertising to expense as incurred.

**Date of Management's Review** - Subsequent events were evaluated through March 1, 2023, which is the date the financial statements were available to be issued.

## NOTE 2 – RELATED PARTY TRANSACTIONS

A corporate related party sells goods to the Company, which in turn sells to its franchisees, and desires to maintain that income stream for itself. The amount of goods and equipment sold to the Company by the corporate related party for the year ended December 31, 2022 and 2021 was $319,851 and $253,470, respectively, net of purchases.

One of the Company's shareholders has developed several locations, owned personally. Purchases from the Company for resale goods were $37,926 and $108,820 for December 31, 2022 and 2021, respectively.

Warehouse space was rented from related parties during 2022. Rents paid were $9,110.

Accounts receivable from related parties was $25,302 and $19,499, for December 31, 2022 and 2021, respectively.

## NOTE 3 – NOTES PAYABLE

Notes payable of $28,070 as of December 31, 2020 represents the balance in a loan from a local lender through the Small Business Administration for a Paycheck Protection Program Loan. This loan was entered to enable the Company to continue paying wages, and other essential costs during the COVID-19 pandemic. Forgiveness is available upon application and demonstration that the funds were used as intended by the program. Application for forgiveness was made in December of 2020 and accepted in January of 2021. An additional $37,194 was borrowed during 2021, and also forgiven in 2021. The total of these loans $65,264 is reported under Other income (expense) are of the Statement of Income.

## NOTE 4 - SUPPLEMENTAL CASH FLOWS DISCLOSURE

Operating activities reflected interest paid of $1 and $0 during 2022 and 2021, respectively.

Operating activities reflect income taxes paid during 2022 and 2021 of $54,322 and $14,028, respectively.

## NOTE 5 – ADOPTION OF REVENUE RECOGNITION

Effective January 1, 2020, the Company retrospectively changed it accounting methods to revenue recognition as a result of implementing the requirements in the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*.

The new revenue recognition guidance requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company adopted the requirement of the new revenue recognition guidance as of January 1, 2020, utilizing the full retrospective transition method.

The impact of implementation was the recognition that the franchise fee consists of two deliverable performance obligations on the part of the Company, those being the pre-opening services and the franchise license. These have been valued and separated, and are being recognized over the performance life of each separate service. The pre-opening services are recognized in the first year, as those services are delivered within the first 8 months of signing. The remaining value for the franchise fee is recognized over the term of the franchise agreement, which is five years.

Previously, the franchise fee revenue was recognized upon the signing of the agreement.

The impact of applying the new standard for the franchise fee agreements entered into since 2015 were accumulated and presented as a change in retained earnings as of the date of adoption, January 1, 2020. This change resulted in deferred revenue.

Deferred revenue presented under revenue recognition matures as follows for the years ended December 31:

| | 2022 | 2021 |
|---|---|---|
| **Deferred revenue** | | |
| Amount deferred under the revenue recognition method | | |
| Current (within one year) | $ 19,500 | $ 27,500 |
| Long term (beyond one year) | 23,000 | 42,500 |
| | $ 42,500 | $ 70,000 |

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

Atomium, Inc
Balance Sheet
As of July 15, 2024

| | Jul 15, 24 |
|---|---|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Bar Harbor Bank and Trust | 301,632.14 |
| Change Money Winter Park CO | 44.25 |
| Fidelity | 757,731.45 |
| Petty cash Winter park | -79.55 |
| Total Checking/Savings | 1,059,328.29 |
| Accounts Receivable | |
| Accounts Receivable | 27,185.83 |
| Total Accounts Receivable | 27,185.83 |
| Total Current Assets | 1,086,514.12 |
| TOTAL ASSETS | 1,086,514.12 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| Loan to Gary Hadley | -900.00 |
| Loan to Richard Orellana | -1,930.00 |
| Sales Tax Payable | 6,509.74 |
| SBA PPP Loan Funding | 65,264.00 |
| Total Other Current Liabilities | 68,943.74 |
| Total Current Liabilities | 68,943.74 |
| Total Liabilities | 68,943.74 |
| Equity | |
| Retained Earnings | 658,946.86 |
| Net Income | 358,623.52 |
| Total Equity | 1,017,570.38 |
| TOTAL LIABILITIES & EQUITY | 1,086,514.12 |

Atomium, Inc
Profit & Loss
January 1 through July 15, 2024

| | Jan 1 - Jul 15, 24 |
|---|---|
| Ordinary Income/Expense | |
| Income | |
| Advertising and marketing | |
| Stickers-Tshirts-hats-gaiters | 6,560.15 |
| Total Advertising and marketing | 6,560.15 |
| Cabin equipment | 5,390.00 |
| Cabin signs - menus | 235.00 |
| Carat Chocolate | 24,596.20 |
| Delivery | 40,330.75 |
| Franchise Fee | 4,500.00 |
| Frozen dough | 478,908.00 |
| Hardware | 240.00 |
| Hot beverages | |
| Cider | 7,956.00 |
| Coffee | 674.00 |
| Hot Cocoa | 4,497.50 |
| Total Hot beverages | 13,127.50 |
| Interest | 7,761.48 |
| Labor to charge | 65.00 |
| Maintenance | 1,200.00 |
| Misc. small equipment | 1,954.60 |
| Other franchise/royalty income | 2,000.00 |
| Packaged waffles | 1,410.00 |
| Paper goods | 15,024.10 |
| Royalty fee | |
| Belleayre, NY | 12,120.23 |
| Blue Mountain PA | 7,419.90 |
| Boyne Mt, MI | 13,360.47 |
| Bretton Woods NH | 3,994.21 |
| Camelback Mt PA | 10,877.77 |
| Catering WC CT | 1,453.35 |
| Caterings Bracky | 284.50 |
| Caterings Jersey WC | 735.95 |
| Crystal Mt, MI | 8,607.56 |
| Food Truck Maine | 4,092.97 |
| Food truck WV | 126.67 |
| Gore Mtn,. NY | 12,395.89 |
| Gunstock, NH | 5,601.02 |
| Jay Peak VT | 5,752.97 |
| Loon Mt NH | 16,579.69 |
| Mountain Creek NJ | 14,478.38 |
| Mt Sunapee NH | 7,033.14 |
| Northville, MI | 4,525.17 |
| Philly WC | 6,156.30 |
| Purgatory Resort, CO | 5,712.59 |

Atomium, Inc
Profit & Loss
January 1 through July 15, 2024

| | Jan 1 - Jul 15, 24 |
|---|---|
| Ragged Mt NH | 2,301.96 |
| Smuggler's Notch VT | 4,537.22 |
| Snoqualmie, WA | 8,708.29 |
| Snowshoe WV | 13,388.66 |
| Steamboat, CO | 10,469.82 |
| Sunday River ME | 5,423.24 |
| The Highlands, MI | 3,772.90 |
| Waterville Valley NH | 5,951.27 |
| Whiteface Mtn., NY | 1,774.35 |
| Winter Park, Gemini, CO | 5,605.71 |
| Winter Park, Olympia, CO | 10,468.56 |
| Winter Park, Village store, CO | 9,688.51 |
| Winterpark, CO, Mary Jane | 9,551.69 |
| Total Royalty fee | 232,950.91 |
| Services | 1,620.00 |
| shipping | 275.00 |
| Waffle Irons | |
| Heating element | 432.00 |
| Waffle Irons - Other | 21,950.00 |
| Total Waffle Irons | 22,382.00 |
| Total Income | 860,530.69 |
| Gross Profit | 860,530.69 |
| Expense | |
| Advertisement - marketing | |
| Stickers | 1,526.50 |
| Advertisement - marketing - Other | 2,688.69 |
| Total Advertisement - marketing | 4,215.19 |
| Automobile Expense | |
| Car insurance | 1,165.00 |
| car maintenance | 2,127.34 |
| gas | 4,832.29 |
| parking and toll | 418.99 |
| Automobile Expense - Other | 1,323.41 |
| Total Automobile Expense | 9,867.03 |
| Bank Service Charges | 137.23 |
| Cabin - Trailer | |
| Cabin | 9,352.85 |
| Cabin construction | 1,360.51 |
| Trailer | 4,500.00 |
| Total Cabin - Trailer | 15,213.36 |
| Child support garnishment | 0.00 |
| Cost of goods | |
| Cider | 6,124.80 |
| Coffee | 322.00 |
| Hot chocolate | 882.90 |

Atomium, Inc
Profit & Loss
January 1 through July 15, 2024

| | Jan 1 - Jul 15, 24 |
|---|---|
| Paper goods | 1,858.33 |
| Total Cost of goods | 9,188.03 |
| Dough making process | |
| Dough making ingredients | 87,520.98 |
| Use prep Room-elec-water-trash | 1,000.00 |
| Total Dough making process | 88,520.98 |
| Dry ice | 169.25 |
| Dues and Subscriptions | 184.97 |
| Equipment | |
| Misc small equipment | 2,550.21 |
| Small parts misc | 775.04 |
| waffle iron parts | 4,049.06 |
| Equipment - Other | 10,055.00 |
| Total Equipment | 17,429.31 |
| Freight cost | 24,388.17 |
| Insurance Expense | |
| health insurance | 3,441.58 |
| Worker's Compensation | 1,865.72 |
| Total Insurance Expense | 5,307.30 |
| Janitorial Expense | -1.17 |
| Meals and Entertainment | 662.40 |
| Mileage compensation | 413.66 |
| Miscellaneous Expense | 0.00 |
| Office Supplies | 3,052.51 |
| Postage, shipping and Delivery | 609.20 |
| Prepayment Capital One | 0.00 |
| Professional Fees | |
| Accounting | 13,000.00 |
| Legal | 7,099.00 |
| State registration fees | 4,100.50 |
| Total Professional Fees | 24,199.50 |
| Repairs and Maintenance | |
| Maintenance | 408.87 |
| Waffle iron - Power cord | -534.60 |
| Repairs and Maintenance - Other | 286.23 |
| Total Repairs and Maintenance | 160.50 |
| Salaries and wages | |
| Net Salary | 84,235.59 |
| Payroll Expenses | 623.05 |
| Payroll taxes | 24,702.84 |
| Total Salaries and wages | 109,561.48 |
| Storage | 1,350.00 |
| t-shirts | 125.91 |
| Taxes | |
| Federal Corporation Income Tax | 107,577.00 |

Atomium, Inc
Profit & Loss
January 1 through July 15, 2024

| | Jan 1 - Jul 15, 24 |
|---|---|
| State Corporate Income Tax | 47,261.00 |
| VT sales tax | 154.67 |
| Total Taxes | 154,992.67 |
| Telephone and Internet Expense | 1,701.25 |
| temporary | 1,099.88 |
| trade show expenses | |
| Trade show fee | 4,475.00 |
| trade show expenses - Other | 1,581.68 |
| Total trade show expenses | 6,056.68 |
| Travel Expense | |
| Flights | 1,866.81 |
| Hotel | 2,227.85 |
| Travel Expense - Other | 144.36 |
| Total Travel Expense | 4,239.02 |
| Workshop Seward Road | |
| Liability - property insurance | 1,535.00 |
| Maintenance equipment | 32.08 |
| Office - kitchen supplies Works | 311.39 |
| Rent Workshop - Seward | 11,907.34 |
| Utilities | |
| Electricity | 5,377.63 |
| Propane | 2,256.15 |
| Total Utilities | 7,633.78 |
| Total Workshop Seward Road | 21,419.59 |
| Total Expense | 504,263.90 |
| Net Ordinary Income | 356,266.79 |
| Net Income | 356,266.79 |

**Exhibit B to the**
**Waffle Cabin Franchise Disclosure Document**

# FRANCHISE AGREEMENT

**ATOMIUM, INC.**

**FRANCHISE AGREEMENT**

_____

**FRANCHISEE**

_____

**DATE OF AGREEMENT**

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9 - Food Trailer Addendum

**ATOMIUM, INC.**

**FRANCHISE AGREEMENT**

**THIS AGREEMENT,** entered into on _____, by and between Atomium, Inc., a Vermont corporation, with its principal address at 18 Night Pasture Lane, South Chittenden, Vermont, 05701 (herein referred to as "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)"), who shall be individually and collectively referred to in this Agreement as "you", "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 restaurant offering quick-serve Belgian sugar waffles and beverages such as coffee, tea and hot cocoa, operating under the name "Waffle Cabin" ("Restaurant" or "Franchised Business"). Waffle Cabin Restaurants offer carry-out and catering services;

**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**, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks "Waffle Cabin", "Waffology" 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;

**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 the location accepted by us 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 your representations and warranties 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 Waffle Cabin Restaurant under the Marks and the System in accordance with this Agreement. You 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 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 16 hereof.

### 1.2 Accepted Location

The specific street address or location of the Restaurant accepted by us 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 location other than the Accepted 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 Territory, as that term is defined below, which approval shall not be unreasonably withheld. Any other relocation outside the 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. Upon our approval of your relocation request, we shall issue a revised Attachment 1, in accordance with Section 1.2, to reflect the new address of the Accepted Location.

### 1.4 Territory; Right of First Refusal

1.4.1 Upon the execution of this Agreement or upon identification of the Accepted Location, whichever occurs later, you will be assigned a territory (the "Territory") that will also be described in Attachment 1. 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 a Restaurant in the Territory during the term of this Agreement and any extensions hereof. Provided, however, that if the Restaurant is located at a ski resort, if we determine that the ski resort can support another Waffle Cabin Restaurant, we will notify you and you will have thirty (30) days to tell us whether you will purchase the additional franchise. If you do not notify us within the thirty (30) day period that you wish to purchase the additional franchise, or if you choose to not purchase the additional franchise, then we have the right to sell the franchise to a prospective franchisee or we may develop a Restaurant at the ski resort. In this event, your Territory will be divided between you and the new franchisee.

1.4.2 You acknowledge and understand that the rights granted hereunder pertain only to the establishment of a Restaurant. You acknowledge and agree that our affiliates currently operate, or may in the future operate, restaurants under different marks and with operating systems that are the same as or similar to the System, and that any such restaurants might compete with your Restaurant. You further agree and acknowledge that the license granted hereby is only for the operation of one (1) Restaurant and only at a location accepted by us.

### 1.5 Our Reserved Rights

Except as expressly limited by Section 1.4, we and our affiliates retain all rights with respect to Restaurants, the Marks and the sale of any products and services outside of your Territory, including, without limitation, the right:

1.5.1 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 Territory, 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 direct marketing sales;

1.5.2 to operate and to grant others the right to operate Restaurants located outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Restaurant; and

1.5.3 the right to acquire and operate a business operating one or more restaurants or food service businesses located or operating in the Territory.

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

### 2.1 Your Responsibility to Locate a Site

You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Restaurant within the Territory, and for constructing and equipping the Restaurant at such site. You shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Restaurant unless the site is approved by us 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 and other professionals of your choosing; and that our approval of a prospective site and the rendering of assistance in the selection of a site 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.

### 2.2 Site Selection

2.2.1 If you do not already have possession of a location acceptable to us upon your execution of this Agreement, then prior to acquiring by lease or purchase of a site for the Restaurant, but within thirty (30) days of the date this Agreement is executed, you shall locate a site for the Restaurant that satisfies the site selection guidelines provided to you by us pursuant to Section 5.1 and shall submit to us in the form specified by us a description of the site, including evidence reasonably satisfactory to us demonstrating that the site satisfies our site selection guidelines, together with such other information and materials as we may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have thirty

(30) days after receipt of this information and materials to approve or decline, in our sole discretion, the proposed site as the location for the Restaurant. At our discretion, if we deem it necessary, we shall provide one (1) on-site evaluation of the proposed location for the Restaurant. If you request that we provide you with additional location assistance and/or additional site evaluations, you shall reimburse us for our expenses, including, but not limited to, our then-current per diem fee and travel, lodging and meals expenses. No site may be used for the location of the Restaurant unless it is first approved in writing by us. You acknowledge and agree that our approval of a location for the Restaurant is not a warranty or guaranty, express or implied, that you will achieve any particular level of success at the location or that your Restaurant will be profitable. Our approval of a location for the Restaurant only signifies that the location meets our then-current minimum criteria for a Waffle Cabin Restaurant. We reserve the right to approve deviations from our site selection standards based on the individual factors and components of a particular site, but any such approvals shall be granted in our sole discretion.

We may, but are not obligated to, locate a site for your Restaurant and provide you with information concerning the prospective site. If you are unable to secure, or we do not approve, a site for your Restaurant within eight (8) months after you sign this Agreement, you may request that this Agreement be terminated and that the initial franchise fee be refunded. You must sign any documents we require, including a confidentiality agreement and general release, before any money will be refunded to you.

2.2.2 If you elect to purchase the premises for the Restaurant, you shall submit a copy of the proposed contract of sale to us for our written approval prior to its execution and shall furnish to us a copy of the executed contract of sale within ten (10) days after execution. If you will occupy the premises of the Restaurant under a lease or sublease, you shall submit a copy of the lease or sublease to us for written acceptance prior to its execution and shall furnish to us a copy of the executed lease or sublease within ten (10) days after execution. No lease or sublease for the Restaurant premises shall be accepted by us unless a Collateral Assignment of Lease, prepared by us and executed by us, you and the lessor or sublessor, in substantially the form attached as Attachment 2, is attached to the lease and incorporated therein. We shall have ten (10) days after receipt of the lease, sublease or the proposed contract of sale to either accept or decline such documentation prior to its execution. If we do not provide our specific approval of the lease, sublease or contract of sale within this ten (10) day period, then it shall be deemed not accepted.

2.2.3 After we have approved the location for your Restaurant, we shall set forth the Accepted Location and Territory on Attachment 1 hereof 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

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 (or provide us with a certificate of insurance evidencing coverage) 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.

### 2.4 Installation of Cabin

You must purchase the pre-built cabin that we designate from the supplier that we designate or approve. Such cabin shall be delivered to the Accepted Location and installed according to our requirements and according to applicable law and building codes. We reserve the right to designate the contractor or installer that you must use to install the cabin and outfit it to our requirements. We shall have the right to inspect the cabin during its installation.

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

### 2.5 Opening Date; Time is of the Essence

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 eight (8) months after you execute this Agreement, unless you obtain an extension of such time period from us in writing. 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, and shall comply with all of your other pre-opening obligations, including, but not limited to, those obligations described in Sections 6.2 through 6.7, to our reasonable satisfaction. If you fail to reasonably comply with any of such obligations, except for delay caused by a force majeure event as described in Section 17.1.3(e), we shall have the right to prohibit you from commencing business. If your Restaurant is not open and operating within eight (8) months after execution of this Agreement, we have the right to terminate this Agreement.

Notwithstanding the foregoing, if you fail to open your Restaurant within the timeframe required herein, subject to force majeure, you agree to pay to us a delayed opening fee in the amount of Two Thousand Five Hundred Dollars ($2,500) per month for up to six (6) additional months to have the Restaurant opened. You understand and acknowledge that such fee shall be in addition to our other rights and remedies hereunder or at law. If your Restaurant is not open and operating within this additional six (6) month period, we have the right, exercisable in our sole discretion, to terminate this Agreement without providing you with a refund or to permit you to continue paying the delayed opening fee described herein until your Restaurant opens.

Prior to opening the Restaurant and prior to renovating the Restaurant after its initial opening, Franchisee shall execute an ADA Certification in the form attached to this Agreement as Attachment 8 that certifies in writing to Franchisor that the Restaurant and any proposed renovations comply with the ADA.

## ARTICLE 3
## TERM AND SUCCESSOR OPTION

### 3.1 Term

Unless sooner terminated as provided in Article 17 hereof, the term of this Agreement shall continue from the date stated on the first page hereof for a period of five (5) years (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 of this Agreement) to sign a successor franchise agreement for the franchise hereunder for one (1) additional term of five (5) years, if:

3.2.1 you have been, throughout the Initial Term of this Agreement, 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 our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (which then-current 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 franchise agreements being executed at the time the successor term shall begin);

3.2.3 you are able to maintain possession of the Accepted Location for the Franchised Business (or at a relocated location 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 Waffle Cabin Restaurants;

3.2.5 the landlord of the Accepted Location 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 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; and

3.2.8 you pay to us a successor term fee equal to Two Thousand Dollars ($2,000).

### 3.3 Refusal to Grant a Successor Franchise Agreement

We can refuse to grant a successor franchise agreement for your franchise if your lease, sublease, or other document by which you have the right to occupy the Accepted Location is not extended to cover the period of the successor term before such successor term is to commence 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 a successor franchise agreement 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 or our affiliates when due, or your failure to cure of any defaults incurred during the Initial Term, if applicable.

### 3.4 Successor Option Under Law

Even though we decline to grant a successor franchise agreement for your franchise, it is possible that we can be required to do so 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 term 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 Enter into a Successor Franchise Agreement

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

## ARTICLE 4
## FEES

### 4.1 Initial Fees

You shall pay to us an initial franchise fee of Twenty-Three Thousand Five Hundred Dollars ($23,500) which shall be paid upon the execution of this Agreement. Notwithstanding the foregoing, if you are a qualified United States veteran, the initial franchise fee shall be reduced to Twenty-One Thousand Dollars ($21,000). 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. The initial franchise fee is not refundable, in whole or in part, under any circumstances except due to acts of Force Majeure* or unless you are unable to secure, or we do not approve, a site for your Restaurant within eight (8) months after you sign the Franchise Agreement; you may request that the Franchise Agreement be terminated and that the initial franchise fee be refunded less any reasonable expenses incurred by us. You must sign any documents we require, including a confidentiality agreement and general release, before any money will be refunded to you. The initial franchise fee is not refundable under any other circumstances.

*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;

### 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 monthly royalty fee of five percent (5%) of Gross Sales ("Royalty Fee"). Such royalty fee shall be due and payable on the fifteen ($15^{th}$) day of each month based on the Gross Sales for the preceding calendar month, 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 calendar month ("Royalty Report") and any other reports required hereunder. Notwithstanding the foregoing, you shall provide us with such Royalty Report by the third ($3^{rd}$) day of each month (or next business day if such day is not a business day) by modem 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.

### 4.3 Brand Development Fee

In addition to the Royalty Fee described in Section 4.2 above, and upon notice from us that we have established a Brand Development Fund you agree to pay to us a Brand Development Fee in an amount equal up to two percent (2%) of the Restaurant's Gross Sales. Such amount shall be contributed to a Brand Development Fund maintained by us, as described in Section 8.3 below. If the Brand Development Fund has not yet been established when this Agreement is executed by you and us, then you shall begin paying this advertising fee upon thirty (30) days' advance notice from us that the Brand Development Fund has been established and the amount of the Brand Development Fee that you shall begin paying. The Brand Development Fee is payable to us at the same time and in the same manner as the Royalty Fee.

### 4.4 Payments to Us

By executing this Agreement, you agree that you will Royalty Fee, Brand Development Fee and any other payments due to us and/or our affiliates by 15th of the following month to Christel Brown, 18 Night Pasture Lane, South Chittenden, Vermont, 05701. 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 Brand Development Fee that we debited. If the Royalty Fee and Brand Development Fee we debit are less than the Royalty Fee and Brand Development 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 Brand Development Fee we debit are greater than the Royalty Fee and Brand Development 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 or your bank determine are necessary for us to process electronic funds transfer ("EFT") from your designated bank account for the payments due hereunder. 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.

### 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 greater of (i) eighteen percent (18%) per annum; or (ii) the maximum rate allowed by applicable law. 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, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point-of-sale system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments.

### 4.7 Website Fee

You agree to pay to us, on a monthly basis, a Website Fee in the amount of Thirty Dollars ($30), which is payable at the same time and in the same manner as the Royalty Fee. The Website Fee is used by us for development and maintenance of your web page on our Website.

### 4.8 Payment of Additional Fees

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

## ARTICLE 5
## OUR OBLIGATIONS

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

### 5.1 Site Selection Guidelines

We will provide our written site selection guidelines and such site selection assistance as we may deem advisable.

### 5.2 On-Site Evaluation

If we deem it necessary, we shall conduct an on-site evaluation of your proposed site; provided, however, that we shall not be required to conduct such evaluation until we receive of all required information and materials concerning such site prepared pursuant to Article 2.

### 5.3 Designated Cabin

We will provide you with our standards and specifications for the required cabin for your Restaurant, as well as the information concerning the approved supplier for such cabin.

### 5.4 Confidential Operations Manual

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 Waffle Cabin Restaurants in the System.

### 5.5 Visits and Evaluations

Visits to the Restaurant and 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

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, make available for resale to your customers certain merchandise identifying the System, such as logoed merchandise and memorabilia, and other proprietary products in sufficient amounts to meet customer demand. We may specify that you must purchase such merchandise from us, our affiliate, or another designated supplier.

### 5.9 Approved Suppliers

A list of approved suppliers as described in Section 7.4 from time to time as we deem appropriate.

### 5.10 Initial Training Program

An initial training program for up to four (4) people at no additional charge, as well as other training programs in accordance with the provisions of Sections 6.4.1, 6.4.2 and 6.4.4.

### 5.11 Opening Assistance

On-site opening assistance at the Restaurant in accordance with the provisions of Section 6.4.2.

### 5.12 Brand Development Fund

Establishment and administration of a brand development fund in accordance with Article 8, when we determine that such fund will be beneficial to the System and all Waffle Cabin Restaurants operating thereunder.

## 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 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 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 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. 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 the 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 will cooperate with us in any efforts made by us to verify compliance with such representations, warranties and covenants.

### 6.3 General Manager; Restaurant Oversight

You shall designate and retain at all times a general manager ("General Manager") to direct the operation and management of the Restaurant. The General Manager shall be responsible for the daily operation of the Restaurant and may be one of the Principals. The General Manager shall, during the entire period he serves as General Manager, meet the following qualifications:

6.3.1 The General 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 The General Manager shall devote full time and best efforts to the supervision and management of the Restaurant;

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

6.3.4 The General Manager shall satisfy the training requirements set forth in Section 6.4. If, during the term of this Agreement, the General 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 (not later than seven (7) days after the event) notify us and designate a replacement within sixty (60) days after the General Manager ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us). 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.

Notwithstanding the foregoing, you acknowledge and understand that you shall participate in the daily operation of your Franchised Business and, in addition, shall be responsible for compliance with all of our requirements in the Manuals and the terms of this Agreement. If you own more than one (1) Waffle Cabin Restaurant, you understand and agree that your required participation includes direct oversight over all such Restaurants.

### 6.4 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 thirty (30) days before the Opening Date, up to four (4) people shall attend our initial training program, including classroom training and training in an operating Restaurant at such location(s) as may be designated by us. Your initial trainees must include your General Manager. Your initial trainees must complete our initial training program to our satisfaction. We shall provide instructors and training materials for the initial training program for the first four (4) people at no additional charge to you; provided that we shall have the right to charge a reasonable fee for such training of any additional managers or Restaurant personnel.

We shall determine, in our reasonable discretion, whether you and/or your General Manager have satisfactorily completed initial training. If the initial training program is (a) not completed within the timeframe required by us, (b) not satisfactorily completed by you or your General Manager, or (c) if we in our reasonable business judgment, based upon the performance of you or your General Manager, determine that the training program cannot be satisfactorily completed by any such person, you shall designate a replacement to satisfactorily complete such training. Any manager subsequently designated by you shall also receive and complete such initial training. We reserve the right to charge a reasonable fee for providing our initial training program to any replacement or successor manager or other Restaurant personnel. You shall be responsible for any and all expenses incurred by you, your General Manager and other Restaurant personnel in connection with any initial training program, including, without limitation, costs of travel, lodging, meals and applicable wages.

6.4.2 In connection with the opening of the Restaurant, we shall provide you with one (1) of our representatives to provide on-site opening assistance and training for up to three (3) days around your Restaurant opening. If you request that our representative provide additional days of opening assistance, you agree to pay all expenses our representative incurs while providing the additional days of assistance, including, without limitation, travel, lodging and meals expenses. If this Agreement is for your second (2nd) or later Restaurant, we reserve the right to not provide you with opening assistance or to provide reduced opening assistance.

6.4.3 Upon your reasonable request or as we shall deem appropriate, we shall, during the term hereof and subject to the availability of personnel, provide you with additional trained representatives who shall provide on-site remedial 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.

### 6.5 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.

### 6.6 Compliance with All Other Obligations

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

### 6.7 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 7.

## 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.

### 7.2 Maintenance of Restaurant

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 through catering or 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.

### 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

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 waffle irons, 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.

If you desire to purchase, lease or use any products or other items 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 to pay our then-current evaluation fee for each such request. You shall not purchase or lease from any supplier until and unless such 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.

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. 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, carry-out and catering, only as expressly authorized by us in writing in the Manuals or otherwise in writing.

7.5.2 To sell and offer for sale only the menu items, 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, 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, products, materials, merchandise, 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 waffle irons, 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, 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 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 obtain and maintain internet access or other means of electronic communication, as 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 such 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 display Notice and Announcements at conspicuous locations on the premises of the restaurant as we may designate in writing.

### 7.6 Proprietary Products

You acknowledge and agree that we and our affiliates have developed, and may continue to develop, for use in the System certain products which are prepared from confidential proprietary recipes and which are trade secrets of us and our affiliates, and other proprietary products bearing the Marks. 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 proprietary products and shall purchase all of your inventory of such products solely from us or from a source designated by us. You further agree to purchase from us 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 of this Agreement.

### 7.9 Power of Attorney for Telephone Listings, etc.

Upon the execution of this Agreement or at any time thereafter, you shall, at our option, execute such forms and documents as we deem necessary, including the agreement attached hereto as Attachment 6 to appoint us as your true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to us only upon the termination or expiration of this Agreement, as required under Section 17.15: (i) all rights to the telephone numbers of the Restaurant and any related and other business listings; and (ii) internet listings, domain names, internet accounts, advertising on the internet or world wide web, websites, listings with search engines, email addresses, social media accounts, software accounts and passwords, 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

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.

### 7.12 Pricing

We may advise you in writing, from time to time and where permitted by applicable law, concerning the maximum prices which you should charge your customers for menu items, products and services provided or sold under the System. Any such advice, 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 or optimize profits. You are obligated to inform us of all prices charged for services and products sold by you and to inform us of any modifications of your prices.

## ARTICLE 8
## ADVERTISING AND PROMOTION

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. 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.

### 8.2 Local Advertising

We recommend, but do not require, that you conduct advertising and promotion of your Restaurant in your Territory ("Local Advertising"). If you choose to conduct Local Advertising, then any materials you wish to use in such advertising must first be approved by us, as described in Section 8.4 below.

### 8.3 Brand Development Fund

We reserve the right to establish and administer a Brand Development Fund for the purpose of advertising the System on a regional or national basis (the "Brand Development Fund"). You agree to contribute to the Brand Development Fund as described in Section 4.3 above upon notice from us that the Brand Development Fund has been created. You agree that the Brand Development 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 Brand Development 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 and our affiliates shall, with respect to Restaurants operated by us, contribute to the Brand Development Fund generally on the same basis as you. In administering the Brand Development 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 Brand Development Fund for our reasonable expenses in managing the Brand Development Fund.

8.3.2 You agree that the Brand Development 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 television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; internet marketing; product research and development; public relations activities; employing advertising agencies to assist therein; menu and product development; development and maintenance of our website; 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 Brand Development Fund may be commingled with our general funds but will be accounted for separately by us 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 Brand Development Fund and advertising programs for franchisees and the System. The Brand Development Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology or intellectual property shall be deemed our property. The Brand Development Fund is operated solely as a conduit for collecting and expending the Brand Development Fees as outlined above.

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

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

### 8.4 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 materials. If we do not provide our specific approval of the proposed materials within this fifteen (15) day period, the proposed 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 materials. You shall not advertise or use the Marks in any fashion on the internet, world wide web or via other means of advertising through telecommunication without our express written consent.

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

### 8.5 Grand Opening Advertising

You may, but are not required to, conduct a grand opening advertising campaign to promote the opening of your Restaurant. If you choose to conduct an opening advertising campaign, it must be approved by us before you may begin it.

### 8.6 Websites

As used in this Agreement, the term "Website" means an interactive electronic document, including but not limited to any apps that we may introduce, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, internet and world wide web home pages. In connection with any Website, you agree to the following:

8.6.1 We shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, Waffle Cabin Restaurants and any or all of the products offered at Restaurants, the franchising of Waffle Cabin Restaurants, and/or the System. We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; we shall also have the right to discontinue operation of the Website.

8.6.2 We shall have the right, but not the obligation, to designate one or more web page(s) to describe you and/or the Franchised Business, with such web page(s) to be located within our Website. You shall comply with our policies with respect to the creation, maintenance and content of any such web pages; and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

8.6.3 You shall not establish a separate Website related to the Marks or the System without our prior written approval (which we shall not be obligated to provide). If approved to establish such a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any such Website owned or maintained by you or for your benefit shall be deemed "advertising" under this Agreement, and will be subject to (among other things) our approval under this Article 8.

8.6.4 You are strictly prohibited from promoting your Restaurant and/or using the Marks in any manner on social and/or networking Websites, including, but not limited to, Facebook, LinkedIn, TikTok, Instagram, YouTube and Twitter/X, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Restaurant's operation, including prohibitions on your and the Restaurant's employees posting or blogging comments about the Restaurant or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, TikTok, and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter/X, 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.

## 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 the Marks shall be deemed to include the owner's right, title and interest in 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 other 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 "Waffle Cabin" 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 a trade name or "d/b/a" prior to filing it with the applicable state authority.

9.3.2 During the term of this Agreement and any successor term hereof, 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 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 Manual that have been replaced or updated by us. You expressly agree to comply with each new or changed standard.

10.1.6 You 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 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, including but not limited to the Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, recipes, and the terms of this Agreement, shall be deemed confidential for purposes of this Agreement. Neither you nor any Principal 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 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 If you, the Principals, the General Manager or any of your employees develop any new concept, process, product, recipe, or improvement in the operation or promotion of the Restaurant, you are required to promptly notify us and provide us with all necessary related information, without compensation. You and the Principals acknowledge that any such concept, process product, recipe, or improvement will become our property, and we may use or disclose such information to other franchisees as we determine 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.

(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 (a "Competitive Business") without our prior written consent.

10.3.2 With respect to you and each Principal, and for a continuous uninterrupted period commencing upon the expiration, termination of, or transfer of all of your or any Principals' 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 of the Principals 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.

(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 Restaurant 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 corporation.

10.3.4 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 who have received or will have access to training from us. Such covenants shall be substantially in the form set forth in Attachment 4. Notwithstanding the foregoing, we reserve the right, in our sole discretion, to decrease the period 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 required to execute such agreement under 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.

## 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 report of Gross Sales and a profit and loss statement for each calendar quarter (which may be unaudited) for you within fifteen (15) days after the end of each calendar quarter 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 operations of you 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 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 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 and attorneys' fees). 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 royalties paid to us (or the cashing of any royalty 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 affiliates, and our respective 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 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, any insurance that you must have according to the terms of the lease for the Accepted Location and as required by applicable law. Currently you must maintain the following insurance: (a) general liability insurance with limits not less than One Million Dollars ($1,000,000) per occurrence and Two Million Dollars ($2,000,000) aggregate; (b) worker's compensation with limits required by applicable state law, but not less than Five Hundred Thousand Dollars ($500,000); (c) any insurance required by the terms of lease (or mortgage) for the Restaurant; and (d) any other insurance we may require in the future.

12.3 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.

12.4 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.

12.5 Not later than thirty (30) days prior to the Opening Date, and thereafter within 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.

12.6 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.

12.7 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.

12.8 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.

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, or the exercise of rights granted pursuant to this Agreement.

### 13.2 Payments to Us

Each payment to be made to us hereunder shall be made 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.

## ARTICLE 14
## TRANSFER OF INTEREST

### 14.1 Transfers by Franchisor.

14.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor's

rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

14.1.2 Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a Waffle Cabin franchise during the Term of this Agreement.

14.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the commercial and residential painting business or to offer or sell any products or services to Franchisee.

**14.2 Restrictions on Transfers by Franchisee**.

Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principal(s) of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

**14.3 Transfers by Franchisee**.

Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

14.3.1 The proposed transferee and all its principals must have the demeanor, and be individuals of good character and otherwise meet Franchisor's then-applicable standards for franchisees.

14.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;

14.3.3 The transferee has agreed to complete Franchisor's Initial Training Program to Franchisor's satisfaction;

14.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;

14.3.5 The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;

14.3.6 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;

14.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;

14.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and

14.3.9 As applicable, and if consent is required, the lessor of the Franchised Business office premises and/or Storage Site consents to the assignment or further sublet of the premises or Storage Site to the transferee.

**14.4 Transfer Fee.**

As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to Seven Thousand Five Hundred Dollars ($7,500) to reimburse us for reviewing the application to transfer, including, without limitation, training expenses, legal and accounting fees.

**14.5 Entity Formation Documents**.

The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are

subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

**14.6 Franchisor 's Right of First Refusal.**

14.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

14.6.2 Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

14.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

14.6.4 If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

**14.7 Death or Permanent Disability**.

The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator, or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. 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 Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at Franchisor's then-current rates during the term of

interim management, plus all travel related and other expenses, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

### 14.8 Effect of Consent to Transfer.

Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

### 14.9 Security Interests to Lender.

If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any collateral Franchisee uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee's collateral to that of the lender of the SBA Financing, and (ii) waive the requirement of the written acknowledgement referenced in this Section.

### 14.10 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.

## 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 15.4.2 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), including, but not limited to, the unauthorized use of any image, likeness or recording of a public figure;

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 operator 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 associate 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 or any of 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 Indemnitees Do Not Assume Liability

The Indemnitees do not hereby assume any liability whatsoever for acts, errors, or omissions of any third party with whom you, any of the Principals, your affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you or your affiliates may contract, regardless of the purpose. You and each of the Principals shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of you, the Principals, your affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of us or any other party or parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive.

### 15.6 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.

### 15.7 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 Independent Licensee

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, 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 of your employees for qualification to perform certain functions for your Waffle Cabin restaurant does not directly or indirectly vest in us the power to hire, fire or control any such employee.

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 your Waffle Cabin Restaurant 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 Manual 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 your Waffle Cabin Restaurant, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Waffle Cabin Restaurant.

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 your Waffle Cabin Restaurant. 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. 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. We 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 Waffle Cabin.

### 16.2 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 the exclusive dominion and control of you and never under the direct or indirect control of us in any fashion whatsoever. You alone hire each of your employees; sets their schedules; establishes their compensation rates; and, pays all salaries, benefits and employment-related liabilities (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, which has 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 your Waffle Cabin Restaurant is at all times staffed at those levels necessary to operate your Waffle Cabin Restaurant in conformity with the System and the products, services, standards of quality and efficiency, and other Waffle Cabin 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 your Waffle Cabin Restaurant 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 it to efficiently operate your Waffle Cabin Restaurant, 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 for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Waffle Cabin Restaurant 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 itself 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 we are the only named party in any such investigation, action, proceeding, arbitration or other setting 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 appearing at any such venue.

### 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 or the Marks, 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.

## 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 ensure that the cabin is ordered and installed 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; provided, however, that Force Majeure shall not include your lack of financing), 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;

(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 effectuated 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; provided that, notwithstanding the above, you shall be entitled to notice of such event of default and shall have twenty-four (24) hours to cure 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 managers is not able to complete our initial training program to our satisfaction, after having given you the opportunity to designate a replacement manager; and

(t) If you fail to comply with all applicable laws and ordinances relating to the Restaurant, including Anti-Terrorism Laws, or if your or any of your Principals' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your Principals otherwise violate any such law, ordinance, or regulation.

### 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 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.

### 17.3 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 affiliate are an approved supplier to you and/or suspension of your web page 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 "Waffle Cabin"; 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 "Waffle Cabin" 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 the 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 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 (if any), 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. All waffle irons shall be repurchased by us for their depreciated value using the straight-line method of depreciation. You may not retain any waffle iron for any purpose.

### 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 also 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 Assignment to Us

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 term) 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 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. We shall be purchasing your assets 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 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 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. 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 Section to any other party, without your consent.

### 18.15 Telephone Numbers, Internet Pages Listings, etc.

You, at our option, shall assign to us all rights to the telephone numbers of the Restaurant and any related 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 listings, domain names, internet accounts, advertising on the internet or world wide web, websites, listings with search engines, email addresses, social media accounts, software accounts or passwords, 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, social media accounts, 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 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, whichever is higher.

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.

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

### 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 Vermont under the authority of Vermont 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 Vermont 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 Vermont Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or expiration 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.

### 19.8 Venue; Governing Law

With respect to any claims, controversies or disputes which are not finally resolved through mediation or arbitration, or as otherwise provided above, you and the Principals hereby irrevocably submit themselves to the jurisdiction of the state courts of Rutland County, Vermont 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 Vermont or federal law. You and the Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be Rutland County, Vermont; 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 Vermont law.

### 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 Section 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

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.

### 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 at the time that this Agreement was executed.

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 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 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 business; or we determine that operational problems require that we operate your business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern.

We shall keep in a separate account all monies generated by the operation of your business, less the expenses of the 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 Vermont, 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
## SECURITY INTERESTS

### 20.1 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".

### 20.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the "Indebtedness"):

20.2.1 All amounts due under this Agreement or otherwise by you;

20.2.2 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;

20.2.3 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

20.2.4 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.

20.2.5 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.

### 20.3 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.

### 20.4 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.

### 20.5 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 Vermont (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.

### 20.6 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 21
## TECHNOLOGY

### 21.1 Computer Systems and Software

The following terms and conditions shall apply with respect to your computer system:

21.1.1 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 Waffle Cabin 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 Waffle Cabin Restaurants, between or among Restaurants, and between and among the Franchised 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").

21.1.2 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.

21.1.3 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.

21.1.4 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").

21.1.5 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.

### 21.2 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.

### 21.3 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.

### 21.4 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.

### 21.5 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.

### 21.6 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.

### 21.7 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.

### 21.8 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 21 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 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.

*-Remainder of page intentionally left blank-*

Each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written.

FRANCHISOR:
ATOMIUM, INC.

By:_____
Name:_____
Title:_____

FRANCHISEE:
_____

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

**ATTACHMENT 1 TO THE FRANCHISE AGREEMENT**

**ACCEPTED LOCATION AND TERRITORY**

[If there is no Accepted Location on the Effective Date, insert: **ACCEPTED LOCATION AND TERRITORY TO BE DETERMINED AND INSERTED AFTER PREMISES IS IDENTIFIED BY YOU AND APPROVED BY US FOR THE WAFFLE CABIN RESTAURANT, 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. TERRITORY:

Pursuant to Section 1.4 of the Franchise Agreement, the Territory shall be:

_____
_____

**ATTACHMENT 2 TO THE FRANCHISE AGREEMENT**

**COLLATERAL ASSIGNMENT OF LEASE**

**FOR VALUE RECEIVED**, the undersigned ("Assignor") assigns, transfers and sets over to Atomium, Inc., a Vermont 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 a 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:<br>ATOMIUM, INC. | ASSIGNOR:<br>_____ |
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |
| Date:_____ | Date:_____ |

**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 FRANCHISE AGREEMENT**

**STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY**

| **Name** | **Percentage of Ownership** |
|---|---|

## ATTACHMENT 4 TO THE FRANCHISE AGREEMENT

## CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
**(for trained employees and managers of Franchised Business)**

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 Atomium, Inc. (the "Company") to establish and operate a Waffle Cabin 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 quick-serve Belgian sugar waffles and beverages such as coffee, tea and hot cocoa. 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 Territory, as defined in the Franchise Agreement ("Franchisee's Territory");

7.2 Ten (10) miles of Franchisee's 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 Vermont, without regard to the application of Vermont 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 FRANCHISE AGREEMENT**

**ELECTRONIC TRANSFER AUTHORIZATION**

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO ATOMIUM, INC. ("COMPANY")**

Depositor hereby authorizes and requests _____ (the "Depository") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of Atomium, Inc. by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name:_____

City:_____ State:_____ Zip Code:_____

Transit/ABA Number:_____ Account Number:_____

This authority is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

Depositor: (Please Print)

_____

_____

_____
Date Signed

_____

_____
Signature(s) of Depositor, as Printed Above

**Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.**

**ATTACHMENT 6 TO THE FRANCHISE AGREEMENT**

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

**THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT** (the "Agreement") is made and entered into this day of _____ (the "Effective Date"), by and between Atomium, Inc., a Vermont corporation, with its principal place of business at 18 Night Pasture Lane, South Chittenden, Vermont, 05701 (the "Franchisor"), and _____ _____, a(n) _____, with its principal place of business located at _____, and _____'s principal(s), _____ _____, an individual, residing at _____, and _____ _____, an individual, residing at _____ ("Principal(s)"). _____ _____ and Principal(s) shall be collectively referred to in this Agreement as the "Franchisee".

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for a Waffle Cabin business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the Waffle Cabin 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 Listings**

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

2.2 Interest in Telephone Numbers and Listings. 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, other listing agencies and software companies (collectively, the "Internet and Software Companies") with which Franchisee has Electronic Advertising and Software: (i) to transfer all of Franchisee's interest in such Electronic Advertising and Software to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Software, Franchisee will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which 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 to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all 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. 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, 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 Vermont, without regard to the application of Vermont conflict of law rules.

*-Remainder of Page Intentionally Blank-*

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

FRANCHISOR:
ATOMIUM, INC.

By:_____
Name:_____
Title:_____

FRANCHISEE:
_____

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

## ATTACHMENT 7 TO THE FRANCHISE AGREEMENT

## SPOUSE GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on ____ _____ (the "Effective Date"), to Atomium, Inc., a Vermont 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:_____
_____

## ATTACHMENT 8

## AMERICANS WITH DISABILITIES ACT ( "ADA") CERTIFICATION

Atomium, Inc. ("**Franchisor**") and _____ ("**Franchisee**") are parties to a franchise agreement dated _____, for the operation of a Restaurant at _____ (the "Restaurant"). In accordance with Section 2.4 of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee's knowledge, the Restaurant 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 Restaurant. Franchisee acknowledges that Franchisor 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 9

## FOOD TRAILER ADDENDUM

### ADDENDUM TO THE ATOMIUM, INC. FRANCHISE AGREEMENT FOR MOBILE TRAILERS

This addendum (the "Addendum"), entered into on _____, by and between Atomium, Inc., a Vermont corporation, with its principal address at 18 Night Pasture Lane, South Chittenden, Vermont, 05701 (herein referred to as "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)"), who shall be collectively referred to in this Addendum as "you", "your", or "Franchisee".

### RECITALS

**WHEREAS**, Franchisor and Franchisee are parties to a franchise agreement of even date herewith which grants Franchisee the rights to establish a Waffle Cabin franchise in accordance with said agreement (the "Franchise Agreement");

**WHEREAS**, Franchisee elects, with Franchisor's consent, to operate Franchisee's Franchised Business at and from a mobile trailer ("Trailer"); and

**WHEREAS**, Franchisor and Franchisee desire to amend the Franchise Agreement as set forth herein.

**NOW, THEREFORE**, in consideration of the mutual promises contained in the Franchise Agreement and this Addendum, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. Sections 1.2 (Accepted Location) and 1.4 (Territory; Right of First Refusal) of the Franchise Agreement are hereby amended to state there shall be no Accepted Location and no Territory for the Trailer. Section 1.4 is further amended by deleting Sections 1.4.1 and 1.4.2 thereof, and replacing with the following:

> "You hereby acknowledge and agree that you will operate the Trailer in accordance with the limitations on geographic scope as set forth in the Manual and in accordance with our approval, and according to the monthly schedule of events per the Waffle Cabin intranet. You further acknowledge and agree that we shall be permitted to establish or authorize any other person or entity, other than you, to establish a brick and mortar Waffle Cabin business ("B&M Outlet") in any geographic area in which you have previously operated or may then be operating during the term of this Agreement and any extensions hereof; provided, however, that if we receive a request from a prospective franchisee to establish a B&M Outlet within such geographic area, we will notify you and you will have thirty (30) days to tell us whether you will purchase the B&M Outlet. If you do not notify us within the thirty (30) day period

that you wish to purchase such B&M Outlet, or if you choose to not purchase the B&M Outlet, then we have the right to proceed with the franchise sale to the prospective franchisee and we may develop the B&M Outlet. In this event, continued operation of your Trailer in that geographic area shall be conducted in strict compliance with the then-current guidelines for proximity to a B&M Outlet as set forth in the Manual.

You acknowledge and understand that the rights granted hereunder pertain only to the establishment of a Trailer. You acknowledge and agree that our affiliates 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 food service businesses might compete with your Trailer. You further agree and acknowledge that the license granted hereby is only for the operation of one (1) Trailer."

2. Section 2.3 (Zoning Clearances, Permits and Licenses) of the Franchise Agreement is hereby deleted and replaced with the following:

"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 operation of the Trailer. Prior to beginning operating the Trailer, you shall (i) obtain all permits, licenses and certifications required for the lawful operation of the Trailer, and (ii) certify in writing to us that the insurance coverage specified in Article 12 is in full force and effect (or provide us with a certificate of insurance evidencing coverage) 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."

3. Section 2.4 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

"**2.4 <u>Outfitting of Trailer</u>**. The outfitting of the Trailer with all equipment and signage as approved and required by us must be completed within twelve (12) weeks of the execution of this Agreement."

4. Section 2.5 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

"**2.5 <u>Opening Date; Time is of the Essence</u>**. You acknowledge that time is of the essence. Subject to your compliance with the conditions stated below, you shall begin operating the Trailer within four (4) months after execution of this Agreement, unless you obtain an extension of such time period from us in writing. The date the Trailer 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 operation of the Trailer, including installation of equipment and signage and shall comply with all of your other pre-opening obligations, including, but not limited to, those obligations described in Sections 6.2 through 6.6, to our reasonable satisfaction. If you fail to reasonably comply with any of such obligations, except for delay caused by a force majeure event as described in Section 17.1.3(e), we shall have the right to prohibit you from commencing business. If your Trailer has not commenced operations within four (4) months following the execution of this Agreement, we have the right to terminate this Agreement.

Notwithstanding the foregoing, if you fail to open your Trailer within the timeframe required herein, subject to force majeure, you agree to pay to us a delayed opening fee in the amount of Two Thousand Five Hundred Dollars ($2,500) per month for up to six (6) additional months. You understand and acknowledge that such fee shall be in addition to our other rights and remedies hereunder or at law. If your Trailer is not open and operating within this additional six (6) month period, we have the right, exercisable in our sole discretion, to terminate this Agreement without providing you with a refund or to permit you to continue paying the delayed opening fee described herein until your Trailer commences operations."

5. Section 18.12, including all subsections, of the Franchise Agreement are hereby amended to include the Trailer as part of the assets of the Franchised Business that Franchisor is entitled to purchase, in accordance with the remaining provisions of this Section and all subsections.

6. In addition to all other obligations to comply with System standards, Franchisee shall, at Franchisee's sole expense:

(i) maintain and repair the Trailer, to ensure that the Trailer remains in good working order and condition. Franchisee, at Franchisee's sole expense, shall cause the Trailer to be regularly serviced in accordance with any warranty and manufacturer's guidelines. Franchisee shall provide Franchisor with copies of all maintenance and repair records and invoices upon request;

(ii) maintain the exterior of the Trailer in clean and good appearance. Franchisee shall promptly repair all scratches and dents and shall have the Trailer professionally cleaned not less than one (1) time per week; and

(iii) file all required state registration and inspection reports for the Trailer. Franchisee shall submit the Trailer for annual vehicle inspection, as required by state law, and submit such reports to Franchisor. Franchisee shall pay all registration and inspections fees.

Except as specifically amended hereby, all provisions of the Franchise Agreement remain in full force and effect.

Terms defined in the Franchise Agreement and not defined in this Addendum have the meaning defined in the Franchise Agreement.

*-Signature page immediately follows-*

The parties hereto have duly signed and executed this Addendum to the Atomium, Inc. Franchise Agreement as of the day and year first above written.

FRANCHISOR:
ATOMIUM, INC.

By:_____
Name:_____
Title:_____

FRANCHISEE:
_____

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

**Exhibit C to the**
**Waffle Cabin Franchise Disclosure Document**

# MULTI-UNIT OPERATOR AGREEMENT

**ATOMIUM, INC.**

**MULTI-UNIT OPERATOR AGREEMENT**

**MULTI-UNIT OPERATOR**

**DATE OF AGREEMENT**

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ATTACHMENTS:

1 Minimum Performance Schedule
2 Exclusive Territory

**ATOMIUM, INC.**

**MULTI-UNIT OPERATOR AGREEMENT**

**THIS MULTI-UNIT OPERATOR AGREEMENT** ("Agreement") is made and entered into on _____, between Atomium, Inc., a Vermont corporation, having its principal address at 18 Night Pasture Lane, South Chittenden, Vermont, 05701 ("we", "us" or "our"), and _____, an individual, residing at _____ (hereinafter "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 restaurant and/or food trailer offering quick-serve Belgian sugar waffles and beverages such as coffee, tea and hot cocoa, operating under the name "Waffle Cabin" ("Franchised Business");

**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**, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Waffle Cabin" 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 outlets operating under the Marks and the System within the Exclusive Territory described in this Multi-Unit Operator 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 Operator Agreement, certain development rights ("Development Rights") to establish and operate three (3) Franchised Businesses, and to use the Marks and 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 Franchised Business developed hereunder shall be located in the area

described in Attachment 2 of this Agreement (hereinafter "Exclusive Territory"). The Minimum Performance Schedule shall be deemed completed, and this Agreement shall expire, upon the opening of the last Waffle Cabin outlet to be developed hereunder.

1.2 Each Franchised Business 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.

1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a Franchised Business in the Exclusive Territory during the term of this Agreement, provided you are not in default hereunder.

1.4 This Agreement is not a Franchise Agreement and does not grant to you any right to use the Marks or System.

1.5 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 Thirty-Five Thousand Two Hundred Fifty Dollars ($35,250), which is due upon execution of this Agreement ("Development Fee") for the right to develop a three (3) pack of Franchised Businesses in the Exclusive Territory. The Development Fee paid upon execution of this Agreement and is not refundable under any circumstances.

We expect that you will execute the Franchise Agreement for your first Franchised Business contemporaneously with the execution of this Agreement. Upon your execution of such Franchise Agreement, we will apply Twenty-Three Thousand Five Hundred Dollars ($23,500) of the Development Fee in full payment of the initial franchise fee for the first Franchised Business. For the second (2nd) and third (3rd) Franchised Businesses to be developed hereunder, we will apply Five Thousand Eight Hundred Seventy-Five Dollars ($5,875) toward the reduced initial franchise fee due for each such Franchised Business, and the balance of the initial franchise fee due of Five Thousand Eight Hundred Seventy-Five Dollars ($5,875) for each Franchised Business is payable by you in a lump sum within thirty (30) days of opening each Franchised Business.

## SECTION 3
## SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 You shall assume all responsibility and expense for locating potential sites for Franchised Businesses and shall submit to us for our evaluation and approval, in the form specified by us, a description of the site, the terms of the lease or purchase, a market feasibility study for the site and such other information and materials as we may reasonably require, together with a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have thirty (30) days after receipt of such information and materials from you to accept or decline the site in our sole discretion. If the site is accepted, you will then be presented with the Franchise Agreement for execution.

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 in accordance with the Minimum Performance Schedule. Your failure to adhere to the Minimum Performance Schedule shall constitute a default under

this Agreement as provided in Section 9.1 hereof. Under no circumstances may you open a Franchised Business for business unless and until there is a fully executed Franchise Agreement in place for such Franchised Business and we have been paid all amounts payable to us upon execution of such Agreement.

3.3 You shall exercise each Development Right granted herein only by executing a Franchise Agreement for each Franchised Business at a site approved by us in the Exclusive Territory as hereinafter provided within ten (10) days after receipt of said Franchise Agreement from us for the approved site and return same to us for our execution. The Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The Franchise Agreement for each additional Development Right exercised hereunder shall be the then-current Franchise Agreement, except that the Royalty and Brand Development 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 with the appropriate number of copies within said ten (10) days from delivery thereof to you, our approval of the site shall be void and you shall have no rights with respect to said site.

3.4 You acknowledge that the approval of a particular site for a Franchised Business by us shall not be deemed to be an assurance or guaranty that the Franchised Business will operate successfully or at a profit from such site.

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 Waffle Cabin outlet pursuant thereto, provided that you shall also personally sign such Franchise Agreement as a principal.

## SECTION 4
## DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Section 1.1. Notwithstanding any other provision of this Agreement, Development Rights under this Agreement may or may not, in our sole discretion, include the right to develop Franchised Businesses at any "Non-Traditional Sites". Non-Traditional Sites include without limitation military bases, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, prisons, hospitals, convenience stores, casinos, sports or entertainment venues or stadiums, and retail restaurant locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof.

4.2 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 the Minimum Performance Schedule, 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 Franchised Businesses within the Exclusive Territory, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement.

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, Waffle Cabin outlets within the Exclusive Territory subject only to the territorial rights granted to

you with respect to restaurants operated by you pursuant to Franchise Agreements and subject, further, to the right of first refusal described in Section 6 below.

4.4 Except as expressly limited by Section 3.2 above, we and our affiliates retain all rights with respect to Franchised Businesses, 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 Franchised Businesses 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 Exclusive Territory, 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 direct marketing sales;

4.4.2 to operate and to grant others the right to operate Franchised Businesses located outside the Exclusive Territory under any terms and conditions we deem appropriate and regardless of proximity to a Franchised Business; and

4.4.3 to acquire and operate a business operating one or more restaurants or food service businesses located or operating in the Exclusive Territory.

## SECTION 5
## RENEWAL

This Agreement shall not be subject to renewal; however, if you wish to purchase a new Exclusive Territory and continue to develop Franchised Businesses, we will, in good faith, negotiate a new Multi-Unit Operator Agreement with you.

## SECTION 6
## TERM AND RIGHT OF FIRST REFUSAL

6.1 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 Franchised Business is opened pursuant to the Minimum Performance Schedule established in Attachment 1.

6.2 If, during the term of this Agreement, a Non-Traditional Site becomes available in your Exclusive Territory, then we may, in our sole discretion, offer to you the opportunity to develop a Franchised Business at such Non-Traditional Site. You shall have thirty (30) days after receipt of our notice in which to accept or decline this right of first refusal. Your failure to notify us within such thirty (30) day period shall be interpreted that you have declined the right of first refusal. Nothing in this Agreement shall require us to provide you with a right of first refusal for a Non-Traditional Site.

## SECTION 7
## YOUR OBLIGATIONS

7.1 You acknowledge and agree that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of Franchised Businesses 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 Franchised Businesses within

the Exclusive Territory. You shall obtain the license to use such additional rights at each Franchised Business upon the execution of each Franchise Agreement by both you and us and only in accordance with the terms of each Franchise Agreement.

7.1.2 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.

7.1.3 Except as provided in Sections 6.1 and 6.2 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 Franchised Businesses and to use the System and the Marks at any location outside the Exclusive Territory, 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 Exclusive Territory and to use the Marks in connection therewith.

7.1.4 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.

7.1.5 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 a Waffle Cabin Franchised Business.

7.1.6 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.

7.1.7 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.1.8 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.1.9 In no event shall any Franchised Business be opened for business unless and until a Franchise Agreement for such Franchised Business has been fully executed and the initial fee for such Franchised Business has been paid.

## SECTION 8
## OUR SERVICES

We shall, at our expense, provide the following services:

8.1 Review your site selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for approval thereof.

8.2 Assist you in determining the layout and configuration of each Franchised Business once the location has been approved.

8.3 Provide such other resources and assistance as may hereafter be developed and offered by us to our other multi-unit operators.

## 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 Franchised Businesses 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 Operator 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 Franchised Business, 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 associate 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 Franchised Businesses developed pursuant to the terms of this Agreement.

9.1.10 If you fail to comply with all applicable laws and ordinances relating to the Franchised Businesses 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 covenant 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 Section 2 when same are due.

9.2.4 If you shall begin work upon any Franchised Business 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 Franchised Business for business before a Franchise Agreement for such Franchised Business has been fully executed and the initial fee due to us has been paid.

## 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 Franchised Businesses.

10.1.2 To cease immediately to hold yourself out in any way as a multi-unit operator 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 In the event of your death, disability or permanent incapacity, you (or your legal representative) may transfer all your interest to your spouse, heirs or relatives, by blood or marriage, with our consent, or if this Agreement was originally executed by more than one party, then to the remaining party(ies) who originally executed this Agreement, whether such transfer is made by your Last Will and Testament or by operation of law, provided that the requirements of Section 11 hereof have been met. In the event that your heirs do not obtain our consent as prescribed herein, your personal representative shall have a reasonable time to dispose of your interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement.

11.3 You have represented to us that you are entering into this 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 Franchised Business(es) to be constructed hereunder are opened or under construction shall be deemed to be an event of default.

11.4 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 11.4, to purchase such business, Development Rights and interests, including your right to develop sites within the Exclusive Territory, 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 11.4 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.

11.5 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 operators 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.

11.6 Except as provided in this 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:

11.6.1 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.

11.6.2 All ascertained or liquidated debts of you to us or our affiliated or subsidiary corporations are paid.

11.6.3 You are not in default hereunder.

11.6.4 We are reasonably satisfied that the transferee meets all of our requirements for new multi-unit operators, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength and other business considerations.

11.6.5 Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, our standard form of Multi-Unit Operator Agreement, Franchise Agreements for all Franchised Businesses open or under construction hereunder, and such other then-current ancillary agreements being required by us of new multi-unit operators on the date of transfer.

11.6.6 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. 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.

11.6.7 You or transferee pay to us a transfer fee in an amount equal to Nine Thousand Five Hundred Dollars ($9,500) to cover our reasonable costs in effecting the transfer and in providing training and other initial assistance to transferee.

11.7 Death or Permanent Disability.

11.7.1 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 forgoing 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 Franchised Businesses and remaining Minimum Performance Schedule during the six (6) month period from its onset.

11.7.2 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.

11.7.3 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 Franchised Businesses 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 five percent (5%) of the gross sales generated by your Franchised Businesses during our operation thereof, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by us, pending transfer of your Franchised Businesses and remaining Minimum Performance Schedule to your lawful heirs or successors.

11.8 Our consent to a transfer by you or 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.

11.9 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 "Atomium, Inc." as Franchisor. Nothing contained in this Agreement shall require us to remain in the restaurant business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

## 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/himself, 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.

12.1.2 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any restaurant or 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 Franchised Business, including a restaurant which offers and sells the same or substantially similar food products (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, 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 ten (10) miles of any Waffle Cabin outlet in the System.

12.3 Subsections 12.1.2 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 corporation which is registered under the Securities Exchange Act of 1934.

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.

12.8 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any Franchised Business 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 mailed by certified or registered mail, return receipt requested, 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. Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

## 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 multiple copies, each of which shall be deemed an original.

## SECTION 18
## ENTIRE AGREEMENT; APPLICABLE LAW

This Agreement, the documents referred to herein and the Attachments 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 Vermont, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located within the County of Rutland, Vermont.

## 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 Vermont under the authority of

Vermont 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 Vermont 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 Vermont 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 Rutland County, Vermont, 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 Vermont or federal law. You further agree that venue for any proceeding relating to or arising out of this Agreement shall be Rutland County, Vermont; 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 Vermont law.

19.3 You and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in 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. Each of 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 acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Rutland County, Vermont, and further acknowledge that the performance of certain of your obligations arising under this Agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements of ours, shall occur in Rutland County, Vermont.

19.5 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.

19.6 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 Franchised Businesses in the Exclusive Territory 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 Franchised Businesses within the Exclusive Territory in accordance with the Minimum Performance Schedule, to operate such Franchised Businesses pursuant to the terms of the Franchise Agreements and to maintain all such Franchised Businesses 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. Force Majeure shall not include your lack of financing.

## SECTION 21
## EFFECTIVE DATE

This Agreement shall be effective as of the date it is executed by us.

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

| | |
|---|---|
| MULTI-UNIT OPERATOR: | FRANCHISOR:<br>ATOMIUM, INC. |
| _____ | |
| Name:_____ | By:_____<br>Name:_____<br>Title:_____ |

**ATOMIUM, INC.**
**MULTI-UNIT OPERATOR AGREEMENT**

**ATTACHMENT 1**

**MINIMUM PERFORMANCE SCHEDULE**

The Agreement authorizes and obliges Multi-Unit Operator to establish and operate three (3) "Waffle Cabin" outlets pursuant to a Franchise Agreement for each Franchised Business. The following is Multi-Unit Operator's Minimum Performance Schedule:

| Minimum Cumulative Number of Franchise Agreements for Franchised Businesses to be Open and Operating Within the Exclusive Territory | By this Date |
|---|---|
| #1 | Within ninety (90) days after this Agreement is executed |
| #2 | Not later than the second (2nd) anniversary of this Agreement |
| #3 | Not later than the third (3rd) anniversary of this Agreement |

The Minimum Performance Schedule shall be deemed completed, and this Agreement shall expire, upon the opening of the final Franchised Business to be developed pursuant to this Agreement.

APPROVED:

MULTI-UNIT OPERATOR:

_____

Name:_____

FRANCHISOR:
ATOMIUM, INC.

By:_____
Name:_____
Title:_____

**ATOMIUM, INC.**
**MULTI-UNIT OPERATOR AGREEMENT**

**ATTACHMENT 2**

**EXCLUSIVE TERRITORY**

The following describes the Exclusive Territory within which Multi-Unit Operator may locate "Waffle Cabin" outlets under this Agreement:

APPROVED:

| | |
|---|---|
| MULTI-UNIT OPERATOR: | FRANCHISOR:<br>ATOMIUM, INC. |
| _____ | |
| Name:_____ | By:_____<br>Name:_____<br>Title:_____ |

**Exhibit D to the**
**Waffle Cabin Franchise Disclosure Document**

**LIST OF FRANCHISEES**
**(as of December 31, 2023)**

| | |
|---|---|
| **COLORADO** | |
| Mountain Capital Partners<br>Austin Foster – 970-382-2874 | One cabin at:<br>Purgatory Ski Resort<br>1 Skier Place<br>Durango, Colorado 81301 |
| Headwall Holdings, LLC<br>Spencer Chu<br>816-516-2617 | One brick-and-mortar at:<br>Steamboat Springs Resort<br>2305 Mount Werner Cir<br>Steamboat Springs, CO 80487 |
| Headwall Holdings, LLC<br>Jonathan Chu<br>816-516-8420 | Four cabins at:<br>Winter Park Resort<br>115 Parry Peak Way<br>Winter Park, Colorado 80482 |
| **CONNECTICUT** | |
| Waffle Cabin of Connecticut<br>Corey Londoner – 646-641-3456 | One mobile unit for catering:<br>5 Abott Avenue<br>Ridgefield, Connecticut 06877 |
| **MAINE** | |
| Exit 32 Baking LLC*<br>Mike Griffin – 617-763-2862 | One cabin and one mobile unit at:<br>Sunday River Resort<br>15 South Ridge Road<br>Newry, Maine 04261 |
| **MICHIGAN** | |
| State Stone, Inc.*<br>Emerson Meyer – 646-287-5012 | One cabin at:<br>Boyne Mountain Resort<br>1 Boyne Mountain Road<br>Boyne Falls, Michigan 49713<br><br>One cabin at:<br>Crystal Mountain<br>12500 Crystal Mountain Drive<br>Thompsonville, Michigan 49683<br><br>One cabin at:<br>The Highlands at Harbor Springs<br>600 Boyne Highlands drive<br>Harbor Springs, MI 49740 |
| Northville Waffles, LLC<br>Michael Charles Douglas – 734-751-0946 | One mobile unit for catering:<br>16164 Crystal Downs East<br>Northville, MI 48168 |
| **NEW HAMPSHIRE** | |
| Carinthia Cabins, LLC | One cabin at: |

| | |
|---|---|
| Judson Stalter – 518-321-1920<br>Hayden Stalter – 518-321-0977 | Gunstock Mountain<br>179 Cherry Valley Road<br>Gilford, NH 03249 |
| Exit 32 Baking LLC*<br>Mike Griffin – 617-763-2862 | Two cabins at:<br>Loon Mountain Resort<br>60 Loon Mountain Road<br>Lincoln, New Hampshire 03251<br><br>One cabin at:<br>Bretton Woods Ski Resort<br>99 Ski Area Road<br>Bretton Woods, New Hampshire 03575 |
| Ragged Waffles LLC*<br>Mike Pendergast – 508-566-7665 | One cabin at:<br>Ragged Mountain Resort<br>620 Ragged Mountain Road<br>Danbury, New Hampshire 03230<br><br>One cabin at:<br>Mount Sunapee Resort<br>1398 Route 103<br>Newbury, New Hampshire 03255<br><br>One cabin at:<br>Waterville Valley Resort<br>1 Ski Area Road<br>Waterville Valley, New Hampshire 03215 |
| **NEW JERSEY** | |
| Vernon Waffle Cabin, LLC*<br>Dennis Clark – 845-494-2858 | Two cabins at:<br>Mountain Creek Resort<br>200 Route 94<br>Vernon, New Jersey 07462 |
| Jersey Waffle Cabin<br>Laura Brengel – 908-442-1145 | One mobile unit cabin for catering:<br>3 Berkshire Way<br>Milford, New Jersey 07733 |
| Bracky, LLC<br>Tom Cooney – 732-673-6490 | One mobile unit cabin for catering:<br>17 Wilshire Way<br>Holmdel, New Jersey 07733 |
| **NEW YORK** | |
| Vernon Waffle Cabin, LLC*<br>Dennis Clark – 845-494-2858 | One cabin at:<br>Belleayre Mountain<br>181 Galli Curci Road<br>Highmount, New York 12997 |
| Harper's Waffles, Inc.<br>Christopher Wierzbicki, Erick Alahverdian & Gerard Van Leuvan<br>516-987-8355 | One brick-and-mortar at:<br>874B West Beech Street<br>Long Beach, New York 11561 |
| Joss Jakubowski<br>518-524-8932 | One cabin at:<br>Gore Mountain<br>793 Peaceful Valley Road<br>North Creek, New York 12853 |

| | |
|---|---|
| Ledge Rock at Whiteface Inc.<br>Roger Jakubowski<br>518-946-2302 | One cabin at:<br>Whiteface Mountain<br>5021 Route 86<br>Wilmington, New York 12997 |
| **PENNSYLVANIA** | |
| Philly Waffle Cabin LLC<br>Jenny Gardner<br>267-228-4289 | One mobile unit for catering:<br>648 Vermont Avenue<br>Lansdale, Pennsylvania 19446 |
| Blue Mountain Ski Resort<br>610-826-7700 | Two cabins at:<br>Blue Mountain Ski Resort<br>1660 Blue Mountain Drive<br>Palmerton, Pennsylvania 18071 |
| Camelback Mountain Resort | Two cabins at:<br>Camelback Mountain Resort<br>One Camelback Road<br>Tannersville, Pennsylvania 18372 |
| **VERMONT** | |
| Green Mountain Waffles LTD. CO.<br>Phoenix Willey<br>801-664-0318 | One cabin at:<br>Jay Peak Resort<br>830 Jay Peak Road<br>Jay, Vermont 05859 |
| Smuggler's Notch Ski Club<br>802-730-3149 | One cabin at:<br>Smuggler's Notch Resort<br>4323 Vermont Route 108 South<br>Jeffersonville, Vermont 05464 |
| **WASHINGTON** | |
| Bodhi, LLC<br>Dani Warner – 206-698-3035<br>John Warner – 206-687-6834 | One brick-and-mortar at:<br>Summit at Snoqualmie<br>1001 WA-906<br>Snoqualmie Pass, WA 98068 |
| **WEST VIRGINIA** | |
| WCS, LLC*<br>304-940-1918 | Two cabins at:<br>Snowshoe Ski Resort<br>10 Snowshoe Drive<br>Snowshoe, West Virginia 26209 |

***Multi-Unit Operators**

**Franchisees who signed a franchise agreement but were not yet open as of December 31, 2023:**

NONE

**FRANCHISEES WHO HAVE LEFT THE SYSTEM**
**(as of December 31, 2023)**

NONE

**Exhibit E to the**
**Waffle Cabin Franchise Disclosure Document**

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TOTAL NUMBER OF PAGES - 222

**Exhibit F to the**
**Waffle Cabin Franchise Disclosure Document**

## STATE SPECIFIC ADDENDA

## CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or non-renewal of a franchise. If the Franchise Agreement or Multi-Unit Operator Agreement contains provisions that are inconsistent with the law, the law will control.

2. The Franchise Agreement and Multi-Unit Operator 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 Operator 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 Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.

5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is 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. 79a et seq., suspending or expelling such persons from membership in such association or exchange.

6. The Franchise Agreement and Multi-Unit Operator Agreement require binding arbitration. The arbitration will occur in Vermont 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 Vermont. This provision may not be enforceable under California law.

8. You must sign a general release if you renew or transfer your franchise. California Corporation Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

9. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

10. 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.

11. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

12. OUR WEBSITE, www.wafflecabin.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.

## CALIFORNIA ADDENDUM TO THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT

1. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

2. **Section 31512.1 Franchise Agreement Provisions Void as Contrary to Public Policy:**

   Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

   (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

   (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

   (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

   (d) Violations of any provision of this division.

3. Except for Ski Resort territories, 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.

4. Spouses of Principal Franchisees must also sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

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

FRANCHISOR:
ATOMIUM, INC.

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

**ILLINOIS ADDENDUM TO THE FDD, FRANCHISE AGREEMENT, AND MULTI-UNIT OPERATOR AGREEMENT**

Illinois law governs the Agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, 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.

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, 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 ____ _____.

FRANCHISOR:
ATOMIUM, INC.

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND**

The Office of Attorney General for the State of Maryland requires that certain provisions contained in franchise documents be amended to be consistent with Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Maryland Franchise Law"). To the extent that this Disclosure Document or Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. No requirement that you agree to any release, assignment, novation, estoppel or waiver of liability as a condition to your purchasing a Waffle Cabin franchise shall act as a release, estoppel or waiver of any liability under the Maryland Franchise Law.

2. Item 5 is amended to state:

   (a) Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required 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.

   (b) In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

3. Item 17 is amended to state:

(a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

(b) Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Law.

(c) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).

(d) Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

4. 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 REGISTRATION OF THIS FRANCHISE DISCLOSURE DOCUMENT WITH MARYLAND SECURITIES DIVISION OF THE OFFICE OF ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE SECURITIES COMMISSIONER.**

## ADDENDUM TO THE WAFFLE CABIN FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated thereunder, the parties to the attached Waffle Cabin Franchise Agreement (the "Franchise Agreement") agree as follows:

1. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a franchisee's assent to a release of liability under that Law as a condition for the sale, renewal, assignment or transfer of the franchise. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Article 3 or Section 14.3 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 17.1.2 of the Franchise Agreement is hereby amended to further state:

> "Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq*.)."

3. To the extent of any inconsistencies, Section 19.7 of the Franchise Agreement is hereby amended to further state:

> "Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland."

4. To the extent of any inconsistencies, Section 19.8 of the Franchise Agreement is hereby amended to further state:

> "Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise."

5. 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.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

9. Section 4.1 of the Franchise Agreement relating the payment of the Initial Franchise fee is hereby amended to state that the Franchisor will defer collection of the Initial Franchise Fee until Franchisor has fulfilled its initial pre-opening obligations and Franchisee may open for business.

The parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

ATOMIUM, INC.

By:_____

_____, _____
(Print Name, Title)

FRANCHISEE:

_____

By:_____

_____, _____
(Print Name, Title)

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

_____
(Print Name)

**ADDENDUM TO THE WAFFLE CABIN MULTI-UNIT OPERATOR AGREEMENT REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated thereunder, the parties to the attached Waffle Cabin Multi-Unit Operator Agreement (the "Multi-Unit Operator Agreement") agree as follows:

1. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a franchisee's assent to a release of liability under that Law as a condition for the sale, renewal, assignment or transfer of the franchise. To the extent of any inconsistencies with the Maryland Franchise Registration and Disclosure Law contained in Article 11 of the Multi-Unit Operator such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 9.1.8 of the Multi-Unit Operator Agreement is hereby amended to further state:

> "Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq*.)."

3. To the extent of any inconsistencies, Section 18 of the Multi-Unit Operator Agreement is hereby amended to further state:

> "Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland."

4. To the extent of any inconsistencies, Section 18 of the Multi-Unit Operator Agreement is hereby amended to further state:

> "Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise."

5. 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.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

7. Section 4.1 of the Franchise Agreement relating the payment of the Development fee is hereby amended to state that the Franchisor will defer collection of the Initial Franchise Fee until the first franchise under the development agreement opens.

8. To the extent of inconsistencies, the Multi-Unit Operator Agreement and Attachment 1 of the Operator Acknowledgement Statement are hereby amended to state that 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.

9. 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.

10. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Multi-Unit Operator Agreement on the same date as that on which the Multi-Unit Operator Agreement was executed.

FRANCHISOR:

ATOMIUM, INC.

By:_____

_____,_____
(Print Name, Title)

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

(Print Name)

## ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, AMENDMENT TO FRANCHISE AGREEMENT, AND MULTI-UNIT OPERATOR AGREEMENT PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW

**(Applies only to Minnesota franchisees)**

Notwithstanding anything to the contrary set forth in the Disclosure Document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. The following language shall be added to the Disclosure Document and the Franchise Agreement:

   "The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee's use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle, or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim."

2. The Disclosure Document and Franchise Agreement are amended as follows:

   "With respect to franchises governed by Minnesota law, Franchisor will comply with Minn.Stat.Sec. 80C.14, Subds 3, 4 and 5, which require, except in certain specific cases, that a Franchisee be given ninety (90) day notice of termination (with sixty (60) days to cure) and one hundred eighty (180) day notice for non-renewal of the Franchise Agreement."

3. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

4. Liquidated damages and termination penalties are prohibited by law in the State of Minnesota and, therefore, the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

   "Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event the termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired term of the Franchise Agreement.

   At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within ten (10) days after demand as compensation for all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Operating Term of the Franchise Agreement. This does not constitute a waiver of the Franchisee's right to a trial on any of the above matters."

5. 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 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 with the franchise.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND AMENDMENT TO FRANCHISE AGREEMENT PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW**
**Continued**

6. Item 17 of the Disclosure Document is amended to add the following and the following language will appear at the end of any Franchise Agreement issued in the State of Minnesota:

"Pursuant to Minnesota Statutes, Chapter 80C and Minn. Rule Part 2860-4400J, this Section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Minnesota Statutes Chapter 8OC."

7. The Disclosure Document and the Franchise Agreement are amended as follows:

"Nothing contained herein shall limit Franchisee's rights to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860-4400J."

8. The Franchisee cannot consent to the Franchisor obtaining injunctive relief. The Franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.

9. Any limitations of claims set forth in the Franchise Agreement must comply with Minnesota Statutes, Section 80C.17, Subd 5.

10. 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 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 with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Amendment concurrently with the execution of the Franchise Agreement this
_____ day of _____, 20____.

ATOMIUM, INC.
FRANCHISOR

_____
FRANCHISEE (Print Name)

By:_____
Title: CEO

By:_____
Title:_____

## 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, 21ST 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.

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

FRANCHISOR:
ATOMIUM, INC.

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

## ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

The following amends Item 17 and is required to be included within the Disclosure Document and shall be deemed to supersede the language in the Disclosure Document itself:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that:

> "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside of this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

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

FRANCHISOR:
ATOMIUM, INC.

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

**VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

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

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

Under 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] [development agreement] does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. 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 _____ _____.

FRANCHISOR:
ATOMIUM, INC.

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

## WASHINGTON ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and franchisee is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business the Franchisee opens under the Multi-Unit Operator Agreement, the State of Washington will require that the franchise fees be released proportionally with respect to each franchised business.

The General Release, Exhibit H of the Franchise Disclosure Document, is hereby amended to state the General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

The Franchisee Acknowledgment Statement, Exhibit I of the Franchise Disclosure Document, is hereby amended to state the Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

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 _____ _____.

FRANCHISOR:
ATOMIUM, INC.

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

**Exhibit G to the**
**Waffle Cabin Franchise Disclosure Document**

## STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

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

| State | State Agency | Agent for Service of Process |
|---|---|---|
| CALIFORNIA | Commissioner of the Department of Financial Protection and Innovation<br>Department of Financial Protection and Innovation<br>320 West 4th Street, Suite 750<br>Los Angeles, CA 90013<br>(213) 576-7505<br>Toll-free (866-275-2677) | Commissioner of the Department of Financial Protection and Innovation |
| HAWAII | Business Registration Division<br>Department of Commerce and Consumer Affairs<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813<br>(808) 586-2722 | Commissioner of Securities of the State of Hawaii |
| ILLINOIS | Office of Attorney General<br>Franchise Division<br>500 South Second Street<br>Springfield, IL 62706<br>(217) 782-4465 | Illinois Attorney General |
| INDIANA | Indiana Secretary of State<br>Securities Division<br>302 West Washington St., Room E-111<br>Indianapolis, IN 46204<br>(317) 232-6681 | Indiana Secretary of State<br>201 State House<br>Indianapolis, IN 46204 |
| MARYLAND | Office of the Attorney General<br>Division of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 | Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, MD 21202-2020<br>(410) 576-6360 |
| MICHIGAN | Michigan Department of Attorney General<br>Consumer Protection Division<br>Antitrust and Franchise Unit<br>670 Law Building<br>Lansing, MI 48913<br>(517) 373-7117 | Michigan Department of Commerce, Corporations and Securities Bureau |
| MINNESOTA | Minnesota Department of Commerce<br>85 7th Place East, Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1500 | Minnesota Commissioner of Commerce |

| State | State Agency | Agent for Service of Process |
|---|---|---|
| NEW YORK | NYS Department of Law<br>Investor Protection Bureau<br>28 Liberty Street, 21st Floor<br>New York, NY 10005<br>(212) 416-8222 Phone | Attention: New York Secretary of State<br>New York Department of State<br>One Commerce Plaza<br>99 Washington Avenue, 6th Floor<br>Albany, NY 11231-0001<br>(518) 473-2492 |
| NORTH DAKOTA | North Dakota Securities Department<br>600 East Boulevard<br>State Capitol, 14th Floor, Dept. 414<br>Bismarck, ND 58505-0510<br>(701) 328-4712 | North Dakota Securities Commissioner |
| RHODE ISLAND | Department of Business Regulation<br>Securities Division<br>1511 Pontiac Avenue, Building 68-2<br>Cranston, RI 02920<br>(401) 462-9585 | Director of Rhode Island Department of Business Regulation |
| SOUTH DAKOTA | Division of Insurance<br>Securities Regulation<br>124 South Euclid, Suite 104<br>Pierre, SD 57501<br>(605) 773-3563 | Director of South Dakota Division of Insurance-Securities Regulation |
| VIRGINIA | State Corporation Commission<br>Division of Securities and Retail Franchising<br>1300 East Main Street, 9th Floor<br>Richmond, VA 23219<br>(804) 371-9051 | Clerk of State Corporation Commission<br>1300 East Main Street, 1st Floor<br>Richmond, VA 23219<br>(804) 371-9733 |
| WASHINGTON | Department of Financial Institutions<br>Securities Division<br>P.O. Box 41200<br>Olympia, WA 98504-1200<br>(360) 902-8760 | Director of Washington Financial Institutions<br>Securities Division<br>150 Israel Road, SW<br>Tumwater, WA 98501 |
| WISCONSIN | Wisconsin Securities Commissioner<br>Securities and Franchise Registration<br>345 W. Washington Avenue<br>Madison, WI 53703<br>(608) 266-8559 | Commissioner of Securities of Wisconsin |

**Exhibit H to the**
**Waffle Cabin Franchise Disclosure Document**

## 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.

[**Washington Residents]**: A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the franchisee is represented by independent counsel. *See* RCW 19.100.180(g); RCW 19.100.220.

Executed as of _____.

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

PRINCIPALS:

_____
Name:_____

_____
Name:_____

**Exhibit I to the**
**Waffle Cabin Franchise Disclosure Document**

## FRANCHISEE ACKNOWLEDGEMENT STATEMENT

****NOT FOR USE IN CALIFORNIA AND WASHINGTON****

****Franchisees in the state of Washington should not sign this Acknowledgment****

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement (or Multi-Unit Operator 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.**

1. Franchisee (or Developer) 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 (or Developer) 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 (or Developer) by Franchisor and Franchisee (or Developer) and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee (or Developer) may experience as a franchisee (or developer) under this Agreement.

_____
Initial

2. Franchisee (or Developer) 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 (or Developer) and its efforts as an independent business operation.

_____
Initial

3. Franchisee (or Developer) agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement (or Multi-Unit Operator Agreement) and that it/she/he understands all the terms and conditions of the Franchise Agreement (or Multi Unit Operator Agreement). Franchisee (or Developer) further acknowledges that the Franchise Agreement (or Multi-Unit Operator 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 (or Developer) 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 (or Multi-Unit Operator Agreement) that are contrary to the terms of the Franchise Agreement (or Multi-Unit Operator Agreement) or the documents incorporated herein. Franchisee (or Developer) acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement (or Multi-Unit Operator Agreement). Franchisee (or Developer) represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement (or Multi-Unit Operator Agreement).

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee (or Developer) 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 (or Multi-Unit Operator Agreement).

_____
Initial

6. Franchisee (or Developer) acknowledges that Franchisor's approval or acceptance of Franchisee's (or Developer'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 (or Developer) acknowledges that it has received the Atomium, Inc. Franchise Disclosure Document with a complete copy of the Franchise Agreement (and Multi-Unit Operator Agreement) and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement (or Multi-Unit Operator Agreement) was executed. Franchisee (or Developer) further acknowledges that Franchisee (or Developer) has read such Franchise Disclosure Document and understands its contents.

_____
Initial

8. Franchisee (or Developer) 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 (or Developer) with respect to the Franchise Agreement (or Multi-Unit Operator Agreement) or the relationship thereby created.

_____
Initial

9. Franchisee (or Developer), together with Franchisee's (or Developer'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 (or Multi-Unit Operator Agreement).

_____
Initial

10. Franchisee (or Developer) is aware of the fact that other present or future franchisees (or developers) 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 under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's (or Developer's) Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT (OR MULTI-UNIT OPERATOR AGREEMENT), FRANCHISEE (OR DEVELOPER) AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S (OR DEVELOPER'S) AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE ATOMIUM, INC., LEO'S INC., AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES 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 (OR MULTI-UNIT OPERATOR 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 SHALL NOT APPLY TO ANY CLAIMS ARISING FROM

REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE (OR DEVELOPER).

_____
Initial

PRINCIPAL:

_____
*Signature*
Name:_____
Date:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____
Date:_____

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

| State | Effective Date |
|---|---|
| California | August 1, 2024 |
| Illinois | August 23, 2024 |
| Maryland | Pending |
| Michigan | July 19, 2024 |
| Minnesota | Pending |
| New York | Pending |
| Rhode Island | June 12, 2024 |
| Virginia | July 25, 2024 |
| Washington | Pending |
| Wisconsin | June 5, 2024 |

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.

## RECEIPTS

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 Atomium, 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 Atomium, 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:

| | |
|---|---|
| Peter E. Creyf<br>18 Night Pasture Lane<br>South Chittenden, Vermont 05701<br>(802)779-5743 | Jason Palmer<br>18 Night Pasture Lane<br>South Chittenden, Vermont 05701<br>(802)282-2902 |

Issuance Date: May 28, 2024

I received a Disclosure Document date May 28, 2024, that included the following Exhibits:

EXHIBIT A: Financial Statements
EXHIBIT B: Franchise Agreement with Attachments
EXHIBIT C: Multi-Unit Operator Agreement with Attachments
EXHIBIT D: List of Franchisees and Franchisees Who Have Left the System
EXHIBIT E: Table of Contents of the Confidential Operations Manual
EXHIBIT F: State-Specific Addenda
EXHIBIT G: List of State Administrators/Agents for Service of Process
EXHIBIT H: Form of General Release
EXHIBIT I: Franchisee Acknowledgment Statement

Date Received:_____ Date:_____
(If other than date signed)

_____
(Signature of recipient)

Print Name:_____

_____
Print Address

**KEEP FOR YOUR RECORDS**

## 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 Atomium, 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 Atomium, 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:

| | |
|---|---|
| Peter E. Creyf<br>18 Night Pasture Lane<br>South Chittenden, Vermont 05701<br>(802)779-5743 | Jason Palmer<br>18 Night Pasture Lane<br>South Chittenden, Vermont 05701<br>(802)282-2902 |

Issuance Date: May 28, 2024

I received a Disclosure Document dated May 28, 2024, that included the following Exhibits:

EXHIBIT A: Financial Statements
EXHIBIT B: Franchise Agreement with Attachments
EXHIBIT C: Multi-Unit Operator Agreement with Attachments
EXHIBIT D: List of Franchisees and Franchisees Who Have Left the System
EXHIBIT E: Table of Contents of the Confidential Operations Manual
EXHIBIT F: State-Specific Addenda
EXHIBIT G: List of State Administrators/Agents for Service of Process
EXHIBIT H: Form of General Release
EXHIBIT I: Franchisee Acknowledgment Statement

Date Received:_____
(If other than date signed)

Date:_____

_____
(Signature of recipient)

Print Name:_____

_____
Print Address

**Please return signed Receipt to: Atomium, Inc.**
18 Night Pasture Lane
South Chittenden, Vermont 05701