

FRANCHISE DISCLOSURE DOCUMENT**Atomium, Inc**

a Vermont corporation

18 Night Pasture Lane

South Chittenden, VT 05701 (802) 775 0058

www.wafflecabin.com

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2017 APR 20 AM 10 07

DEPARTMENT OF
BUSINESS OVERSIGHT
SAN FRANCISCO

The franchise is for a restaurant 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 franchise is \$112,700 to \$178,100 This includes from \$61,500 to \$93,500 that must be paid to the franchisor and/or its affiliate

If you enter into a Multi-Unit Operator Agreement to develop three Restaurants, you will pay a development fee equal to 100% of the initial franchise fee for the first Restaurant plus 50% of the initial franchise fee for each of the next two Restaurants to be developed under the Multi-Unit Operator Agreement The total investment under a Multi-Unit Operator Agreement is \$131,700 to \$200,600 This includes from \$85,000 to \$105,000 that must be paid to the franchisor and/or its affiliate

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

You may wish to receive your disclosure document in another format that is more convenient for you To discuss the availability of disclosures in different formats, contact George Stoddard at 18 Night Pasture Lane, South Chittenden, VT 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

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STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit I for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise.

- 1 THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN VERMONT. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN VERMONT THAN IN YOUR OWN STATE.
- 2 THE FRANCHISE AGREEMENT AND MULTI-UNIT OPERATOR AGREEMENT STATE THAT VERMONT LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$100,700 TO \$180,600. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY AS OF DECEMBER 31, 2016, WHICH IS AN ACCUMULATED DEFICIT OF \$(94,096).
- 4 IF WE TERMINATE THE FRANCHISE AGREEMENT FOR CAUSE, YOU MUST PAY US LIQUIDATED DAMAGES EQUAL TO THE AVERAGE MONTHLY ROYALTY FEES YOU PAID OR OWED DURING THE IMMEDIATELY PRECEDING 12 CALENDAR MONTHS MULTIPLIED BY 24 MONTHS OR THE NUMBER OF MONTHS REMAINING IN THE TERM OF THE AGREEMENT, WHICHEVER IS GREATER.
- 5 THE FRANCHISOR HAS LIMITED OPERATING HISTORY.
- 6 AS OF DECEMBER 31, 2016, FRANCHISOR HAS A NEGATIVE EQUITY OF \$94,096, NEGATIVE WORKING CAPITAL IN THE AMOUNT OF \$16,097, AND LIMITED ASSETS. THEREFORE, IT MAY NOT BE ABLE TO MEET ALL OF ITS BUSINESS OPERATING OBLIGATIONS OR FULFILL ALL OF ITS PREOPENING OBLIGATIONS TO SOME FRANCHISEES. YOU MAY WISH TO CONSIDER THIS INFORMATION ON DECIDING WHETHER TO INVEST IN THIS BUSINESS.

- 7 THE FRANCHISOR MAY DESIGNATE THE MINIMUM AND/OR MAXIMUM PRICES FOR GOODS, PRODUCTS AND SERVICES OFFERED FROM YOUR RESTAURANT
- 8 ATOMIUM, INC IS A DEVELOPMENT STAGE COMPANY WITH LIMITED FRANCHISE OPERATING HISTORY TO ASSIST A PROSPECTIVE FRANCHISEE IN DECIDING TO MAKE THIS INVESTMENT
- 9 THE AUDITOR'S REPORT ON THE FRANCHISOR'S FINANCIAL STATEMENTS EXPRESSES SUBSTANTIAL DOUBT ABOUT THE FRANCHISOR S ABILITY TO REMAIN IN BUSINESS THIS MEANS THAT THE FRANCHISOR MAY NOT HAVE THE FINANCIAL RESOURCES TO PROVIDE SERVICES OR SUPPORT TO YOU
- 10 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE

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