

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 L.

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 requires you to resolve disputes with us by litigation only in Utah. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to sue us in Utah than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.
5. **Unopened Franchises.** [The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.](#)

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

**FOR 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 franchisees.
- (B) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives franchisee of rights and protection 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 30 days, to

all 8 franchised Spitz Restaurants and all 5 affiliate-owned Spitz Restaurants included in Tables 1 and 2, respectively. The Median for a category with an odd number of data points will be the center number in that set.

Other than the preceding financial performance representation, Radwick Franchising, LLC 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 by contacting our President, Bryce Rademan, 12300 S. 62 E., Draper, Utah 84020, (323) 839-0389, brycerademan@spitzrestaurant.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

Some Spitz Restaurants have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1 SYSTEM-WIDE RESTAURANT SUMMARY
FOR FISCAL YEARS 2021 TO 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	8	8	0
	2022	8	11	+3
	2023	11	15	<u>+4</u>
Company Owned	2021	5	5	0
	2022	5	5	0
	2023	5	5	0
Total Outlets	2021	13	13	0
	2022	13	16	+3
	2023	16	20	<u>+4</u>

**TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
FOR FISCAL YEARS 2021 TO 2023**

State	Year	Number of Transfers
Total Outlets	2021	0
	2022	0
	2023	0

**TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR FISCAL YEARS 2021 TO 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Ceased Operations – Other Reasons	Outlets at End of the Year
Arizona	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	2	0	0	0	2
California	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

time to Open the Spitz Restaurant; or (ii) the Opening Date is otherwise set forth pursuant to an applicable Development Agreement with Franchisor. To protect the Spitz System, the Spitz Marks, the Spitz Trade Secrets and the goodwill associated with the same, Franchisee shall not Open the Spitz Restaurant without the express written authorization of Franchisor, which authorization may be conditioned upon Franchisee's strict compliance with the specifications of the approved final plans and Spitz System standards, the completion of the Initial Training Program by the Operating Partner and the General Manager and Franchisee's compliance with staffing and other requirements. Franchisee shall Open the Spitz Restaurant for business following receipt of a temporary or permanent certificate of occupancy and no more than ten (10) days after receipt of Franchisor's written authorization to Open. Following the Opening Date, the Parties shall complete and execute an addendum to Exhibit A to designate the Opening Date.

5.5 **Relocation of Spitz Restaurant.** To protect the Spitz System, the Spitz Marks, the Spitz Trade Secrets and the goodwill associated with the same, Franchisee may not relocate the Spitz Restaurant without Franchisor's prior written consent. Franchisee shall pay Franchisor a Relocation Fee when Franchisee requests Franchisor's consent to a relocation of the Spitz Restaurant. If Franchisor consents to a relocation, Franchisee shall de-identify the former Franchised Location in the manner described in Section 17.1 and shall reimburse and indemnify and hold Franchisor harmless from any direct and indirect losses, costs and expenses, including attorney's fees, arising out of Franchisee's failure to do so. If Franchisor consents to a relocation of the Spitz Restaurant during the Term, Franchisee shall have twelve (12) months from the date of Franchisor's acceptance of the new Franchised Location to secure the new Franchised Location and to open and operate the Spitz Restaurant at the new Franchised Location. Once Franchisee has identified the new Franchised Location, Franchisor has approved it, and the Lease has been submitted to Franchisor to allow Franchisor at least fifteen (15) days to confirm that the provisions set forth in Section 5.2 have been included in the proposed Lease and that the Landlord and Franchisee have executed an Option to Obtain Lease Assignment in the form specified by Franchisor. Franchisor will prepare a new copy of Exhibit A and provide it to Franchisee. If Franchisee fails to secure the new Franchised Location within twelve (12) months of the date of Franchisor's acceptance of the new Franchised Location, Franchisor shall have the right to estimate and bill Franchisee for Royalty Fees for the time period following the expiration of the twelve (12) month period based upon the Royalty Fees received for the Spitz Restaurant during the identical periods of the last preceding calendar year plus an additional ten percent (10%) of such amount or, if the Spitz Restaurant was not in operation during the identical period of the last preceding year, based upon the average Royalty Fees paid during the number of months the Spitz Restaurant was in operation plus an additional ten percent (10%) of that amount.

6. **OBLIGATIONS OF FRANCHISOR**

6.1 **Initial Training Program.** Franchisor shall provide an Initial Training Program in the System and methods of operation (the "**Initial Training Program**") at Franchisor's training facilities currently located in Salt Lake City, Utah, Los Angeles, California or another regional training location for up to two (2) supervisory or managerial personnel of Franchisee selected by Franchisee who shall be the Operating Partner and General Manager. Franchisee shall pay Franchisor a daily fee of \$300 for each additional trainee, plus Franchisor's reasonable travel, food and lodging expenses. Portions of the Initial Training Program may be held at the Franchised Location. Franchisee shall attend and complete to Franchisor's satisfaction the Initial Training Program. If the Spitz Restaurant is the first Spitz Restaurant to be operated by Franchisee, Franchisor shall provide training, instructors, a training manual, and other materials at no charge to Franchisee. The Initial Training Program will consist of approximately two (2) to three (3) weeks of training prior to the opening of the Spitz Restaurant and must be completed before that Spitz Restaurant Opens for business. Franchisee shall pay all travel, living, compensation, and other expenses, if any, incurred by Franchisee and/or Franchisee's personnel to attend the Initial Training Programs. Franchisee may not open the Spitz Restaurant until the Initial Training Program has been completed to the satisfaction of Franchisor and Franchisee's management team has been certified by Franchisor. Franchisor shall not be obligated to provide the Initial Training Program if (i) Franchisee or any Affiliate of Franchisee (or an owner of either) owns or operates a Spitz Restaurant as of the Effective Date; or (ii) this Agreement is executed as a Renewal Franchise Agreement. Franchisor shall determine the contents and manner of conducting the Initial Training Program in its discretion, however, the Initial Training Program will be structured to provide practical training in the implementation and operation of ~~ana~~ Spitz Restaurant and may include such topics as on-site food preparation, portion control, preparation and cooking procedures, packaging procedures, Spitz standards, marketing and customer service techniques, reports and equipment maintenance. Franchisee acknowledges that because of Franchisor's superior skill and knowledge with respect to the training and skill required to manage the Spitz Restaurant, Franchisor, in its sole discretion, shall determine if Franchisee, the Operating Partner and/or the General Manager has satisfactorily

RADWICK FRANCHISING, LLC
FRANCHISE **DISCLOSURE**
DOCUMENTAGREEMENT

EXHIBIT E MOBILE ADDENDUM FOR RESTAURANT ADDENDUM PURCHASE

THIS **MOBILE ADDENDUM FOR RESTAURANT ADDENDUM PURCHASE** (this "Addendum") is made and entered into on _____, 20____ (the "Effective Date") and is intended to be a part of, and by this reference is incorporated into, that certain Franchise Agreement dated __, 20____ (the "**Franchise Agreement**"), as of __, by and between RADWICK FRANCHISING, LLC, a Delaware limited liability company ("**Franchisor**"), on the one hand, and _____, a ("**collectively Franchisee**");

~~A. Franchisor and Franchisor's affiliate developed the "Spitz System" for the establishment and operation of Spitz Restaurants, which are upscale quick-service restaurants offering Mediterranean-style sandwiches, wraps, salads, liquor, beer & wine and catering services ("Spitz Restaurants") and use the trade name and service mark "Spitz" and other related trademarks, service marks, logos and commercial symbols (the "Spitz Marks").~~

~~B. Neither the Franchisor nor its affiliate have previously granted licenses for the development, ownership or operation of self-propelled food trucks and towed trailers (collectively, "Food Trucks") and make no representation or warranty of any kind, expressed or implied, with respect to the suitability or likelihood of success of a Spitz food truck (a "Mobile Restaurant"). Franchisee desires to obtain a license and franchise to develop, own and operate one (1) _____ Mobile", on the other hand, with reference to the following facts.~~

~~A. Franchisee has purchased the assets of a Spitz Restaurant under (the Spitz Marks and the Spitz System and the standards established by "Restaurant") from an affiliate of Franchisor at any time in its sole discretion, and;~~

~~B. Franchisor is willing to grant and Franchisee a license and franchise under the terms and conditions set forth in this Addendum and the have entered into a Franchise Agreement.~~

~~C. All provisions of (the "Franchise Agreement" shall apply to a Mobile Restaurant, unless otherwise stated in this Addendum or unless the context of use indicates otherwise. All references to a "____"), which they wish to modify by means of this Addendum, with respect to the operation of the Restaurant.~~

~~C. Due to fact that Franchisee is purchasing an existing and operating Spitz Restaurant" in, certain provisions of the Franchise Agreement include a Mobile Restaurant unless the context of its use indicates otherwise. This Addendum shall replace and supplement the corresponding provisions in the Franchise Agreement that may not apply to a Mobile Restaurant unless the context of its use indicates otherwise. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in not applicable to Franchisee, and Franchisee and Franchisor wish to modify the Franchise Agreement, the provisions contained in this Addendum shall control. Capitalized accordingly.~~

~~D. All capitalized terms used but not otherwise defined in this Addendum shall have the same meaning ascribed to those terms as in the Franchise Agreement.~~

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH THE PARTIES MUTUALLY ACKNOWLEDGE, THE PARTIES MUTUALLY AGREE IT IS AGREED:

1. GRANT

~~**1.1 Recitals Incorporated in this Addendum.** The Recitals set forth in Paragraphs A through C of this Addendum are true and correct and are incorporated into this Addendum as part of this Addendum and the Franchise Agreement to which it relates.~~

~~**1.2 Grant.** Franchisor hereby grants to Franchisee the right, and Franchisee undertakes the obligation, to use the Spitz Marks and the Spitz System solely in connection with the operation of one (1) Mobile Restaurant in, and only in, the~~

following geographic area: _____ (the “**Mobile Territory**”).

~~1.3 **Mobile Territory.** During the Initial Term, if Franchisee is not in Default under the Franchise Agreement or this Addendum or any other agreement between Franchisor, its Affiliates and Franchisee, neither Franchisor nor its Affiliates shall own, operate, sell or issue a franchise for any other Mobile Restaurant to be operated within the Mobile Territory. Except as expressly provided in this Section 1.2, the license granted to Franchisee under this Addendum is nonexclusive. Franchisee shall not operate the Mobile Restaurant within another Spitz franchisee’s Protected Area or Mobile Territory. Franchisee shall not operate the Mobile Restaurant within two (2) miles of any Spitz Restaurant owned by another Spitz franchisee (a “**Protected Zone**”). Franchisor shall have the right to reduce or enlarge a~~

Protected Zone at any time on written notice to Franchisee. If Franchisee, at any time, operates the Mobile Restaurant within another Spitz franchisee's Protected Area or Mobile Territory or a Protected Zone, Franchisee shall be in Default under the Franchise Agreement.

~~1.4 **Mobile Restaurant.** Franchisee shall purchase the designated type of Food Truck and the equipment, graphics and detailing, trade dress and signs designated by Franchisor only from an Approved Supplier. Franchisee shall secure its own source of financing (a "Lender") for the acquisition and build-out of the Mobile Restaurant who must be approved by Franchisor prior to Franchisee's execution of purchase and financing documents or pay cash for the acquisition of the Mobile Restaurant, all in the manner required by Franchisor. A Default under the financing documents for the Mobile Restaurant that is not cured within the time frame specified by the financing documents, or as modified by Lender in writing, shall constitute a Default under the Franchise Agreement.~~

~~2. **INITIAL AND EXTENDED TERM**~~

~~The Initial Term shall commence on the Effective Date and shall expire (i) on the expiration or termination of the Franchise Agreement; or (ii) upon the sale, lease, donation, conveyance, repossession by lender or another creditor, or total casualty loss of the Food Truck; or (iii) on the tenth anniversary of the Effective Date (the "**Addendum Expiration Date**") whichever occurs first, unless sooner terminated as provided in this Addendum or the Franchise Agreement. Franchisee shall have no right or option to extend or renew the Term except as provided in Section 2.1 of the Franchise Agreement. If Franchisee does not elect to extend the Term, this Addendum and the rights granted to operate the Mobile Restaurant under the Franchise Agreement shall terminate on the Addendum Expiration Date.~~

~~3. **OPEN FOR BUSINESS**~~

~~Franchisee shall Open the Mobile Restaurant for business within one hundred eighty (180) days after the Effective Date, subject only to Force Majeure, unless Franchisor agrees otherwise in writing. Franchisor shall have the right, but not the obligation, to conduct a final inspection of the Mobile Restaurant to test compliance with the Spitz System and the Manual. Franchisor's inspection is limited to that purpose and should not be relied on up for testing compliance with Applicable Law, vehicle safety considerations or mechanical soundness and functionality. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the Spitz Marks, and to promote the goodwill of all Spitz Restaurants, the Spitz Marks and the Spitz System, Franchisee shall not Open the Mobile Restaurant without the express written authorization of Franchisor, which authorization may be conditioned upon Franchisee's strict compliance with Franchisor's standards and specifications for the Mobile Restaurant and other requirements set forth in the Manuals and applicable to the operations of the Mobile Restaurant.~~

~~4. **OBLIGATIONS OF FRANCHISEE**~~

~~4.1 **Use of Mobile Restaurant.** Franchisee shall utilize the Food Truck solely for the operation of the Mobile Restaurant during the Term; shall keep the Mobile Restaurant in normal operation for the minimum hours and days as Franchisor may specify in the Manuals or otherwise in writing and shall refrain from using or permitting the use of the Mobile Restaurant for any other purpose or activity. Franchisee shall notify Franchisor of any violation of Sections 1.3 with three (3) business days after such violation.~~

~~4.2 **Standards and Specifications.** Following the Effective Date, Franchisor shall provide Franchisee with Franchisor's specifications for the Mobile Restaurant, the décor and layout of a Mobile Restaurant and the required equipment, graphics and detailing, trade dress and signs. Franchisee shall at its sole cost and expense promptly cause the Mobile Restaurant to be manufactured, equipped and improved in accordance with these standards and specifications, unless Franchisor shall, in writing, agree to any modifications thereof. Franchisee shall obtain and certify in writing to Franchisor that all applicable licenses and permits are obtained. Franchisee shall provide Franchisor with regular updates regarding the status of the manufacturing and equipping of the Mobile Restaurant.~~

~~4.3 **Maintenance of Mobile Restaurant.** Franchisee shall at all times maintain the interior and exterior of the Mobile Restaurant in the highest degree of cleanliness, orderliness and sanitation and shall also comply with the requirements of the Manuals regarding the upkeep of the Mobile Restaurant. Franchisee shall repair, re-equip and/or replace the Mobile Restaurant at Franchisee's own expense at such times as reasonably directed by Franchisor. Franchisee shall immediately comply with all Applicable Laws and orders and regulations of Governmental Authorities related to the operation of the Mobile Restaurant. Franchisee shall promptly replace worn-out or obsolete equipment at Franchisee's expense. Franchisee shall not make any alterations to the Mobile Restaurant, any~~

equipment (including the exterior and interior of the Mobile Restaurant and related equipment), or other items, or to the appearance of the Mobile Restaurant, or the services and products offered from the Mobile Restaurant, without Franchisor's prior written approval. Franchisee shall not affix any signs or posters to the Mobile Restaurant without Franchisor's prior written consent.

~~4.4 **Food Truck Commissary.** Franchisee shall house the Mobile Restaurant at a sanctioned home base where the Mobile Restaurant shall be cleaned, stocked, serviced and stored when not in service (a "Food Truck Commissary"). The Food Truck Commissary shall provide Franchisee with a facility to purchase supplies, a designated parking space, truck cleaning facilities and power and water services. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the Spitz Marks, and to promote the goodwill of all Spitz Restaurants, the Spitz Marks and the Spitz System, Franchisee shall not select or contract with a Food Truck Commissary without Franchisor's prior written approval of the Food Truck Commissary.~~

~~4.5 **Grand Opening Campaign.** Franchisee shall spend no less than \$2,500 in connection with the grand opening of the Mobile Restaurant within ninety (90) days of the Opening Date. Franchisee shall provide Franchisor with copies of all invoices, statements, canceled checks or other forms of payment which have been issued by Franchisee during such ninety (90) day period which evidence the expenditure and payment by Franchisee of the amounts required by this Section 4.5 for the grand opening advertising campaign for the Mobile Restaurant.~~

~~5. DEFAULT AND TERMINATION~~

~~In addition to the rights granted to Franchisor in Article 16 of the Franchise Agreement, Franchisee shall be deemed to be in Default and Franchisor may, at its option, terminate the Franchise Agreement and all rights granted thereunder, without affording Franchisee any opportunity to cure the Default, effective immediately upon receipt of Notice of Default by Franchisor if (i) Franchisee uses the Mobile Restaurant for any purpose not authorized by the Franchise Agreement; or (ii) Franchisee, at any time, operates the Mobile Restaurant within another Spitz franchisee's Protected Area or Mobile Territory or a Protected Zone, whether intentionally or in error, after Franchisor has informed Franchisee in writing or in the Manuals about the geography of such Protected Area, Mobile Territory or Protected Zone.~~

~~6. OBLIGATIONS UPON TERMINATION AND EXPIRATION~~

~~Upon the expiration of the Franchise Agreement or the termination of the Franchise Agreement for any Default of Franchisee, Franchisor shall have the right and option, but not the obligation, to be exercised by written notice to Franchisee within thirty (30) days after the Expiration Date or termination date, to purchase the Mobile Restaurant, subject to the rights of the Lender. The purchase price for the Mobile Restaurant (the "Purchase Price") shall be the "Fair Market Value" of the Mobile Restaurant as determined under this Section 6. "Fair Market Value" means the price that a willing buyer would pay to a willing seller when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts on the date the option is first exercisable (the "Exercise Date"). Franchisor and Franchisee shall use their best efforts to mutually agree upon the Fair Market Value. If they are unable to so agree within thirty (30) days after the Exercise Date, Franchisor and Franchisee shall appoint, within forty (40) days of the Exercise Date, one (1) appraiser who shall determine the Purchase Price in writing and submit its report to Franchisor and Franchisee. Franchisor and Franchisee shall each pay one half (1/2) of the costs relating to the determination of the Purchase Price. The Purchase Price as so determined shall be payable as Franchisor and Franchisee mutually agree. If they are unable to so agree within ten (10) days after final determination of the Purchase Price, fifty percent (50%) of the Purchase Price shall be payable in cash and the remaining fifty percent (50%) of the Purchase Price shall be paid in forty-eight (48) equal monthly payments and shall bear simple interest in arrears at a rate of the greater of the prime rate of interest, as published by the Western Edition of the Wall Street Journal, plus three percent (3%), OR ten percent (10%) per annum, but in no event in excess of the maximum rate permitted by Applicable Law. Payment of the portion of the Purchase Price not paid in cash shall be secured by a security interest in the Food Truck.~~

~~7. COUNTERPARTS AND ELECTRONIC TRANSMISSION; ELECTRONIC SIGNATURES.~~

~~This Addendum may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Addendum with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Addendum for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Addendum. In addition, this Addendum may be signed electronically by the Parties and electronic signatures appearing on~~

~~this Addendum shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Addendum~~
The following Sections of the Franchise Agreement shall be deleted in their entirety and have no force or effect: Sections 5.1, 5.3 and 5.4.

1. This Addendum shall be considered an integral part of the Franchise Agreement between the parties hereto, and the terms of this Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the ~~Parties~~parties hereto have executed this Addendum ~~as of~~on the ~~Effective Date~~date first shown above.

FRANCHISOR:

FRANCHISEE:

RADWICK FRANCHISING, LLC _____

A Delaware limited liability company

a _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**RADWICK FRANCHISING, LLC
AREA DEVELOPMENT AGREEMENT
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EXHIBIT A	ENTITY INFORMATION DISCLOSURE
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**RADWICK FRANCHISING, LLC
CLOSING ACKNOWLEDGMENT**

**(NOT FOR USE BY RESIDENTS FRANCHISEES OF OR FOR FRANCHISES LOCATED IN
CALIFORNIA, MARYLAND, MINNESOTA ~~OR~~, VIRGINIA OR WASHINGTON)**

**DO NOT SIGN THIS DOCUMENT IF YOU ARE A RESIDENT OF MARYLAND OR THE
BUSINESS IS TO BE OPERATED IN MARYLAND**

As you know, Radwick Franchising, LLC, a Delaware limited liability company (“we” or “Franchisor”), and you (“you” or “Franchise Applicant”) intend to enter into a Franchise Agreement to operate a are preparing to enter into a Franchise Agreement for the establishment and operation of a “Spitz Restaurant” franchised business. The purpose of this Closing Acknowledgment is to determine whether any statements or promises were made to you on which you have relied that we have not authorized or that may be untrue, inaccurate or misleading.

If you are intending to purchase an existing Spitz Restaurant from an existing Franchisee, you may have received information from the transferring Franchisee, who are not employees or representatives of the Franchisor. The questions below do not apply to any communications that you had with the transferring Franchisee.

Please review each of the following questions and statements carefully and provide honest and complete responses to each.

Are you seeking to enter into the Franchise Agreement along with a purchase or transfer of an existing Spitz Restaurant from an existing Franchisee?

Yes_No

I had my first face-to-face meeting with a Franchisor representative on _____[date].

Acknowledgments and Representations*.

Did you receive a copy of our Franchise Disclosure Document (“FDD”) (and all exhibits and attachments) at least 14 calendar days (or at the first personal meeting in Iowa or New York, or least 10 business days if you are in Connecticut, Michigan or New York), before you signed the Franchise Agreement and any Area Development Agreement? **Check one:** **Yes** **No**. If no, please tell us if and when you received the FDD and when you signed the Franchise Agreement. Please explain why you signed the Franchise Agreement or Area Development Agreement before the 14 days expired:

Did you understand all the information in the FDD and your rights and obligations under the Franchise Agreement and Area Development Agreement? **Check one:** **Yes** **No**. If no, please comment:

***Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law, if either or both such laws apply to this transaction.**

RADWICK FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT K STATEMENTS

RADWICK FRANCHISING, LLC
FINANCIAL REPORT
DECEMBER 31, ~~2023 AND~~ 2022
RADWICK FRANCHISING, LLC
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INDEPENDENT AUDITOR'S REPORT FINANCIAL STATEMENTS

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Statements ⁵

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Accountants & ~~Co~~rsu~~Co~~rsu1tants

INDEPENDENT AUDITOR'S REPORT

Board of Members of Radwick
Franchising, LLC

Opinion

We have audited the accompanying financial statements of Radwick Franchising, LLC, (the "Company"), which comprise the balance ~~sheet~~sheet as of December 31, ~~2023 and~~2022, and the related statements of income, members' deficit, and cash flows for the years~~year~~ then ended, and the related notes to the financial statements ~~(collectively, the "financial statements")~~.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, ~~2023 and~~2022, and the results of its operations and its cash flows for the years~~year~~ then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements Our **objectives are to** obtain reasonable **assurance about** whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and **to issue an 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 GAAS will **always** detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional **omissions**, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment **made by a reasonable user based on the financial** statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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





RADWICK FRANCHISING, LLC

BALANCE ~~SHEETS~~SHEET
December 31, ~~2023 AND~~ 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	■ 247,701	\$ ■ <u>178,116</u>
Royalties receivable, net	<u>29,788</u>	<u>12,843</u>
Total assets	\$ <u><u>277,489</u></u>	\$ <u>190,959</u>
LIABILITIES AND MEMBERS' DEFICIT		
Current liabilities Accounts payable and accrued expenses	■ 314,103	\$ ■ <u>175,193</u>
Due to related party		4,461
Distributions payable	347,181	162,116
Deferred revenue, current portion	<u>59,167</u>	<u>43,000</u>
Total current liabilities	724,912	384,770
Deferred revenue, noncurrent portion	<u>387,984</u>	■ <u>325,294</u>
Total liabilities	1,112,896	710,064
Members' deficit	<u>(835,407)</u>	<u>(519,105)</u>
Total liabilities and members' deficit	\$ <u><u>277,489</u></u>	\$ <u>190,959</u>

~~RADWICK FRANCHISING, LLC~~

~~STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022~~

[See notes to financial statements.](#)

		2023-2
Revenue		
Royalty revenue	1,103,208	
Marketing revenue	124,100	
Franchise fee revenue	52,047	
Services revenue	<u>171,464</u>	
Total revenue	4,450,819	
General and administrative expenses	<u>1,437,391</u>	
Income from operations	<u>13,428</u>	
Provision for state taxes	<u>12,608</u>	
Net income	<u>\$ 820</u>	

RADWICK FRANCHISING, LLC

STATEMENTS STATEMENT OF MEMBERS'
 DEFICIT FOR THE YEARS ENDED DECEMBER
 Year Ended December 31, 2023 AND
 2022

	Class A Members	Class B Members	Total
Members' deficit, December 31, 2021	(304,031) \$	89,676 \$	(214,355)
Distributions	(207,309)	(101,332) \$	(308,641)
Net income	<u>3,386</u>	<u>506</u>	<u>3,892</u>
Members' deficit, December 31, 2022	<u>\$ (507,955) \$S</u>	<u>(11,150) \$S</u>	<u>(519,105)</u>
Distributions	(275,896)	(41,226) \$	(317,122)

[See notes to financial statements.](#)

Net income

713
107
820

Members' deficit, December 31, 2023 ~~1,783,138~~ (52,269) \$

(835,407) **RADWICK FRANCHISING, LLC**

**STATEMENTS STATEMENT OF CASH
FLOW FOR THE YEARS ENDED
DECEMBER FLOWS
Year Ended December 31, 2023 AND
2022**

2023

Cash flows from operating activities

Net income Adjustments to reconcile net
income to net cash flows provided by from
operating activities: Changes in operating
assets and liabilities:

820 \$

-2022

3,892

Royalties receivable	(16,945)	
Accounts payable and accrued expenses	323,974	
Deferred revenue	<u>78,857</u>	
Cash provided by operating activities	386,707	
Cash Flows from financing activities		
Distributions paid to members	<u>(317,122)</u>	
Cash used in financing activities	<u>(317,122)</u>	
Net increase (decrease) in cash and cash equivalents	69,585	
Cash and cash equivalents, beginning of year		
Cash and cash equivalents, end of year	<u>\$ 247,701</u>	
Supplemental disclosures of cash flow information		
State taxes	<u>12,608</u>	

See notes to financial statements.

RADWICK FRANCHISING, LLC

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Radwick Franchising, LLC, a limited-liability company, was formed on October 1, 2013, in the state of California. The Company's principal purpose is franchising an existing casual dining restaurant chain, known as "Spitz." Each member of the Company has limited liability equal to the amount of capital invested and retained in the Company.

Basis of Presentation

The Company has prepared the financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP").

The financial statements have been approved by management and are available for issuance on ~~March 25~~ April 21, 2024 ~~2023~~, and subsequent events have been evaluated through this date.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The **Company** maintains **cash balances** in certain financial institutions which, **at times, may** exceed federally **insured** limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any loss from these obligations.

Royalties Receivable

Royalties receivable are reported at invoice value. **The Company** maintains an allowance for doubtful **accounts for estimated losses** resulting **from the** inability of its **franchisees to make required payments**. Management **considers the age of royalties receivable balances and general economic issues** when determining the collectability of **specific accounts**. **Based on management's assessment, the Company** provides for estimated uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful **accounts**. Balances that remain outstanding after reasonable collection efforts are written off through a charge to the allowance for doubtful **accounts** and credit to royalties receivable. The Company has not established an allowance for doubtful **accounts as it is management's** opinion that uncollectible accounts, if

any, at December 31, ~~2023 and~~ 2022 were not material to the financial statements.

RADWICK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenues are recorded when: (i) a contract with a client has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Company has satisfied the applicable performance obligation.

The Company's revenue consists of fees from franchised restaurants operated by conventional franchisees. Revenue from conventional franchised restaurants include initial franchise fees, royalties based on percent of sales, marketing fees based on percent of sales, and development fees for locations the franchisee opens in addition to the initial location.

Royalties are collected on a weekly basis and are based on the greater of 5.5% of the franchisees' gross sales or \$125. Royalty revenue was approximately ~~\$1,103,000 and~~ \$753,000 for the ~~years~~year ended December 31, ~~2023 and~~ 2022, ~~respectively~~.

Franchise fee revenue was approximately ~~\$52,000 and~~ \$34,000 for the ~~years~~year ended December 31, ~~2023 and~~ 2022, ~~respectively~~. The initial franchise fees collected are determined on a franchisee-by-franchisee basis. The Company had ~~fourteen Franchisees opened and operating as of December 31, 2023 and~~ ~~nine~~seventeen franchisees opened and operating as of December 31, ~~2023~~2022.

Marketing fees are based on up to 2% of gross revenue, is payable to the Company and held in a marketing fund. The marketing fund is used for marketing expenses related to maximizing public recognition of the Spitz brand and marketing fund. Marketing revenue was approximately ~~\$124,000 and~~ \$70,000 for the ~~years~~year ended December 31, ~~2023 and~~ 2022, ~~respectively~~.

Advertising

The Company expenses advertising costs as incurred. Advertising expenses were approximately ~~\$256,000 and~~ \$191,000 for the ~~years~~year ended December 31, ~~2023 and~~ 2022, ~~respectively~~.

Income Taxes

The Company has elected to be taxed as a partnership for Federal income tax purposes. Therefore, Federal income taxes are not payable by the Company. The Company's net income is allocated to the members in accordance with the regulations of the Company, and members are subject to Federal income taxes individually. A fee is paid to the state of California based on gross receipts and a minimum tax of \$800. The California fees and taxes on December 31, ~~2023 and~~ 2022, ~~were~~was approximately ~~\$13,000 and~~ \$26,000, ~~respectively~~.

RADWICK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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

The Company files income tax returns in the U.S. federal jurisdiction and certain states. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations for year before ~~2020~~ 2019.

Fair Value of Financial Instruments

The Company's financial instruments, including cash and cash equivalents, accounts payable, and due to related party, are carried at cost, which approximates their fair value because of the short-term nature of these financial instruments.

Recently ~~Adopted~~ Issued Accounting ~~Pronouncements~~ standards

In June 2016, the ~~Financial Accounting Standards Board (“FASB”)~~ issued ~~Accounting Standards Update (“ASU”)~~ 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which ~~creates a~~ introduces new ~~credit impairment standard for financial assets measured at amortized cost and available for sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held to maturity debt securities) to be presented at the net amount~~ guidance for estimating credit losses on certain types of financial instruments based on expected ~~to be~~ collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change. The Company ~~adopted ASU 2016-13 on January 1, 2023. The~~ losses and the timing of the recognition of such losses. In November 2019, the FASB issued ASU 2019-10, which defers the effective date of ASU 2016-13, making it effective for years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this ~~standard did not have a significant impact~~ ASU on ~~the Company's~~ its financial statements.

Reclassifications

~~Certain prior year amounts have been reclassified to conform to the current year's presentation with no impact on the balance sheet or income statement.~~

RADWICK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE B - DEFERRED REVENUE

Deferred revenue represents unearned revenue generated from the sale of new franchises and the approval of new ~~franchise~~franchisee locations. Franchise fee and development fee revenues are recognized when performance obligations are satisfied. Management determined that performance obligations related to franchise fees are satisfied over time and revenue is recognized over the term of the franchise agreement. Deferred revenue was ~~\$447,000 and \$368,000~~ at December 31, ~~2023 and 2022, respectively.~~

RADWICK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE C - RELATED PARTY TRANSACTIONS

The Company has a payable to Radwick Enterprises LLC, a related party under common control. These payables are non-interest bearing, **unsecured** and have no specific terms of repayment. The amount of the payable was approximately \$4,000 as of December 31, ~~2023 and 2022, respectively.~~

Radwick **Enterprises, LLC** owned ~~four~~4 restaurants operated under the concept as of December 31, ~~2023 and 2022.~~

Management fees are paid monthly to four **members of the Company and** are distributed **based** on 20% of gross income from franchise **operations**. Management **fees paid to these members** totaled approximately ~~\$248,000 and~~ \$175,000 for the ~~years~~year ended **December 31, 2023 and 2022, respectively.** **The Company had** unpaid management fees of approximately ~~\$248,000 and \$121,000 as of December 31, 2023 and 2022, respectively.~~

NOTE D - MEMBERS' DEFICIT

Distribution of Available Cash

Ownership percentage of each person or entity admitted as a Class-A member is equal to the total capital contributions made by the Class-A member over the total capital contributions made by all Class- A members to the Company. The managing members may make changes in membership percentages, aggregate capital contributions, and admission of additional or substitute members, without the consent of any other person or entity.

Distributions to the holders of Class-B membership interests are subordinate to Class-A distributions and are proportionate to each such member's respective holdings of Class-B membership interest, until such time as Class-B members' respective capital account balances have been reduced to zero.

RADWICK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS

~~NOTE D - MEMBERS' DEFICIT (CONTINUED)~~

Profits Interest Unit Agreement and Right of Repurchase

The Company awards Incentive Units to certain members pursuant to the Company's 2017 Incentive Unit Award Agreement (the "Agreement"). The units are vested at the effective date of the Agreement and the Company has a right of repurchase should a qualifying service termination occur. The Right of Repurchase lapses on 15% of the awarded units on the first- and second-year anniversary the units were awarded, at the third-year anniversary the Right of Repurchase lapses on 20% of the awarded units, and the remaining 25% of the awarded Right of Repurchase lapses on the fourth and fifth-year anniversary of the awarded units. On July 15, 2017, the Company awarded 50,000 Class-B Incentive Units to a certain member at a price of \$1.00 per unit.

~~RADWICK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS~~

~~NOTE D - MEMBERS' DEFICIT (CONTINUED)~~

~~On September 1, 2018, the Company awarded 52,631 Class-B Incentive Units to a member at a price of \$0.95 per unit. The Company also awarded 25,000 Class-B Incentive Units to a member on January 1, 2021 at a price of \$0.95 per unit.~~

~~The Class-B Units are intended to be profits interests for tax purposes, as described in the Agreement. Accordingly, the grant of the Class-B Units is not intended to result in taxable income. The Company's total Class-B Incentive Units outstanding was 127,631 for the ~~years~~year ended ~~December 31, 2023 and 2022, respectively.~~ Total Class-B Incentive Units available for repurchase was ~~8,500 and 29,908~~63,816 for the ~~years~~year ended ~~December 31, 2023 and 2022, respectively.~~~~

NOTE E - CONCENTRATIONS

significant Customer

As of and for the year ended December 31, ~~2023 and 2022,~~ three customers represented ~~32% and 41%~~ of total revenues and ~~35% and 14%~~ of royalties receivable, ~~respectively.~~

NOTE F - COMMITMENTS AND CONTINGENCIES

Litigation

The Company from time to time may be a defendant in legal actions generally incidental to its business. Although it is difficult to predict the ultimate outcome of any potential or threatened litigation, management believes that any ultimate liability will not materially affect the financial position and results of operations of the Company.

~~RADWICK FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS~~

NOTE G - SUBSEQUENT EVENTS

The Company evaluated subsequent events through ~~March 25~~April 21, 2024~~2023~~, when these financial statements were available to be issued. The Company is not aware of any significant events that occurred subsequent to the balance sheet date, but prior to the filing of this report, that would have a material impact on the financial statements requiring additional recognition ~~of~~or disclosure ~~other than the two new stores located in Plano, Texas and Leesburg, Virginia.~~

RADWICK FRANCHISING, LLC
FINANCIAL STATEMENTS

as of

DECEMBER 31, 2021 AND 2020

and for the years ending

DECEMBER 31, 2021, 2020 AND 2019

RADWICK FRANCHISING, LLC

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Advisory Assurance Tax Private Client

INDEPENDENT AUDITOR'S REPORT

To the Members of Radwick Franchising, LLC

Opinion

We have audited the accompanying financial statements of Radwick Franchising, LLC (a California company),

Total liabilities	484,560	228,335
<u>Members' equity (deficit)</u>	<u>(214,355)</u>	<u>(116,785)</u>
Total liabilities and members' equity (deficit)	<u>\$ 270,205</u>	<u>\$ 111,550</u>

RADWICK FRANCHISING, LLC
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Revenue</u>			
Royalty revenue	\$ 616,085	\$ 430,715	\$ 442,952
Marketing revenue	103,275	54,433	61,758
Franchise fee revenue	16,292	10,000	8,917
Total revenue	\$ 735,652	\$ 495,148	\$ 513,627
General and administrative expenses	543,191	350,738	347,458
Income from operations	192,461	144,410	166,169
Other income	-	-	5,248
Total other income	-	-	5,248
Income before provision for state taxes	192,461	144,410	171,417
Provision for state taxes	1,700	5,250	4,326
Net income	\$ 190,761	\$ 139,160	\$ 167,091

RADWICK FRANCHISING, LLC BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current assets</u>		
Cash and cash equivalents	\$ 252,306	\$ 104,464
Royalties receivable	17,899	7,086
Total assets	\$ 270,205	\$ 111,550

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

Current liabilities

Accounts payable and accrued expenses	\$ 139,941	\$ 48,225
Due to related party	4,461	5,892
Distributions payable	162,116	152,385
Deferred revenue, current portion	25,500	9,083
Total current liabilities	332,018	

215,585 Long-term liabilities		
Deferred revenue, net of current portion	152,542	12,750
Total long-term liabilities	152,542	12,750
Total liabilities 484,560 228,335		
Members' equity (deficit)	(214,355)	(116,785)
Total liabilities and members' equity (deficit)	\$ 270,205	\$ 111,550

RADWICK FRANCHISING, LLC
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

2021 2020 2019

Revenue

Royalty revenue	\$ 616,085	\$ 430,715	\$ 442,952
Marketing revenue	103,275	54,433	61,758
Franchise fee revenue	16,292	10,000	8,917
Total revenue	\$ 735,652	\$ 495,148	\$ 513,627
General and administrative expenses	543,191	350,738	347,458
Income from operations	192,461	144,410	166,169
Other income	-	-	5,248
Total other income	-	-	5,248
Income before provision for state taxes	192,461	144,410	171,417
Provision for state taxes	1,700	5,250	4,326
Net income	\$ 190,761	\$ 139,160	\$ 167,091

RADWICK FRANCHISING, LLC
STATEMENTS OF MEMBERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	Class-A Members	Class-B Members	Total
Members' equity (deficit), December 31, 2018	\$ (72,402)	\$ 95,034	\$ 22,632
Adoption of ASC 606, January 1, 2019	(23,175)	(2,575)	(25,750)
Distributions	(195,222)	(21,694)	(216,916)
Net income	150,382	16,709	167,091
Members' equity (deficit), December 31, 2019	140,417	87,474	(52,943)
Distributions	(182,702)	(20,300)	(203,002)

**SUPPLEMENTAL DISCLOSURE ADDENDUM
FOR PROSPECTIVE FRANCHISEES IN THE
STATE OF FLORIDA**

Total Investment

We do not know the amount of the total required investment in a Restaurant over the term of the franchise. We do not request, obtain or receive this information from franchisees. We refer you to Item 7 for the known initial investment. Additional capital investments in the Restaurant will be necessary over the term of the franchise to maintain the Restaurant according to the Spitz System.

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO
THE ILLINOIS FRANCHISE DISCLOSURE ACT**

The following provisions supersede the Disclosure Document and apply to all franchises offered and sold in the State of Illinois:

1. The Illinois Franchise Disclosure Act governs the Franchise Agreement.
2. Notwithstanding [Item 5 of the Disclosure Document and](#) Section 4 of the Franchise Agreement and Area Development Agreement, the Office of the Illinois Attorney General has imposed a financial assurance requirement due to Franchisor's financial condition. Franchisor has posted a surety bond with the Office of the Illinois Attorney General to secure its obligations under the Franchise Agreement and the Area Development Agreement to furnish goods and services to assist franchisees in establishing and opening their franchised business. The surety bond will be released at the discretion of the Office of the Illinois Attorney General. [The initial franchise fee will be payable at the signing of the Franchise Agreement. For an Area Development Agreement, the Initial Franchise Fee for each Spitz Restaurant will be paid when its Franchise Agreement is signed. Area Developer pays no Development Fee when the parties sign the Area Development Agreement.](#)
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
4. 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.
5. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
6. 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

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.

7. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Illinois.

(Signatures Appear on Following Page)

8. For info about obtaining a liquor license in Illinois, see: <https://www.illinois.gov/ilcc/Pages/Forms-and-Applications.aspx>. For info about obtaining TIPS certification in Illinois, see: <https://www.tipscertified.com/tips-state-pages/illinois/>. See: the Liquor Control Act of 1934, 235 ILCS 5/ (West 2018) for Illinois Dram Shop laws.

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

FRANCHISOR

RADWICK FRANCHISING, LLC

By: Name: _ Title: _ Date: _

FRANCHISEE

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

ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

This “Addendum” is made and entered into by and between This “Addendum” dated _____, is made and entered into by and between **Radwick Franchising, LLC**, a Delaware limited liability company, as franchisor (“**Franchisor**”, “we”, “our” or “us”), and _____, a _____ and as franchisee (“**Franchisee**,” “**Area Developer**” or you”), to amend and supplement that certain Area Development Agreement (“**Area Development**

Agreement”) that we and you have executed, and is dated as of the same date. The following provisions supersede and control any conflicting provisions of the Franchise Agreement:

1. Illinois law governs the Area Development Agreement.
2. Notwithstanding Section 4 of the Area Development Agreement, The Office of the Illinois Attorney General has imposed a financial assurance requirement due to Franchisor’s financial condition. Franchisor has posted a surety bond with the Office of the Illinois Attorney General to secure its obligations under the Area Development Agreement to furnish goods and services to assist franchisees in establishing and opening their franchised business. The surety bond will be released at the discretion of the Office of the Illinois Attorney General. [Each Franchisee pays the Initial Franchise Fee specified under the Area Development for each Spitz Restaurant when its Franchise Agreement is signed. No Development Fee is payable under Section 4.1 when the parties sign the Area Development Agreement.](#)
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
4. 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.
5. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
6. 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.
7. All other rights, obligations, and provisions of the Franchise Agreement shall remain in full force and effect. This Addendum is incorporated in and made a part of the Franchise Agreement for the State of Illinois.

(Signatures Appear on Following Page)

8. For info about obtaining a liquor license in Illinois, see: <https://www.illinois.gov/ilcc/Pages/Forms-and-Applications.aspx>. For info about obtaining TIPS certification in Illinois, see: <https://www.tipscertified.com/tips-state-pages/illinois/>. See: the Liquor Control Act of 1934, 235 ILCS 5/ (West 2018) for Illinois Dram Shop laws.

IN WITNESS WHEREOF, each of the parties hereto has caused this Addendum to be executed by its duly authorized representative as of the date of the Franchise Agreement.

STATE EFFECTIVE DATES

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

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

<u>State</u>	<u>Effective Date</u>
California:	April 23 <u>May 30</u> , 2024
Illinois	December 5, 2023 <u>Pending</u>
	Maryland:—
	October 19, 2023
Michigan:	May
	5, 2023

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Virginia—~~June 27, 2023~~ Wisconsin:—~~April 29, 2023~~ Pending
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tates 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.