

## FRANCHISE DISCLOSURE DOCUMENT



**RADWICK FRANCHISING, LLC**  
A Delaware limited liability company  
12300 S. 62 E  
Draper, Utah 84020  
Telephone (323) 257-5600  
[brycerademan@spitzrestaurant.com](mailto:brycerademan@spitzrestaurant.com)  
[www.spitz-restaurant.com](http://www.spitz-restaurant.com)

We offer franchises for the operation of Spitz restaurants (“**Spitz Restaurants**”), which are upscale fast casual service restaurants offering Mediterranean-style sandwiches, wraps, salads, liquor, beer & wine and catering services. You may sign a Franchise Agreement to operate a single Spitz Restaurant. The total investment necessary to begin operations of a single Spitz Restaurant ranges from approximately \$579,250 to \$1,150,050. This includes \$35,000 that must be paid to us or our affiliate. You may sign an Area Development Agreement under which you must develop and operate a minimum of 2 Spitz Restaurants within a specified period in an area we assign. The total investment necessary to begin operation of 2 Spitz Restaurants ranges from approximately \$1,153,500 to \$4,485,200. This includes at least \$65,000 that must be paid to us or our affiliate. You will pay \$30,000 (payable to us or our affiliate) for each additional Spitz Restaurant you agree to develop under the Area Development Agreement. You may sign a Franchise Agreement to operate a single Spitz food truck (a “Mobile Restaurant”) in a defined geographic area. The total investment necessary to begin operations of a single Mobile Restaurant ranges from approximately \$217,250 to \$284,050. This includes \$35,000 that must be paid to us or our affiliate. You may purchase an open and operating Spitz Restaurant (an “Operating Spitz Restaurant”) from our affiliate and sign a Franchise Agreement. The total investment necessary to begin operations of an Operating Spitz Restaurant ranges from approximately \$279,550 to \$906,550. This includes \$249,000 to \$791,000 that must be paid to us or our affiliate. [An Operating Spitz Restaurant will not be offered or sold to any Maryland resident or for operation in Maryland by a franchisee.](#)

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payments 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 our President, Bryce Rademan, 12300 S. 62 E., Draper, Utah 84020, (323) 839-0389, [brycerademan@spitzrestaurant.com](mailto:brycerademan@spitzrestaurant.com).

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 accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “**A Consumer’s Guide to Buying a Franchise**”, which can help you understand how to use this Disclosure Document is available from the Federal Trade Commission.

You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

## 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 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.

**RADWICK FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
TABLE OF CONTENTS**

<b>Item</b>	<b>Description of Contents</b>	<b>Page Number</b>
ITEM 1	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	<del>12</del>
ITEM 2	BUSINESS EXPERIENCE	<del>34</del>
ITEM 3	LITIGATION	<del>34</del>
ITEM 4	BANKRUPTCY	<del>34</del>
ITEM 5	INITIAL FEES	4
ITEM 6	OTHER FEES	5
ITEM 7	ESTIMATED INITIAL INVESTMENT	<del>10</del> 11
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	17
ITEM 9	FRANCHISEE'S OBLIGATIONS	<del>20</del> 19
ITEM 10	FINANCING	<del>22</del> 21
ITEM 11	FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	<del>22</del> 21
ITEM 12	TERRITORY	<del>31</del> 28
ITEM 13	TRADEMARKS	<del>33</del> 30
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	<del>34</del> 31
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	<del>35</del> 31
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	<del>35</del> 32
ITEM 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP	<del>36</del> 33
ITEM 18	PUBLIC FIGURES	<del>47</del> 43
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATIONS	<del>47</del> 43
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION	<del>52</del> 47
ITEM 21	FINANCIAL STATEMENTS	<del>54</del> 49
ITEM 22	CONTRACTS	<del>54</del> 49
ITEM 23	RECEIPTS	<del>55</del> 50

**EXHIBITS**

EXHIBIT A:	FRANCHISE AGREEMENT
EXHIBIT B:	AREA DEVELOPMENT AGREEMENT
EXHIBIT C:	ASSET PURCHASE AGREEMENT
EXHIBIT D:	OPTION TO OBTAIN LEASE ASSIGNMENT
EXHIBIT E:	MOBILE RESTAURANT ADDENDUM; NON-TRADITIONAL VENUE ADDENDUM
EXHIBIT F:	CONFIDENTIALITY AGREEMENT FOR PROSPECTIVE FRANCHISEES
EXHIBIT G:	CONFIDENTIALITY AGREEMENT FOR EMPLOYEES OF FRANCHISEE
EXHIBIT H:	GENERAL RELEASE
EXHIBIT I:	FRANCHISE COMPLIANCE CERTIFICATES
EXHIBIT J:	GUARANTEE
EXHIBIT K:	FINANCIAL STATEMENTS
EXHIBIT L:	STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
EXHIBIT M:	FRANCHISEE LIST
EXHIBIT N:	STATE SPECIFIC ADDENDA
EXHIBIT O:	RECEIPTS

Name of Fee	Amount	Due Date	Remarks
		not cured.	fees and expenses, plus our out of pocket expenses if you default.
Audit	Cost of audit plus 1.5% interest per month (not to exceed 18% per year) or the highest rate allowed by law, which is 10% per year in California.	On demand.	Payable only if audit shows an understatement of 3% or more of Gross Revenue.
Successor Franchise Agreement Fee	50% of our then current Single Restaurant Initial Franchise Fee, currently \$17,500	When you deliver a continuity notice to us for your Franchise Agreement.	This fee will be payable when you elect to continue the Spitz System affiliation under a Successor Franchise Agreement after the term of the Franchise Agreement expires. Includes training for two attendees to our Initial Training Program
Renewal Fee (Area Development Agreement)	\$15,000	When you deliver a renewal notice to us for your Area Development Agreement.	This renewal fee will be payable when you “renew” your Area Development Agreement for an additional three year term to allow you to complete the development obligation.
Gross-Up Fees	Covers Actual Cost of <del>Tax</del> <u>Taxes</u> Owed.	On demand.	If we are taxed on your use of our intellectual property or other intangibles or on the fees payable under your Franchise Agreement, you must pay us the Gross Up amount to insure that we receive our full fees, net of the taxes we are obligated to pay. The formula for a Gross Up is (amount due at standard rate) divided by (1-tax rate <u>expressed in hundreths</u> ) = Gross Amount Needed to net at standard rate.
Sanitation and Food Safety Audits	Currently \$215 per inspection; \$500 per re-inspection.	On demand.	We may, in our sole discretion, contract with a third party to conduct sanitation and food safety audits of the Spitz Restaurant from time to time during the term of your Franchise Agreement, but no less than once per calendar year. We may change these amounts once annually in the Manuals.
New Product and Supplier Testing	Actual cost of inspection and testing; \$1,000 must be paid as a deposit before facility inspection.	As incurred.	If you propose to purchase any goods or materials from a supplier that we have not previously approved, you must submit a written request to us for approval or you must request the supplier itself to do so. We have the right to require, as a condition of our approval, that our representatives are permitted to inspect the supplier’s

elect to add certain services) and advertising costs to Facebook which currently range from \$250 to \$300 per month. We can change the advertising amounts you must spend and forum/social media platform you must advertise in, on written notice to you.

8. These estimates assume that your location will be a leased, unimproved, unfinished retail store-type unit. The estimates are based on the assumption that the premises will be rented and that the landlord will require –one month’s rent as a security deposit. A typical Spitz Restaurant will be located in a densely populated suburban or urban area on a major thoroughfare or adjacent to or part of a suburban or urban shopping center. The typical location will be approximately 1,700 to 2,400 square feet. Monthly lease payments usually range from \$7,000 to \$14,000. A larger sized restaurant may cost more to develop, both on a cost per square foot and total dollar basis.

9. This estimate includes legal review and negotiation of the lease for the Franchised Location and accounting assistance in setting up your books. Additional Legal Fees in the Area Development chart above reflects additional legal costs you may incur as a result of signing an Area Development Agreement.

10. This estimate includes the cost of sending your Operating Partner and General Manager to attend our Initial Training Program in Salt Lake City, Utah or other designated training location. We do not charge a tuition fee for your first two attendees to participate in the Initial Training Program, however, you will be responsible for any compensation, benefits, insurance, meals, lodging, other living expenses and transportation costs incurred by your personnel while attending the Initial Training Program. This estimate also includes the pre-opening training compensation for your managers and employees at the Spitz Restaurant. Your costs of compensation will vary with local market conditions.

11. The non-refundable Initial Franchise Fee and Development Fee are described in Item 5 of this Disclosure Document. On the Area Development Agreement chart, the low estimate assumes you commit to developing 2 Restaurants; the high estimate assumes you commit to developing 4 Restaurants.

12. You must, at all times, maintain adequate reserves and working capital sufficient for you to fulfill all your obligations under the Franchise Agreement and to cover the risks and contingencies of the Spitz Restaurant for at least 3 months. The estimates provided above include estimated employee wages, 3 months of inventory (including restaurant equipment and food), facility expenses, opening cash, and other required expenses through the first 3 months of operations. These estimates do not consider any finance charges, interest and related costs you may incur if any portion for the initial investment is financed or all other recurring monthly operating expenses. These amounts are the minimum recommended levels to cover operating expenses, including employee’s salaries for 3 months. Additional ~~working capital~~ funds may be required if sales are low or fixed costs are high. Our disclosure of additional costs covers a 3-month start-up period. Your Spitz Restaurant may experience a longer start-up period and require additional funds. We relied on our experience in operating our company-owned Spitz Restaurants in developing these estimates. You should review these estimates carefully with a business advisor before making any decision to purchase the franchise.

13. We generally do not provide financing for the Initial Franchise Fee or Development Fee.

14. The prices for food trucks vary based upon the equipment and specifications you chose, options included and local health department requirements which may result in changes in design and construction. You may purchase a “**gourmet food truck**” (see <http://www.cateringtruck.com/products.html>) manufactured by Armenco Catering Truck & Hot Dog Cart Manufacturing Company, Inc. (“**Armenco**”). Gourmet food truck kitchens manufactured by Armenco average 18 feet in length and are furnished with specific equipment for the Spitz menu preparation and service. You may purchase a food truck from any competent supplier as long as it is equipped to our specifications, as published in the Manuals. The décor and layout of your Mobile Restaurant, the equipment, graphics and detailing, trade dress and signs must comply with our requirements. These estimates include the cost of a light-duty or medium-duty 1/2- or 1-ton panel step-van chassis, the price for which will depend upon whether you purchase a new or used truck, shipping costs, which will vary depending on factors such as fuel costs, freight, and delivery destination, plan composition, design and Armenco’s in-house engineering fees. These estimates do not include the cost of mechanical inspections and/or repairs to meet Federal, state and/or local safety and emission standards. If you finance the lease or purchase of the Food Truck through a third-party lending institution, a substantial portion of the total purchase price will often be required as a down-payment as determined by the lending institution. Armenco requires an initial down payment of \$5,000 to cover plan composition costs and 50% of the kitchen purchase price. The remaining balance must be paid in full prior to delivery. Other suppliers may offer different terms.

15. These estimates include health department plan check and annual permit fees as well as building and safety plan check/insignia fees (when required) which are not included in the purchase price. Other included expenses are estimated city business license fees and Department of Motor Vehicle registration, renewal and smog check fees. These costs vary from state to state and vehicle model. Various factors determine the costs of these fees, such as area of operation, gross vehicle weight and local tax and licensing fee schedules.

content for your Spitz Restaurant must be either created or approved by our Creative Director. Enabler will establish and maintain all social media accounts for each Spitz Restaurant as part of the services provided for the \$850 monthly marketing fee. We may modify or discontinue this service, or replace the current vendor, at any time.

**Equipment & Fixtures.** You must purchase and install, at your expense, all fixtures, furnishings, equipment (including point-of-sale system), décor, and signs as we direct. You may not install on or about your Spitz Restaurant any merchandise, furnishings, interior or exterior décor items, supplies, fixtures, equipment or utensils unless they have been approved by us in writing. You must purchase these items from an Approved Supplier.

**Computer Equipment.** You must purchase, lease or license all computer hardware and software we designate for the Spitz Restaurant at your expense. You must maintain and update all computer hardware and software as we require. Currently, Toast, Inc. is the only Approved Supplier of the POS System. See Item 11.

**Food Truck.** If you elect to operate a Food Truck, you may purchase the “gourmet food truck” manufactured by Armenco, 21612 Osborne Street, Canoga Park, CA 91304; **Phone:** (800) 345-0104; (<https://www.cateringtruck.com>). Gourmet food truck kitchens average 18 feet in length. Armenco upfits the chassis, usually a Ford or Freightliner van chassis, with client-specific equipment to produce our Authorized Products, and ships the Food Truck from its Los Angeles area factory to any location in the United States. Armenco is currently the only Approved Supplier for Food Trucks. You may purchase the Food Truck from any competent supplier as long as it meets the specifications in the Manuals. Your supplier must be willing to undergo our approval process described below.

**Approval of Suppliers.** If you wish to procure any items from a supplier other than us or an Approved Supplier, you must obtain our approval. You must identify the proposed supplier, its name and address, and the item(s) you desire to purchase from that supplier. We may require you to deliver a sample of their product. Our specifications and standards for supplier approval are generally available upon written request. If product specifications for the item are not in the Manuals, we will furnish the general, but not manufacturing, specifications for Non-Proprietary Products to you at your request. We may condition our approval on the supplier agreeing in writing not to disclose any confidential information regarding us or our operations, to comply faithfully with our specifications for the items it sells, to sell any materials bearing our marks only to our franchisees, and on the supplier demonstrating to our reasonable satisfaction that it is able to supply commodities meeting our specifications on a continuing basis, and that the supplier is, and will continue to be, of good standing in the business community with regard to its financial soundness and the reliability of its product and service. We also have the right to require, as a condition of approval, that our representatives are permitted to inspect the supplier’s facilities and that you deliver to us and/or to an independent, certified laboratory designated by us, all information, specifications and samples that we reasonably designate for testing. You must pay us a fee not to exceed the actual cost of the inspection and testing. In addition to product testing, a facility audit may be required. You will be responsible for any additional costs and expenses, if any, associated with the inspection of the facility. You must pay us an advance deposit against expenses that we determine, usually \$1,000, before we begin any inspection.

We will use our good faith efforts to notify you in writing of our decision to approve or disapprove the proposed supplier within 60 days after we receive your request for approval, the advance deposit and all requested back-up information. You may not use a supplier unless we notify you of our approval in writing. We may revoke a supplier’s approval for failure to comply with our requirements and specifications. We will disapprove or withdraw our approval of any supplier by written notice to you.

**Supplier Payments.** We may receive rebates from Approved Suppliers based on the aggregate volume of products of services purchased by our franchisees from Approved Suppliers. You will not be entitled to receive any portion of these rebates. In addition, we may negotiate certain arrangements (including price terms) for the purchase of certain items, such as logoed paper products and cups, with suppliers.

During the fiscal year ended December 31, ~~2022~~2023, we received \$24,161.25 in the form of French fry rebates from Lamb Weston as a result of required purchases by franchisees. During the fiscal year ended December 31, ~~2022~~2023, our affiliate did not derive any revenue or other material consideration from required purchases or leases by franchisees. Required purchases or leases are estimated to make up 44% to 60% of a franchisee’s initial investment, and make up 25% of a franchisee’s annual operating expenses.

**Material Benefits.** We do not provide material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services, the volume of purchases from a particular supplier or use of particular suppliers.

**Cooperatives.** Presently there are no purchasing or distribution cooperatives for Spitz Restaurants..

Obligation	Section(s) In Agreement	Disclosure Document Item
t. Transfer	Article 14 of the Franchise Agreement; Articles 9 and 10 of the Area Development Agreement	Items 6 and 17
u. Renewal	Sections 3.2-3.4 of the Franchise Agreement; Section 2.6 of the Area Development Agreement	Items 6 and 17
v. Post-termination obligations	Article 17 of the Franchise Agreement; Article 12 of the Area Development Agreement; Section 4.1 and Article 6 of the Mobile Addendum	Items 6 and 17
w. Non-competition covenants	Article 15 of the Franchise Agreement; Article 13 of the Area Development Agreement	Item 17
x. Dispute resolution	Article 19 of the Franchise Agreement; Article 15 of the Area Development Agreement; Article 14 of the Asset Purchase Agreement	Item 17
y. Taxes & Permits	Section 5.3 of the Franchise Agreement; Sections 7(e), 9(c), 9(d) and 9(f) of the Asset Purchase Agreement; Section 4.3 of the Mobile Addendum	Items 1 and 7
z. Computer hardware and software	Section 7.4 of the Franchise Agreement; Section 6.6 of the Area Development Agreement	Items 8 and 11
aa. Other: Security Interest	Sections 4.7 and 17.9 of the Franchise Agreement	Item 7

**ITEM 10**  
**FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

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

**Except as listed below, we are not required to provide you with any assistance.**

**Before Opening.** We have the following obligations to you before you open your Spitz Restaurant for business:

1. **Spitz Restaurant Site Selection Assistance.** You are solely responsible for selection of the proposed site of your Spitz Restaurant, which will be subject to our review and approval or rejection. We may, but have no obligation to, assist you in locating a proposed site, only after you sign the Franchise Agreement and pay the Initial Franchise Fee. We do not own or lease the Spitz Restaurant to you. The “**Effective Date**” of the Franchise Agreement occurs when you sign and deliver the Franchise Agreement and any applicable Addendum, we accept and countersign the Franchise Agreement and you have paid the fees due at signing. We will provide you with our site criteria that include the factors we consider in approving Spitz Restaurant locations, such as general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. You may not construe any assistance we may provide, or our approval, as a guarantee or other assurance that the proposed site will be successful. You may not relocate your Spitz Restaurant without our consent. We are not obligated to assist you in negotiating the commercial or legal terms of the lease. (Franchise Agreement, Sections 5.1 and 5.4).

2. **Site Design Assistance.** We will provide you a copy of our specifications for the décor and layout of a Spitz Restaurant and the required fixtures, equipment, furnishings, décor, trade dress and signs that you will obtain either from approved suppliers ~~or to~~ we identify for you or from any supplier you select as long as the items conform to our specifications. We do not deliver or install these items. You are responsible for the costs of preparing architectural, engineering and construction drawings and site and space layout and exterior signage plans, which you must submit to us for our review and approval within 45 days after you obtain

possession of the Franchised Location and, in any event, before you begin construction of your Spitz Restaurant. Before commencing any renovation or construction, you must employ a licensed architect and engineer approved by us to prepare preliminary and final architectural and engineering drawings and specifications of your Spitz Restaurant in accordance with our standard architectural plans and specifications for a prototype Spitz Restaurant. You are responsible for the cost of construction and refurbishment the Spitz Restaurant. Your costs for the required refurbishment shall not exceed \$100,000 for the interior of the Spitz Restaurant or \$50,000 for the exterior of the Spitz Restaurant. These dollar amounts will be subject to annual adjustment to reflect changes in the Consumer Price Index (Franchise Agreement, Sections 5.3 and 7.20).

3. **Manuals.** After you sign your Franchise Agreement, we will loan you 1 copy of our Operations Manual, which may consist of one or more manuals (“**Manuals**”), to use during the term of the Franchise Agreement by hard copy or via the intranet. As of December 31, ~~2022~~2023, the Operations Manual had a total of 142 pages. The Manuals contain our standard operational procedures, policies, rules and regulations with which you must comply. We may, from time to time, update or change the Manuals in our sole discretion, and we may create a portal for on-line access to the Manuals in place of hard copy access. We may impose a data security plan for persons granted on-line access to the Manuals. (Franchise Agreement, Section 6.3). You will be given the opportunity to review the Manuals before you sign your Franchise Agreement if you first sign our form of Confidentiality Agreement (**Exhibit F**).

4. **Initial Training.** We will provide initial training at a franchised Spitz Restaurant located in Salt Lake City, Utah and/or another designated training location, for up to 2 supervisors or managers you select, who must include the Operating Partner and General Manager, or other supervisory or managerial personnel. Additional personnel can be training for the Additional Training Fee. (Franchise Agreement, Section 6.1).

5. **Franchise Disclosure Document.** If you have signed an Area Development Agreement, upon our approval of a site, we will give you a copy of our then-current Disclosure Document, if required by applicable law and you have not already received the current version, together with a copy of our then-current Franchise Agreement for the Spitz Restaurant. (Area Development Agreement, Section 5.4).

6. **Designation of Mobile Territory for Food Truck.** We will designate your Protected Area in your Food Truck Franchise Agreement. (Mobile Addendum, Section 1.2).

7. **Specifications for Food Truck.** We will provide you with the specifications for the equipment, graphics and detailing, trade dress and signs for your Food Truck. (Mobile Addendum, Section 1.3).

8. **Virtual Training.** We may provide any or all portions of the Initial Training Program and/or pre-opening on-site opening assistance remotely over a virtual communication platform designated by us. (Franchise Agreement, Section 6.6).

Except as expressly stated above, we do not provide assistance to you with locating a site and negotiating its purchase or lease, conforming the premises to local ordinances and building codes, obtaining any required permits, constructing, remodeling or decorating the premises, hiring and training employees, or providing for necessary equipment, signs, fixtures, opening inventory, and supplies.

**Post-Opening Obligations.** We have the following obligations to you during the operation of your Spitz Restaurant:

1. **Consultation and Advice.** Provide regular consultation and advice to you in response to inquiries from you regarding administrative and operating issues that you bring to our attention. (Franchise Agreement, Section 6.4).

2. **Additional Training.** We will provide training programs for new or replacement supervisors or managers personnel. (Franchise Agreement, Section 6.2).

3. **Designate Products.** We will designate Spitz Proprietary Products and Non-Proprietary Products which you may or must stock, use and promote. (Franchise Agreement, Sections 8.3).

4. **Inspections.** We will inspect and examine the Spitz Restaurant to confer with your supervisory or managerial employees, inspect and check operations, food, beverages, furnishings, interior and exterior décor, supplies, fixtures and equipment, and determine whether the Spitz Restaurant is being operated in accordance with the Franchise Agreement, the Spitz System and the Manuals. (Franchise Agreement, Section 6.5).

Except as stated above and as we may offer in the Manuals, after you open your Spitz Restaurant, we have no obligation to provide you with assistance with developing products or services that you will offer your customers, hiring and training employees, improving

**Gross Revenue, Operating Expenses and Net Profit At 8 Franchised Spitz Restaurants  
During The Period January 1, 2023 Through December 31, 2023  
(As Of December 31, 2023, There Were A Total Of 15 Franchised Spitz Restaurants)  
(SEE NOTES 1 –9)**

**TABLE 1**

	Average (Note 7)	Percent of Gross Revenues
<b>Gross Revenues</b> (Note 3)	\$1,869,721.22	100.00%
<b>Operating Expenses</b> (Note 4)	<del>\$487,062.24</del>	<del>26.35%</del>
Food Cost	<del>\$35,064.47</del> 487,062.24	<del>1.87%</del> 26.35%
Supplies and Materials	<u>\$35,064.47</u>	<u>1.87%</u>
Labor Cost	\$473,137.36	22.32%
<del>Labor Cost</del> Gross Rent	\$104,639.87	5.60%
<del>Gross Rent</del> Other Costs	\$378,274.82	20.41%
<del>Other Costs</del> Royalties	\$102,834.67	5.50%
Royalties	\$288,707.80	14.89%
<b>Net Profit</b> (Note 5)	<del>\$487,062.24</del>	<del>26.35%</del>

Of the eight Spitz Restaurant franchises reporting complete 2023 financial performance information, five or 63% reported Gross Revenues at or above the average shown in Table 1. The Median Gross Sales of the Franchise Restaurants for 2023 was \$2,015,056.33. The range of Gross Revenue was from \$1,219,615.24 to \$2,265,233.06. Three Franchised Restaurants are omitted from the data set because each did not report complete financial data for all of 2023.

**Gross Revenue, Operating Expenses, Net Profit and Imputed Royalties At 5 Affiliate-Owned Spitz Restaurants  
During The Period January 1, 2023 Through December 31, 2023  
(As Of December 31, 2022, There Were A Total Of 5 Affiliate-Owned Spitz Restaurants)  
(See Notes 1 –9)**

**TABLE 2**

	Average	Percentag e of Gross Revenue
<b>Gross Revenue</b> (Note 3)	\$1,844,592.20	100.00%
<b>Operating Expenses</b> (Note 4)		
Food Cost	\$432,195.52	26.19%
Supplies and Materials	\$33,284.93	1.87%
Labor Cost	\$441,235.02	23.70%
Gross Rent	\$104,646.93	5.73%
Other Costs	\$524,671.88	28.74%
<b>Net Profit</b> (Note 5)	<b>\$96,159.19</b>	<b>5.50%</b>
Imputed Royalties (Note 6)	<del>\$247,798.48</del> 96,159.19	<del>13.04%</del> 5.50%
Net Profit (Note 6)	<del>\$432,195.52</del> 798.48	<del>26.19%</del> 3.04%

Of the five Spitz Restaurant owned by Affiliates reporting 2023 financial performance information, three or 60% reported Gross Revenues at or above the average shown in Table 2. The Median Gross Sales of the Affiliate-Owned Spitz Restaurants for 2023 was \$1,831,815.64. The range of Gross Revenue in 2023 was from \$1,469,810.67 to \$2,229,565.64 for these Spitz Restaurants.

**[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]**

**NOTE 1:**

Table 1 includes actual historical unaudited information we have received from franchisees for 8 Spitz Restaurants that were owned and operated by our franchisees in 2023. All of these franchised Spitz Restaurants are operations similar to the franchise offered in this Disclosure Document. New outlets with different sized seating, bar and kitchen areas may differ materially in performance from these outlets. We compiled Table 1 from reports submitted to us by certain Spitz franchisees on their Gross Revenue (as defined in Note 3), Operating Expenses (as defined in Note 4) and Net Profit (as defined in Note 5).

On December 31, 2023, there were a total of ~~44~~<sup>15</sup> franchised Spitz Restaurants owned and operated by our franchisees only 8 of which were in operation for a full calendar year on December 31, 2023 and reported financial information for the entire year. The 8 franchised Spitz Restaurants included in Table 1 were selected because the information was available to us and believed to be complete, accurate and reliable. All information is unaudited.

Table 2 includes actual historical unaudited information we have accumulated for 5 Spitz Restaurants that were owned and operated by our affiliate in 2023. All of these affiliate-owned Spitz Restaurants are operations similar to the franchise offered in this Disclosure Document. Table 2 information was taken from reports submitted to us by our affiliate on Gross Revenue (as defined in Note 3), Operating Expenses (as defined in Note 4), Net Profit (as defined in Note 5) and Imputed Royalties (as defined in Note 6) for the affiliate-owned Spitz Restaurants.

On December 31, 2023, there were a total of 5 affiliate-owned Spitz Restaurants. All 5 affiliate-owned Spitz Restaurants are included in Table 2.

**NOTE 2:**

For purposes of Tables 1 and 2, “**Gross Revenues**” means the aggregate of the total of all revenues derived from sales of any nature or kind whatsoever from each Spitz Restaurant included in these Tables, whether received in cash, services, property, barter, or other means of exchange, including orders taken in or from the Spitz Restaurants although filled elsewhere. Gross Revenue includes the full value of meals provided to employees as incident to their employment (less the value of any discounts against Gross Revenue given during the month in which the meals were provided) and all proceeds from the sale of coupons, gift certificates or vouchers. Gross Revenue excludes the amount of bona fide refunds paid to customers and the amount of sales or use taxes actually paid to any governmental authority and the retail price of any coupons, gift certificates and vouchers when they are redeemed.

**NOTE 3:**

For purposes of Tables 1 and 2, “**Operating Expenses**” means our franchisees’ (Table 1) and our affiliate’s (Table 2) expenses for food, supplies and material, labor, rent and other costs (such as non- alcoholic beverages, liquor, beer, wine, cleaning supplies, laundry, office supplies, kitchen supplies, restaurant supplies, repairs and maintenance, advertising, pest control, bank charges, dues and subscriptions, postage and delivery, legal and accounting, licenses and permits, utilities, trash and third party delivery fees).

**NOTE 4:**

For purposes of Tables 1 through 4, “**Net Profit**” means Gross Revenue less Operating Expenses.

**NOTE 5:**

Based upon the Gross Revenue of the affiliate-owned Spitz Restaurants, we have included in Table 2 Imputed Royalty fees that a franchisee would incur at 5.5% of Gross Revenue, which the affiliate-owned Spitz Restaurants did not incur. If the Restaurants were franchised, then Imputed Royalties would be deducted as an expense to produce Net Profit.

**TABLE NO. 5  
PROJECTED OPENINGS AS OF DECEMBER 31, 2023**

State	Franchise Agreements Signed But Outlets Not Opened	New Franchised Outlets In The Next Fiscal Year	Projected New Company Owned Outlets In The Next Fiscal Year
California	1	1	0
Colorado	1	1	0
Georgia	1	0	0
Maryland	1	1	0
Minnesota	0	1	0
Montana	2	2	0
Oregon	1	1	0
Texas	1	1	0
Utah	1	1	<u>0</u>
Virginia	0	1	0
<b>Totals</b>	<b>8</b>	<b>10</b>	<b>0</b>

The contact information for our current franchisees is listed on **Exhibit M**, including franchisees with signed franchise and development agreements for outlets that were not open at December 31, 2023. No franchisees had an outlet terminated, canceled, not renewed, or ceased operations for other reasons during the fiscal year ending December 31, 2023, or have not communicated with us within 10 weeks of the issuance date of this disclosure document.

There are no independent franchisee organizations that have asked to be included in this Disclosure Document.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**ITEM 21  
FINANCIAL STATEMENTS**

Attached to this Disclosure Document as **Exhibit K** are our audited financial statements as of December 31, 2023; ~~and 2022, and as of~~ December 31, ~~2022~~2021 and 2020 ~~and for the years ending~~ December 31, 2021, 2020 and 2019. Our fiscal year ends on December 31 of each year.

**ITEM 22  
CONTRACTS**

**Exhibit A** is our current Franchise Agreement.

**Exhibit B** is our current Area Development Agreement.

**Exhibit C** is our current Asset Purchase Agreement.

**Exhibit D** is our current Option to Obtain Lease Assignment.

**Exhibit E** is our Mobile Restaurant Addendum and Non-Traditional Venue Addendum

**Exhibit F** is our current Confidentiality Agreement for Prospective Franchisees.

**Exhibit G** is our current Non-Disclosure and Confidentiality Agreement for Employees of Franchisee.

**Exhibit H** is our current General Release.

**RADWICK FRANCHISING, LLC  
FRANCHISE AGREEMENT**

**TABLE OF CONTENTS**

<u>ARTICLE</u>	<u>PAGE</u>
1. DEFINITIONS.....	1
2. GRANT.....	6
3. INITIAL AND RENEWAL TERMS.....	7
4. FEES.....	8
5. FRANCHISED LOCATION, CONSTRUCTION AND OPENING FOR BUSINESS.....	10
6. OBLIGATIONS OF FRANCHISOR.....	12
7. OBLIGATIONS OF FRANCHISEE.....	14
8. SUPPLIERS AND PRODUCTS.....	20
9. SPITZ MARKS.....	21
10. ADVERTISING.....	22
11. CONFIDENTIAL INFORMATION.....	25
12. ACCOUNTING AND RECORDS.....	26
13. INSURANCE.....	27
14. TRANSFER OF INTEREST.....	<del>27</del> <u>28</u>
15. COVENANTS.....	<del>31</del> <u>32</u>
16. DEFAULT AND TERMINATION.....	<del>33</del> <u>34</u>
17. OBLIGATIONS FOLLOWING TERMINATION OR EXPIRATION.....	36
18. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.....	<del>37</del> <u>38</u>
19. DISPUTE RESOLUTION.....	39
20. NOTICES.....	40
21. ACKNOWLEDGMENTS.....	<del>40</del> <u>41</u>

**EXHIBITS**

<b>EXHIBIT A</b>	<b>FRANCHISE INFORMATION</b>
<b>EXHIBIT B</b>	<b>ENTITY INFORMATION DISCLOSURE</b>
<b>EXHIBIT C</b>	<b>GUARANTEE OF FRANCHISE AGREEMENT</b>
<b>EXHIBIT D</b>	<b>DEBIT AUTHORIZATION FORM</b>
<b>EXHIBIT E</b>	<b>ADDENDUM FOR RESTAURANT PURCHASE</b>

**RADWICK FRANCHISING, LLC  
FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (this “**Agreement**”) is made and entered into as of \_\_\_\_\_ (the “**Effective Date**”), by and between **RADWICK FRANCHISING, LLC**, a Delaware limited liability company (“**Franchisor**”), and the party identified as “**Franchisee**” on Exhibit A, who are individually referred to in this Agreement as a “**Party**”, and collectively referred to in this Agreement as “**Parties**”, with reference to the following facts:

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**”). The Spitz Marks used to identify the Spitz System may be modified by Franchisor and Franchisor’s affiliate in its sole discretion. Franchisor and Franchisor’s affiliate continue to develop, use and control the use of the Spitz Marks in order to identify for the public the source of services and products marketed under the Spitz Marks and the Spitz System, and to represent the Spitz System’s high standards of quality, appearance and service.

B. Franchisee desires to obtain a license and franchise to operate a single Spitz Restaurant, under the Spitz Marks and in strict accordance with the Spitz System, and the standards and specifications established by Franchisor, and Franchisor is willing to grant Franchisee such license and franchise under the terms and conditions of this Agreement.

**NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH THE PARTIES MUTUALLY ACKNOWLEDGE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:**

1. **DEFINITIONS.**

The capitalized terms in this Agreement are assigned these definitions:

“**Abandon**” means (i) Franchisee’s failure, at any time during the Term, to keep the Spitz Restaurant open and operating for business for a period of five (5) consecutive days, except as provided in the Manuals, (ii) Franchisee’s failure to keep the Spitz Restaurant open and operating for any period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the Spitz Restaurant, unless the failure to operate is due to Force Majeure (subject to Franchisee’s continuing compliance with this Agreement), (iii) Franchisee’s failure to actively and continuously maintain and answer the telephone listed by Franchisee for the Spitz Restaurant solely with the Spitz name, (iv) the withdrawal of permission from the Landlord that results in Franchisee’s inability to continue operation of the Spitz Restaurant at the Franchised Location, or (v) a closure of the Spitz Restaurant required by Applicable Law.

“**Additional Training Programs**” shall have the meaning set forth in Section 6.2.

“**Affiliate**” or “**Affiliates**” mean any person or Entity that controls, is controlled by, or is under common control with, a Party to this Agreement. Control of a person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of such person or Entity whether by contract or otherwise.

“**Anti-Terrorism Laws**” shall have the meaning set forth in Section 15.11.

“**Applicable Law**” means and includes applicable common law and all statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority with jurisdiction over the operation of the Spitz Restaurant that are in effect on or after the Effective Date, as amended.

“**Approved Suppliers**” means suppliers of Spitz Branded Products, Spitz Proprietary Products and Non-Proprietary Products, and ancillary services, Food Delivery Services, food products, beverages, supplies,

Governmental Authority and the retail price of any coupons, gift certificates and vouchers when they are redeemed. Proceeds from the sale of gift cards are excluded from Gross Revenue. The value of any purchase paid for with a gift card is included in Gross Revenue.

“**Improvement**” shall have the meaning set forth in Section 7.18.

“**Indemnifiable Claim**” shall have the meaning set forth in Section 18.4.

“**Indemnitees**” shall have the meaning set forth in Section 18.4.

“**Indemnitors**” shall have the meaning set forth in Section 18.4.

“**Initial Franchise Fee**” means the initial fee that Franchisee must pay Franchisor for the right to operate the Spitz Restaurant under this Agreement in the sum of \$35,000.

“**Initial Term**” means the ten (10) year period commencing on the Opening Date and ending on the Expiration Date.

“**Initial Training Program**” shall have the meaning set forth in Section 6.1.

“**Landlord**” means the owner of the Franchised Location who enters into a Lease with Franchisee for the Franchised Location.

“**Lease**” shall mean any agreement, however denominated, that allows Franchisee to occupy a Franchised Location owned by a Landlord, including any lease, sublease, concession agreement, license and similar arrangement between Franchisee and a Landlord.

“**Losses and Expenses**” shall have the meaning set forth in Section 18.4.

“**Manuals**” means Franchisor’s Operations Manual and training manuals and any other written directives related to the Spitz System, as amended, issued and revised by Franchisor in its sole discretion.

“**NACHA**” means the National Automated Clearing House Association, an organization that establishes the standards and rules followed by financial institutions for transferring payments.

“**Non-Proprietary Products**” means the food products, condiments, beverages, raw materials, fixtures, furnishings, equipment, uniforms, supplies, paper goods, services, menus, packaging, forms, POS Systems, computer hardware, software, modems and peripheral equipment and other products, supplies, services and equipment, other than Spitz Branded Products and Spitz Proprietary Products, that Franchisee may or must use, offer and sell at the Spitz Restaurant.

“**Non-Traditional Venues**” mean a broad variety of atypical sites, including a site or location within a captive market site, another primary business or in conjunction with other businesses or at institutional settings including office buildings and business complexes, arenas, stadiums and entertainment venues, health clubs and recreational facilities, airports, train and bus stations, toll road facilities and other transportation terminals and related facilities, food service fulfillment centers, educational, medical, governmental and other types of institutional facilities, restaurant-in retail locations or restaurant-in restaurant (for example, a restaurant within a grocery store), food courts operated by a master concessionaire and any site for which the lessor, owner or operator limits the operation of its food service facilities to a master concessionaire or contract food service provider.

“**Notice of Default**” shall have the meaning set forth in Section 16.3.

“**Trade Secrets**” means proprietary and Confidential Information, including, recipes, ingredients, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies and methods and techniques of operating the Spitz Restaurant and producing Authorized Spitz Products, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or that Franchisee can show was already lawfully in Franchisee’s possession before receipt from Franchisor.

## 2. **GRANT**

2.1 **Grant.** Franchisor hereby awards Franchisee, and Franchisee hereby accepts, the right, license and obligation, during the Initial Term, to use and display the Spitz Marks and to use the Spitz System to continuously operate one (1) Spitz Restaurant at, and only at, the Franchised Location, throughout the Term of this Agreement upon the terms and subject to the provisions of this Agreement and all ancillary documents binding Franchisor and Franchisee. Franchisee shall utilize the Franchised Location only for the operation of the Spitz Restaurant. Franchisee shall not sublicense, sublease, subcontract or enter any management agreement providing for the right to operate the Spitz Restaurant or to use the Spitz System granted pursuant to this Agreement.

2.2 **Protected Area.** Except as provided in Section 2.3, during the Initial Term, and provided that Franchisee is not in Default under this Agreement or any other agreement between Franchisor or its Affiliates and Franchisee, Franchisor shall not own, operate, sell or issue a franchise for any other Spitz Restaurant within the Protected Area. Franchisee shall not receive an exclusive territory. Unless Franchisor agrees otherwise in writing, Franchisee may only accept and fulfill orders received from Food Delivery Services in the Protected Area. Franchisee must advise all Food Delivery Services of these delivery restrictions imposed on Franchisee. The license granted to Franchisee under this Agreement is nonexclusive, and except as provided in this Section 2.2, Franchisee shall have no territorial or protective rights.

### 2.3 **Rights Reserved by Franchisor.**

**2.3.1** Franchisor and its Affiliates expressly reserve all other rights with respect to the Spitz System, the Spitz Marks and Spitz Restaurants, including the exclusive right, in their discretion, directly or indirectly, without paying Franchisee any compensation or granting Franchisee any rights in the same, to (i) develop, own and operate, and to grant licenses and franchises to third parties to develop, own and operate, Spitz Restaurants at any location outside of the Protected Area regardless of its proximity to the Spitz Restaurant; (ii) develop, own and operate, and to grant licenses and franchises to third parties to develop, own and operate, any other business other than a Competitive Business, under marks and systems different from the Spitz Marks and the Spitz System at any location within or outside of the Protected Area regardless of its proximity to the Spitz Restaurant; (iii) sell or distribute, at retail or wholesale, directly or indirectly, and license others to sell or distribute, Spitz Branded Products and Spitz Proprietary Products from any location within or outside of the Protected Area regardless of proximity to the Spitz Restaurant, through the Internet, mail order catalogs, direct mail advertising and through other distribution methods; (iv) market on the Internet and use the Spitz Marks on the Internet, including all use of Websites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media; (v) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at Spitz Restaurants and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating; (vi) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any business providing products and services similar to those provided at Spitz Restaurants, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses; (vii) own or operate and to franchise or license others to own or operate Spitz Restaurants at any Non-Traditional Venue within and outside of Franchisee’s Protected Area regardless of their proximity to Franchisee’s Spitz Restaurant; and (viii) engage in all other activities that this Agreement does not expressly prohibit.

**2.3.2** [For off-premises delivery and catering, Franchisee may deliver to and cater at addresses within the Protected Area. Franchisor reserves the right to establish delivery and catering zones outside the Protected Area by written notice to Franchisee in which Franchisor reserves the right to manage delivery and catering such that](#)

(i) Franchisee may be authorized to deliver and cater to certain areas, addresses or customers; (ii) Franchisee may be prohibited from delivery or catering to or for certain areas, customers or addresses, (iii) Franchisor may establish a rotation among Spitz Restaurants serving the general area or an assignment system based on Franchisor's assessment of the delivery and catering performance of Spitz Restaurants in a market to assure the best customer experience, or (iv) Franchisor may establish service standards in the Manuals for distance/delivery time, packaging, temperature control and other technical aspects that affect the quality of orders at the point of delivery or serving that Franchisee must meet to be authorized to deliver and cater outside the Protected Area.

### 3. **INITIAL AND RENEWAL TERMS.**

3.1 **Initial Term.** The Initial Term shall commence on the Opening Date and shall expire on the Expiration Date. If Franchisee does not elect to renew the Initial Term under Section 3.2, this Agreement shall expire on the Expiration Date.

3.2 **Renewal Right.** Upon the expiration of the Initial Term, Franchisee shall have the right (the "**Renewal Right**") to enter into Franchisor's Then-Current franchise agreement in the form then generally being offered to prospective Spitz Restaurant franchisees (the "**Renewal Franchise Agreement**") for the Renewal Term. The Initial Franchise Fee, the Royalty Fees and the Marketing Fund Fees payable by Franchisee during the Renewal Term shall be identical to the Initial Franchise Fee, the Royalty Fees and the Marketing Fund Fees payable by new Spitz Franchisees under this Agreement. If Franchisee desires to exercise the Renewal Rights, Franchisee shall, no later than eighteen (18) months prior to the Expiration Date, notify Franchisor in writing (the "**Renewal Notice**") that Franchisee desires to extend the Initial Term for the duration of the Renewal Term. If Franchisee exercises the Renewal Rights, this Agreement shall terminate on the Renewal Term Expiration Date. This Agreement is not otherwise renewable.

3.3 **Conditions to Renewal.** The Initial Term may be renewed by Franchisee only if all of the following conditions precedent are satisfied prior to the Expiration Date: (i) Franchisee shall have fully performed all of its obligations under this Agreement, any Area Development Agreement and all other agreements binding Franchisor and Franchisee and shall be in Good Standing on the date of the Renewal Notice, on the date of Franchisor's execution of the Renewal Franchise Agreement and on the Expiration Date; (ii) Franchisee shall, prior to the commencement date of the Renewal Term, undertake and complete at its expense, the remodeling, renovation, modernization, or refurbishing of the Franchised Location and the Spitz Restaurant to comply with Franchisor's Then-Current specifications and standards for new Spitz Restaurants; (iii) Franchisee shall not have committed three (3) or more material Defaults during any eighteen (18) month period during the Initial Term which were subject to notices of Default issued by Franchisor, whether or not the Defaults were cured; (iv) Franchisee continues to comply with the terms and conditions of this Agreement; (v) Franchisee shall have satisfied Franchisor's Then-Current qualifications and training requirements; (vi) Franchisee shall have executed and delivered to Franchisor a General Release; (vii) Franchisee shall have executed and delivered to Franchisor a General Release; (viii) Franchisee shall have paid Franchisor a \$10,000 renewal fee when Franchisee issues the Renewal Notice to Franchisor; and (ix) Franchisee has executed the Renewal Franchise Agreement and delivered it to Franchisor.

3.4 **Renewal Procedures.** Following the expiration of any waiting periods required by Applicable Law and no more than thirty (30) days after Franchisee receives franchise disclosure document, if applicable, and the execution copies of the Renewal Franchise Agreement, Franchisee shall execute the copies of the Renewal Franchise Agreement and return them to Franchisor. If Franchisee has exercised the Renewal Right in accordance with Section 3.2 and satisfied all of the conditions in Section 3.3 and this Section 3.4, Franchisor shall execute the Renewal Franchise Agreement. If Franchisee fails to perform any of the acts, or deliver any of the notices required under this Article 3 in a timely fashion, the failure to do so shall be deemed an election by Franchisee not to exercise the Renewal Right and shall automatically cause the Renewal Right to lapse and expire.

3.5 **Notice Required by Law.** If Applicable Law requires Franchisor to give notice to Franchisee prior to the expiration of the Initial Term, this Agreement shall remain in effect on a week-to-week basis until Franchisor has given the notice required by Applicable Law. If Franchisor is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or franchise disclosure document, or is not lawfully able to offer Franchisee its Then-Current form of franchise agreement, at the time Franchisee delivers

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 an 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 completed the Initial Training Program. Franchisor will also provide pre-opening training at the Spitz Restaurant for at least two weeks before the anticipated opening date (“Pre-Opening Training”). Some of the on-the-job training hours and content of the Initial Training Program will be delivered during Pre-Opening Training at the Spitz Restaurant. The cost of Franchisor’s training staff is included in the Initial Franchise Fee. Franchisor does not charge for their travel costs (airfare, lodging, meals, incidentals) but Franchisee must have the Spitz Restaurant staff hired and in place when Pre-Opening Training begins. Franchisee will be responsible for compensation and benefits costs of Franchisee’s staff incurred during Pre-Opening Training.

6.2 **Additional Training Programs.** Franchisor may, at Franchisor’s discretion, at any time during the Term (i) require the Operating Partner and each General Manager and/or other supervisory or managerial personnel of Franchisee to attend; or (ii) make available to the Operating Partner and each General Manager and/or other supervisory or managerial personnel of Franchisee, additional and remedial training programs (“**Additional Training Programs**”). Franchisee shall pay Franchisor its Then-Current daily fee for each of Franchisor’s representatives that provides Additional Training Programs to defray Franchisor’s direct costs to provide the Additional Training Programs. In addition, Franchisee shall pay all transportation costs, food, lodging and similar costs incurred in connection with attendance at the Additional Training Programs.

6.3 **Manuals.** Franchisor will loan one copy or provide Franchisee with access to its current Manuals by hard copy or via the intranet during the Term of this Agreement. Franchisor may modify, supplement, amend, revise, decrease or eliminate the Manuals at any time during the Term of this Agreement. The Manuals are, and at all times shall remain Franchisor’s sole property and shall promptly be returned to Franchisor upon expiration, termination or an Assignment of this Agreement. If Franchisee misplaces the Manuals or fails to return the manuals to Franchisor upon demand, Franchisee shall pay Franchisor the sum of \$500 as a manual replacement fee. Franchisee shall treat all information contained in the Manuals as Confidential Information and shall use all reasonable efforts to keep the information confidential. Franchisee shall not, without Franchisor’s prior written consent, copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or otherwise make them available to any person not required to have access to their contents in order to carry out their employment functions.

The Manuals contain both mandatory and recommended specifications, standards, procedures, rules and other information pertinent to the Spitz System and Franchisee's obligations under this Agreement. The Manuals, as modified by Franchisor, are an integral part of this Agreement and all provisions now or hereafter contained in the Manuals or otherwise communicated to Franchisee in writing are expressly incorporated into this Agreement by this reference and made a part of this Agreement. Franchisee shall comply with all mandatory requirements now or hereafter included in the Manuals and acknowledges and agrees that a breach of any mandatory requirement shall constitute a breach of this Agreement and grounds for termination. Franchisor reserves the right to modify the Manuals at any time to reflect changes that it may implement in the mandatory and recommended specifications, standards, and operating procedures of the Spitz System. Franchisee shall immediately conform its operations to all revisions in mandatory specifications, standards, operating procedures and rules prescribed by Franchisor.

6.4 **Consultation.** Following the Opening Date of the Spitz Restaurant, Franchisor may provide regular consultation and advice to Franchisee in response to Franchisee's inquiries about specific administrative and operating issues that Franchisee brings to Franchisor's attention including, without limitation, mandatory and recommended specifications, standards and operating procedures of the Spitz System. Franchisor's consultation and advice may be provided by telephone, in writing, electronically, in person, or by other means, and shall be provided by Franchisor to Franchisee at Franchisee's expense. In addition to any charges Franchisor may impose, Franchisee shall also pay all transportation costs, food, lodging and similar costs that may be incurred by Franchisor to provide these services. Franchisee acknowledges and agrees that the results of Franchisee's efforts to operate a Spitz Restaurant rest solely with Franchisee. Franchisor may make recommendations that it deems appropriate to assist Franchisee's efforts. However, Franchisee alone shall establish all requirements, consistent with the policies of Franchisor, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees; (ii) the individuals to whom Franchisee will offer and sell its products and services; and (iii) the suppliers from whom Franchisee obtains any products or services used in or at the [Spitz Restaurant](#) for which Franchisor has not established Spitz Approved Suppliers.

6.5 **Post-Opening Inspection.** To protect the Spitz System, the Spitz Marks, the Spitz Trade Secrets and the goodwill associated with the same, following the Opening Date of the Spitz Restaurant, Franchisor's authorized representatives shall have the right, but not the obligation, at any time during the Term, to enter the Spitz Restaurant during business hours, to examine the Spitz Restaurant, to confer with Franchisee's supervisory or managerial personnel, inspect and check operations, food, beverages, furnishings, interior and exterior decor, supplies, fixtures and equipment, and determine whether the Spitz Restaurant is being operated in accordance with this Agreement, the Spitz System and the Manuals. Franchisor shall use reasonable efforts to avoid materially disrupting the operation of the Spitz Restaurant during an inspection. If any inspection indicates any deficiency or unsatisfactory condition at the Spitz Restaurant, Franchisor will notify Franchisee in writing of the deficiencies and Franchisee shall promptly correct, remedy or repair the same. In addition, if any inspection indicates any deficiency or unsatisfactory condition which requires a re-inspection of the Spitz Restaurant within a period of thirty (30) days, Franchisee shall pay Franchisor, upon demand, the sum of \$500 for each re-inspection of the Spitz Restaurant and shall, in addition, reimburse Franchisor for its out of pocket expenses for the re-inspection, including for transportation costs, food, lodging and similar costs.

6.6 **Virtual Training, Assistance and Inspections.** Franchisor may provide any or all portions of the Initial Training Program, Additional Training Programs, pre and post-opening on-site opening assistance, post-opening consultations and/or post-opening inspections remotely over a virtual communication platform designated by Franchisor.

6.7 **Assignment.** Upon the occurrence of an Assignment, the Proposed Buyer must be trained by Franchisor as a condition to the granting of Franchisor's consent to the Assignment. All costs for this training shall be included in the administrative/transfer fee payable by Franchisee in accordance with Section 17.1. The Spitz Restaurant shall not be transferred, Opened, or re-Opened by the Proposed Buyer until Franchisor accepts the Proposed Buyer in writing as certified to operate the Spitz Restaurant and Franchisor has otherwise consented to the Assignment in accordance with this Agreement.

concepts, materials and endorsements used and the geographic market, media placement and allocation. The Marketing Fund may be used to pay the costs of preparing and producing associated materials and programs as Franchisor determines, including video, audio and written marketing materials employing marketing agencies, sponsorship of sporting, charitable or similar events, administering regional and multi- regional marketing programs including purchasing direct mail and other media marketing, and employing marketing agencies to assist with marketing efforts, supporting public relations, market research and other marketing and promotional activities, campaigns, test marketing, marketing surveys, public relations activities, website development/operation for portal, Internet, Intranet and URL services and for 800 or similar numbers. All expenditures are at the sole discretion of Franchisor. Franchisor may spend in any year more or less than the total contributions to the Marketing Fund in that year. Franchisor may borrow from Franchisor or other lenders on behalf of the Marketing Fund to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund.

10.1.2 Franchisee acknowledges that the Marketing Fund is intended to maximize general public recognition of and the acceptance of the Spitz brand for the benefit of the Spitz System as a whole. Franchisor undertakes no obligation, in administering the Marketing Fund, to make expenditures for Franchisee that are equivalent or proportionate to its contribution, or to insure that any particular Franchisee benefits directly or pro rata from marketing or promotion conducted with the Marketing Fund. If Franchisor has not yet established a Marketing Fund as of the Effective Date, Franchisee shall not be required to pay the Marketing Fee until such time as Franchisor establishes the Marketing Fund, at which time Franchisee shall begin making Marketing Fee contributions in accordance with this Section 10.1 upon ninety (90) days' notice to Franchisee. Franchisee acknowledges that neither Franchisor, nor any Affiliate of Franchisor, shall be required to contribute any amount to the Marketing Fund pursuant to its or their operation of a Spitz Restaurant or other business utilizing the Spitz Marks or the Spitz System.

10.1.3 Franchisor will maintain the Marketing Fund in an account separate from Franchisor's other monies, and will not use it to defray any of Franchisor's expenses, except for reasonable administrative and marketing wages and costs and overhead which Franchisor may incur in activities related to administering the Marketing Fund and marketing programs for Franchisor's franchisees. The Marketing Fund will not be used to solicit or to sell Spitz franchises to prospective franchisees. The Marketing Fund is not and will not be an asset of Franchisor. Any Marketing Fund Fees collected in a year, but not spent in that year, will be carried over to the next year. Franchisor maintains the right to terminate the collection and disbursement of Marketing Fund Fees upon ninety (90) days prior written notice to Franchisee. Upon termination, Franchisor shall disburse the remaining Marketing Fund Fees on hand only for the purposes authorized by this Article 10. Upon request, Franchisor will prepare an annual accounting of the Marketing Fund and will distribute it to Spitz Franchisees, once a year, that will state the total amount of money collected and spent by the Marketing Fund during the previous year and list, by general category, the manner in which Franchisor spent the money. The report will not be separately audited but will be examined as part of the overall annual audit of Franchisor's books.

10.2 **Local Advertising and Promotion.** Currently, Franchisee shall establish and maintain throughout the Term an account with Franchisor's required vendor, a social media/brand management company, or its successors, at Franchisee's expense to permit Franchisee to participate in approved social media marketing and online brand management. After the first thirty (30) days of the grand opening of the Spitz Restaurant, Franchisee will be required to pay a monthly management fee plus advertising expense directly to Franchisor's required vendor, [which will manage the social media accounts of the Spitz Restaurant on behalf of Franchisee](#). Franchisor reserves the right to change its required vendor for related social media marketing, or the services Franchisor requires Franchisee to obtain, at any time, in its sole discretion, in which event, Franchisee must establish and maintain an account with the replacement vendor, or obtain new or additional services, upon thirty (30) days' written notice from Franchisor. Other than the monthly management fee paid directly to Franchisor's required vendor and advertising fees paid directly to Facebook for social media and brand management services, Franchisee is not obligated to spend money on local advertising and promotion of the Spitz Restaurant, but Franchisor reserves the right to do so in the future. The local advertising requirement will not exceed one percent (1%) of Franchisee's Gross Revenue per month. All advertising must meet Franchisor's specifications in the Manuals. Franchisee must submit to Franchisor before use, samples of all local advertising materials, and descriptions of all local advertising programs, not prepared or previously approved by Franchisor, for Franchisor's approval. Franchisee may not use any advertising material or

## 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. ~~Items 5 and 7~~ Notwithstanding Section 4 of the Disclosure Document are amended to disclose that the payment of the Initial Franchise Fee under the Franchise Agreement and the Development Fee under the Area Development Agreement are deferred until the opening Office of the Spitz Restaurant and its commencement of business. This Illinois Attorney General has imposed a financial assurance requirement was imposed by the Office of the Illinois Attorney General 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.
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. For info about obtaining a liquor license in Illinois, see: <https://www.illinois.gov/ilcc/Pages/Forms-and-Applications.aspx>.
8. For info about obtaining TIPS certification in Illinois, see: <https://www.tipscertified.com/tips-state-pages/illinois/>.

## ADDENDUM TO THE FRANCHISE 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**” or you”), to amend and supplement that certain Franchise Agreement (“**Franchise 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 Franchise Agreement.
2. Notwithstanding Section 4 the Franchise Agreement and Section 4 of the Area Development Agreement, ~~payment 4 of the Initial Franchise Fee and the balance of the Area Development Fee will be deferred until Franchisor has met~~ 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 initial pre-opening obligations to Franchisee, and Franchisee has opened the first Spitz Restaurant under the Franchise Agreement and Area Development Agreement to furnish goods and commenced its business. This financial assurance requirement was imposed by 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 ~~due to Franchisor’s financial condition.~~
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.

## 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**” 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, ~~payment of the Initial Franchise Fee and the balance of the Development Fee will be deferred until Franchisor has met its initial pre-opening obligations to Franchisee, and Franchisee has opened the first Spitz Restaurant under the Area Development Agreement and commenced its business. This financial assurance requirement was imposed by the~~ 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.
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.

## ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

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

1. The following is added to Item 5:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. ~~Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred.~~ We have posted a surety bond with the Maryland Securities Commissioner to secure our obligations under the Area Development Agreement and the Franchise Agreement to provide and complete pre-opening services, support and purchases from us. The surety bond will remain in place until released by the first franchise under the development agreement opens Securities Commissioner.

2. Item 17 is amended to provide that:

- a. 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.
- b. The Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- d. The provision in the Franchise Agreement that provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).

3. 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.

4. No Operating Spitz Restaurant will be offered or sold to a Maryland resident or for operation in Maryland by a franchisee.

## ADDENDUM TO THE FRANCHISE AGREEMENT UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

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**” or you”), to amend and supplement that certain Franchise Agreement (“**Franchise Agreement**”) that we and you have executed, and is dated as of the same date.

1. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. ~~Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening.~~ We have posted a surety bond with the Maryland Securities Commissioner to secure our obligations under the Franchise Agreement to provide and complete pre-opening services, support and purchases from us. The surety bond will remain in place until released by the Securities Commissioner.

2. Our right to terminate in Section 16.1 of the Franchise Agreement if you commence bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C.A. 101 et seq.).

3. Except for the first sentence, Section 21.14 of the Franchise Agreement is deleted.

4. Sections 21.10, 21.11 and 21.15 of the Franchise Agreement are deleted and shall not be enforceable against Franchisee.

5. Any general release required as a condition of renewal, sale, and/or assignment or transfer of the Store or the Franchise Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

6. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law.

7. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

8. 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.

## ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW

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**” or you”), to amend and supplement that certain Area Development Agreement (“**Area Agreement**”) that we and you have executed, and is dated as of the same date.

1. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. ~~Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred~~ We have posted a surety bond with the Maryland Securities Commissioner to secure our obligations under the Area Agreement to provide and complete pre-opening services, support and purchases from us. The surety bond will remain in place until released by the first franchisee under the Area Agreement opens Securities Commissioner.
2. Our right to terminate in Sections 10 and 11 of the Area Agreement if you commence bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C.A. 101 et seq.).
3. Sections 18.12, 18.13, 18.14, and 18.16 are deleted from the Area Agreement and shall not be enforceable against Franchisee.
4. Any general release required as a condition of renewal, sale, and/or assignment or transfer of the Store or the Franchise Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
5. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law.
6. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
7. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## 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	<del>Pending</del> <a href="#">April 25, 2024</a>
Illinois	Pending
<b>Indiana</b>	<b>Pending</b>
Maryland	Pending
Michigan	Pending
Minnesota	Pending
Virginia	Pending
Wisconsin	Pending

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.