

Franchise Disclosure Document



QC Franchise Group LLC,
a South Carolina Limited Liability
Company
227 W. Trade Street
Suite 2160
Charlotte, NC 28202
Phone: 800-269-1421
qcfranchiseinfo@qckinetix.com
www.QCFranchise.com

The franchise offered is for the operation of a franchised QC Kinetix® business that, through the use of licensed medical providers, provides non-surgical regenerative medicine services using QC Kinetix® system. The total investment necessary to begin the operation of a single unit QC Kinetix® franchise ranges from \$250,100 to \$600,080. This amount includes \$55,000 that must be paid to the franchisor or its affiliates for a single unit franchise.

If we agree, in our sole discretion, to enter into a Development Agreement with you for new QC Kinetix® Businesses, you must pay a development fee equal to the sum of the initial franchise fees for each unit to the development agreement with such fees as set forth in Item 5. The minimum number of units required to be operated under a development agreement is two (2). The total investment necessary to begin the operation of a QC Kinetix® franchise development ranges from \$350,100 to \$700,080 (for 2 units) and \$385,100 to \$785,080 (for 3 units). This amount includes \$100,000 (for 2 units) or \$135,000 (for 3 units) that must be paid to the franchisor or its affiliates.

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

Scott Hoots
QC Franchise Group LLC
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legal@qckinetix.com

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC (Federal Trade Commission) at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: May 1 2024

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

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

What You Need To Know About Franchising *Generally*

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

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

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

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the franchise's term. 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 to continue operating 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 B.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement and development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in South Carolina. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in South Carolina than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Early Stage of Development.** The Franchisor is at an early stage of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

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MICHIGAN SPECIFIC-NOTICE

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

- (a) A prohibition of the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure each failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months' notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees or of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise agreement, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the Franchise Agreement. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualification or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general. Any questions regarding this notice should be directed to the Attorney General's Department for the State of Michigan, Consumer Protection Division, Franchise Section, 525 W. Ottawa Street, Lansing, Michigan 48909, (517) 373-7117.

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Franchise Disclosure Document

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS & AFFILIATES

The Franchisor is QC Franchise Group LLC, a South Carolina limited liability company, doing business as “QC Kinetix®.” For ease of reference, QC Franchise Group LLC will be referred to as “we,” “us,” “our,” “QC Kinetix®,” or “Franchisor” in this Franchise Disclosure Document (“**Disclosure Document**”). We will refer to the person or entity who buys the Franchise as “you,” “your,” or “Franchisee,” throughout this Disclosure Document. If you are a corporation or limited liability company, partnership or other entity, certain provisions of the Franchise Agreement also apply to your shareholders, members, partners or owners and will be noted. Any such entity may be referred to as an “**Entity**” and those who own the Entity may be referred to as “**Owners**.”

We are a South Carolina limited liability company organized on January 13, 2020. Our principal business address is 227 W. Trade Street, Ste. 2160, Charlotte, NC 28202. We operate and sell franchises for the operation of a business known as “QC Kinetix®” (the “**Business**” or “**Franchise**” or “**Franchise Business**”). We grant to persons or entities which meet our qualifications the right to open and operate a Franchise at a specific location in accordance with our then-current franchise agreement, a copy of which is attached to this disclosure document as **Exhibit A** (“**Franchise Agreement**”). We began offering franchises of the type described in this Disclosure Document in December 2020 and QC Kinetix® has never offered franchises in any other line of business. We do not operate the type of business being franchised nor do we conduct other business activities. Our agents for service of process are disclosed in **Exhibit B**.

Our Parents, Predecessors and Affiliates:

We have no parents. We have no predecessors. The following described companies, although not technically affiliated with us, are owned by the same owners namely; Dr. Richard Schaffer, Justin Crowell and Tyler Vail, with varying percentages of ownership. For convenience, the entities they own are referred to as “**affiliates**”, due to the common control. None of our affiliates have offered franchises for this business or any other lines of business.

QC Holdings Group LLC (“**QC Holdings**”) was formed on April 1, 2019, and is a South Carolina limited liability company. Its physical address is 227 W. Trade Street, Ste. 2160, Charlotte, NC 28202. QC Holdings does not conduct commerce but is the holder of the QC Kinetix service marks and trademarks.

QC Kinetix, PC (“**QCPC**”) and QC Kinetix LLC (“**QCSC**”) operate businesses similar to the type being franchised. Our affiliate QCPC was formed on January 9, 2018, as a North Carolina professional corporation. QCPC’s physical address is 227 W. Trade Street, Ste. 2160, Charlotte, NC 28202. Our affiliate QCSC was formed on February 24, 2017, as a South Carolina limited liability company. QCSC’s physical address is 180 Wingo Way, Ste. 201, Mount Pleasant, SC 29464.

Mathis Ferry Management, LLC (“**MFM**”) was formed on January 23, 2015, as a South Carolina limited liability company. MFM’s physical address is 227 W. Trade Street, Ste. 2160, Charlotte, NC 28202. MFM manages QCPC. Our affiliate, QC Holdings Group LLC (“**QC Holdings**”) was formed on April 9, 2019, as a South Carolina limited liability company. QC Holdings’ physical address is 227 W. Trade Street, Ste. 2160, Charlotte, NC 28202. QC Holdings owns our standard character mark “**QC Kinetix®**”.

QCK Management Group LLC (“**QCMG**”) was formed on January 1, 2021, as a North Carolina limited liability company. QCMG’s physical address is 227 W. Trade Street, Ste. 2160, Charlotte NC 28202. QCMG formerly offered franchisee business management services to franchisees.

Boxum Consulting LLC (“**Boxum**”) is a North Carolina limited liability company formed on August 20, 2021 that provides employee recruiting services.

QC Health Group, LLC (“**QCHG**”) was formed on February 4, 2022 as a North Carolina limited liability company with an address of 227 W. Trade Street, Ste. 2160, Charlotte NC 28202. QCHG is in the business of producing and selling supplements.

Arthrobotix Surgical Institute, LLC, (“**ASI**”) is a South Carolina limited liability company, was formed on January 3, 2023. The physical address is 227 W. Trade Street, Ste. 2160, Charlotte NC 28202. This entity is exploring the implementation of robotic joint surgery.

We and QCNC, QCSC, MFM, QC Holdings, ASI and QCMG are independent entities, and QCNC, QCSC, MFM, QC Holdings, ASI and QCMG do not assume any of our legal or other obligations, or us of theirs. None of our affiliates have offered or currently offer franchises in any line of business, and except as provided in this Disclosure Document, do not provide products or services to our franchisees.

Our Business and the Franchises Offered:

We sell franchises for the right to establish and operate a QC Kinetix® Business offering non-clinical services related to the field of non-surgical regenerative medicine, through licensed medical providers, in a distinctive and innovative environment in accordance with our standards, specifications, business techniques, and procedures (the “**System**”). Some standards, specifications, methods, and procedures will be stated in our confidential Operations Manual (“**Operations Manual**”) and other manuals which are made available either in hard copy or electronically, all of which may be changed, improved, and further developed by us periodically. The System is intended to enhance the practice of non-surgical regenerative medicine through the provision of attendant non-clinical services. Non-surgical regenerative medicine treatments are focused on musculoskeletal pain caused by injuries, arthritis, tendonitis, tendonopathies, muscle tears, ligaments tears and others. In 2022, we added hair restoration and in 2023 we added low Testosterone treatment packages. In 2024 we began offering weight loss products and services and we expect to offer shockwave therapies in the future. Presently, qualified franchisees sell Men’s Health, Joint Health and Hair Restoration supplements (collectively, “**Supplements**”). To sell Supplements you must first determine any state or local laws regarding their retail sales and then execute the Supplement Distribution Agreement included as Schedule 6. The Supplements, Testosterone and hair restoration offerings are still being evaluated for the likelihood of success and could be terminated, in the future.

The System is characterized by a recognizable exterior and interior layout, content, décor, color scheme, murals, signage and furnishings, distinctive designs, and layouts; standards and specifications for operations; rules, training and assistance, and other methods and procedures relating to the establishment and operation of a QC Kinetix® Business.

We may, in our sole discretion, offer developers the opportunity to enter into Development Agreements with us for the development of new QC Kinetix® Businesses. The Development Agreement provides for the grant of rights to open and operate new QC Kinetix® Businesses in a particular territory through separate Franchise Agreements for reduced initial franchise fees in consideration of the developer’s agreement to open and operate a specific number of QC Kinetix® Businesses within the territory, subject

to a development schedule. Upon establishing each additional outlet under the development schedule, a developer may be required to sign the then-current Franchise Agreement, which may differ from the current Franchise Agreement included with this Franchise Disclosure Document.

Due to various federal and state laws regarding the practice of medicine, and the ownership and operation of medical practices and health care businesses that provide medical services, it is critical that you do not engage in practices that are, or may appear to be, the practice of medicine. We anticipate that you, as the franchisee, may have several options with respect to your business set up, with the actual set-up being pursuant to your state's laws. One option may be that the franchisee entity is owned entirely by Clinical Personnel (as defined below). Another option may be that the franchisee entity is owned by both Clinical Personnel and non-clinical / non-professionally medically licensed persons. And a third option may be that you are a "**lay**" (non-professional) management services organization or "**MSO**," and not a physician, professional corporation, professional association, or professional limited liability company (collectively referred to as a "**PC**"). As the franchisee, the MSO will enter into a Franchise Agreement with us and will enter into a Management Services Agreement (which you must submit to us for our review) with the appropriately structured PC¹ that furnishes the clinical services, though appropriately licensed clinical personnel (collectively the "**Clinical Personnel**"). If state law permits, the MSO may be owned by the same individuals who own the PC, but is a separate "**lay**" business entity. The term "**Clinical Personnel**" refers collectively to physicians and medical personnel (including, for example, physician assistants, nurses, technicians, and medical assistants) who actually render patient care services. Commonly, an appropriately licensed physician or physicians must own the PC ("**Affiliated Physician(s)**").

If you can demonstrate to us that applicable laws in the state where your QC Kinetix® Business is located permit the same entity to own/manage a QC Kinetix® Business and render medical services, then "you," the franchisee, may be owned and operated by one or more physicians or their PC and the PC will enter into the Franchise Agreement with us. In such states, you must sign a Waiver of Management Services Agreement in the form we prescribe.

When an MSO is the Franchisee, the PC must notify clients that they are being treated by Clinical Personnel of the PC. The MSO may not employ the Clinical Personnel that render patient care services. All patient intake forms must inform clients that their patient-doctor relationship is with an individual licensed physician or his or her PC, not with the franchisee, which is an MSO.

To operate a QC Kinetix® Business, you (the "**Franchisee**") will enter into a Franchise Agreement with us (**Exhibit A**) and, if required, a Management Services Agreement ("**MSA**") with a PC that will employ or retain the Clinical Personnel who render medical services. The term of the MSA must be at least as long as the term of the Franchise Agreement. Under the MSA, the MSO as the Franchisee will provide the PC with non-clinical management, administrative services, and support consistent with the System to support the PC's practice and its delivery of non-surgical regenerative medicine management services, consistent with all applicable laws and regulations. If you are required to have an MSA, you must have an MSA in effect with a PC at all times during the operation of the Franchised Business and term of the Franchise Agreement.

Whether an MSO or a PC is the Franchisee and signs a Franchise Agreement with us, it is the PC that will engage (whether through employment, contract, or other affiliation) Clinical Personnel Unless you meet the standards and sign a Waiver of Management Services Agreement, the MSO as the Franchisee will not

¹ State laws control who must own the PC. The laws vary from state to state.

provide any actual clinical services, nor will it supervise, direct, control or suggest to the PC or its Clinical Personnel the manner in which they provide clinical services to its clients.

Due to various federal and state laws regarding the practice of medicine, and the ownership and operation of medical practices and health care businesses that provide medical services, you may not engage in practices that are, or may appear to be, the practice of medicine if you operate the Franchised Business in a state that forbids this activity. You, alone, are solely responsible for complying with all laws in the state where you intend to operate the QC Kinetix® Business including laws that regulate the corporate practice of medicine. Should we at any time determine, in our sole discretion, that either the Franchise Agreement, the MSA, or the relationship between or among parties do not conform to then applicable laws, regulations, or both, you must enter into such amendments or agreements we require to conform to applicable laws and regulations.

You are responsible for investigating what laws regarding the practice of medicine apply and what applies to the sale of supplements from the Franchised Business and for complying with them at your expense. The laws applicable to your QC Kinetix® Business may change. If there are any changes in laws or regulations that would render your operation of the QC Kinetix® Business through a single entity (or otherwise) in violation of any laws or regulations, you must immediately advise us of the change and of your proposed corrective action to comply with such laws and regulations.

You, or your associated medical practice will enter into the form of Business Associate Agreement with us (“BAA”) substantially in the form attached to this disclosure document as **(Exhibit C)**.

General Market and Competition:

The regenerative medicine industry is highly competitive. The market for non-surgical regenerative medicine services is developed in certain markets and still developing in others. The number of companies offering such services will therefore vary depending on a particular geographic region. There are many other companies that operate treatment centers, some of which have recently entered the market and others that have been operating for a few years and are continuing to expand. These treatment centers may be associated with national or regional chains (whether franchised or not) or local, single-site treatment center companies. The cell regeneration service industry is highly competitive.

Laws and Regulations Affecting the Business:

Your QC Kinetix® Business is subject to federal, state and local laws of a general nature. Most states and local jurisdictions have enacted laws, rules, regulations, and ordinances which may apply to the operation of your Business, including those that: (a) require a permit, certificate or other license, including but not limited to a medical license; (b) establish general standards, specifications, and requirements for the construction, design, and maintenance of the business premises; (c) regulate matters affecting the health, safety, and welfare of your customers, such as restrictions on smoking and availability of and requirements for public accommodations, including restrooms; (d) set standards pertaining to employee health and safety; (e) regulate matters affecting requirements for accommodations for disabled persons; (f) set standards and requirements for fire safety and general emergency preparedness; and (g) regulate the proper use, storage, and disposal of waste. You must investigate and comply with all applicable laws and regulations.

The health care services industry is heavily regulated. Federal, state and local laws, rules and regulations address the following subject areas and others that may be enacted from time to time: the practice of

medicine and the provision of health care services; the relationship of providers and suppliers of health care services, on the one hand, and physicians and clinicians, on the other, including anti-kickback laws (the federal Anti-Kickback Statute and similar state laws); restrictions or prohibitions on the corporate practice of medicine and fee splitting; physician self-referral restrictions (the federal "Stark Law" and similar state laws); payment systems for medical benefits available to individuals through insurance and government resources (including Medicare and Medicaid); privacy of patient records (including the Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**")); use of medical devices; and advertising of medical services. You and any affiliated PC are responsible for complying with all applicable laws.

We presently only accept private payment for services from clients and do not rely on insurance reimbursement. Accordingly, we are not a covered entity under HIPAA. In the near future, we expect that HIPAA will apply, and we are both going to be required to be HIPAA compliant. Although we expect to provide references to a resource or resources to assist you, you are responsible for HIPAA compliance with your franchise operations. We have included a Business Associate Agreement relating to our obligations to you as a business associate in Exhibit C.

In addition to the legal considerations applicable to the ownership and operations of a business in general, QC Kinetix® Business franchisees should be particularly aware of the various federal, state, and local statutes, rules, regulations, ordinances, requirements, directives, and guidance relating specifically to the furnishing of health care services and items ("**Health Care Requirements**"), as noted above. Health Care Requirements impose restrictions and requirements relating to many aspects of the rendering of health care services and items, including those relating to: health care facility licensing; billing, claims submission and reimbursement; limitations on coverage by Medicare and/or other federal and state health care programs; patient rights and privacy; personnel qualifications/licensing; Certificates of Need, fee-splitting prohibitions, and fraud and abuse. Violations of Health Care Requirements may subject a person or entity to civil and/or criminal liability. This discussion of Health Care Requirements is general and is not a substitute for individual legal advice and counsel or guidance from regulatory agencies, as appropriate. You agree to manage your QC Kinetix® Business in full compliance with all applicable laws, including Health Care Requirements. We are not responsible for notifying you of changes to the Health Care Requirements summarized in this Disclosure Document. You are solely responsible for investigating and monitoring all changes and for keeping abreast of new Health Care Requirements.

Franchisees will not be permitted to provide management services to any PC enrolled as a Medicare or Medicaid provider. Though this prohibition *may* relieve obligations under certain federal laws, many states have prohibitions against self-referral, anti-kickback laws, and other laws which apply to all payor sources (i.e. not just governmental payors).

You and the PC must secure and maintain in force all required licenses, permits, and certificates relating to the operation of the respective QC Kinetix® Business and PC, as well as ensure that all employees, contractors, or other affiliated individuals are appropriately licensed. You must not employ any person in a position that requires a license unless that person is currently licensed by all applicable authorities and a copy of the license or permit is in your business files. You must comply with all state and local laws and regulations regarding the operation of regenerative cell therapy center. Neither you nor the PC may employ, contract, or affiliate with any Clinical Personnel listed or included on: (i) the United States Department of Health and Human Services ("**HHS**") Office of Inspector General's ("**OIG**") List of Excluded Persons/Entities; (ii) the excluded provider list promulgated by the applicable state Medicaid program; or (iii) the General Services Administration ("**GSA**") List of Parties Excluded from Federal procurement and non-procurement programs.

Each state has medical, nursing, physician assistant and other boards that determine rules and regulations regarding their respective members (whom we include in the category of Clinical Personnel) and the scope of services that may legally be offered by those members. The laws and regulations generally include requirements for the medical providers to hold required state licenses and registrations to work as (as applicable) medical doctors, nurse practitioners, and physician's assistants in the state where the PC will be operated, and to hold required certifications by, or registrations in, any applicable professional association or registry. These laws and regulations are likely to vary from state to state, and these may change.

If we license you to manage a QC Kinetix® Business, we are not engaging in the practice of medicine, nursing or any other profession that requires specialized training or certification. The Franchise Agreement will not interfere, affect or limit the independent exercise of medical judgment by the PC's Clinical Personnel. You must operate the Franchised Business and the PC must operate its business in full compliance with all applicable laws, ordinances and regulations, that apply to businesses generally including government regulations relating to occupational hazards, health, EEOC (Equal Employment Opportunity Commission), OSHA (Occupational Safety and Health Act), discrimination, employment, sexual harassment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes.

Notwithstanding the development or implementation of the System, or any training, advice or instructions we may provide from time to time, we do not supervise, direct, control or try to influence any franchise's or PC's (i) exercise of professional and/or medical judgment, treatment protocols, employee decisions, clinical advice, clinical training, clinical care or relationships with clients, or (ii) relationships with its employees.

We require you to engage the services of legal counsel knowledgeable in health care regulation to advise you on the applicable federal, state and local laws, rules and regulations and to counsel you on compliance with them, including all licensing requirements. You must provide us with the name of your counsel. You will not be permitted to open your QC Kinetix® Business unless you have engaged counsel for this purpose. We may, in our sole discretion, require you to obtain a formal written opinion letter that your business set-up, operation and procedures comply with federal, state and local laws, rules and regulations applicable to your Franchised Business.

Your Business may also be subject to various employment regulations concerning wage rates, mandated employee benefits, employment taxes, worker safety, unemployment compensation, workers' compensation, teenage labor practices, disabled employees and discrimination in employment practices. You will be subject to the Americans with Disabilities Act which prohibits practices that discriminate against physically and mentally challenged individuals regarding access to public accommodations and employment opportunities (Schedule 4 of the Franchise Agreement). There may be other laws and codes applicable to your Business, and we urge you to make further inquiries about those laws and codes.

We recommend that before signing the Franchise Agreement, you engage an attorney or other professional advisor to assist you in both determining what laws, ordinances and regulations may affect your establishment or operation of a QC Kinetix® Business, and in complying with them. You are responsible for obtaining all certifications, licenses and permits required to operate your Business.

ITEM 2
BUSINESS EXPERIENCE

Chief Executive Officer: Scott Hoots, CFE. Mr. Hoots has served as our Chief Executive Officer since February 2022. From October 2020 to January 2022, Mr. Hoots served as our Chief Operating Officer. From September 2017 to August 2020, Mr. Hoots was President of Pet Wants, in Cincinnati, Ohio. From July 2013 through September 2017, he was Vice President of Franchising for American Family Care Franchising, LLC in Hoover, Alabama.

Chief Operating Officer: Bart Bess. Mr. Bess commenced work as a Chief Operating Officer in October 2023 in Charlotte, NC. From March 2022 through December 2023, he operated four QC Kinetix Franchise locations in Philadelphia, PA, officing in Perry, UT. From January 2006 through February 2022, he was President at BrightStar Wireless, Inc., officing in Brigham City, UT.

General Counsel: Todd D. Maddocks, JD. Mr. Maddocks has served as our General Counsel since April 25, 2022. From January 2015 through April 24, 2022, he was the principal of Maddocks Law, a franchise law firm in Irving, Texas.

Chief Financial Officer: Jeff Morris. Mr. Morris became our Chief Financial Officer in December 2022, officing in Charlotte, North Carolina. From June 2021 until December 2022, Mr. Morris was an Interim CFO Consultant with Accordion Partners LLC., in Charlotte, North Carolina. From May 2018 to May 2021, he was Vice President, Corporate Controller for CompuCom Systems in Fort Mill, South Carolina. From January 2017 to May 2018, he was Vice President of External Reporting and Internal Controls for Office Depot in Boca Raton, Florida.

Vice President of Business Operations: Dean Henderson. Mr. Henderson commenced work as our Vice President of Business Operations beginning January 2024 out of Charlotte, NC. Prior to that, he was Project Manager and Franchise Territory Manager for us from February 2023 to Dec 2023. From April 2017 through June 2022, Mr. Henderson served as Regional Vice President for Western North Carolina at Enterprise Mobility, located in Charlotte, NC.

Medical Director (for our affiliates): Justin M. Garzone, DO. Dr. Garzone has served as a Medical Director for the Company since February of 2021. From October 2020 to October 2021, he was a Physician at the Charleston Pain and Rehabilitation Center in Charleston, South Carolina. From February 2020 to October 2020, he was the Regional Medical Director for Doctor's Making Housecalls, in Charleston, South Carolina. From January 2015 to February 2020, he served as a Hospitalist at the Vibra Hospital of Charleston, Mt. Pleasant, SC.

Franchise Training Manager: Heather Morton. Ms. Morton is our Director of Training and Development: She began serving as a Franchise Territory Manager in June of 2021. From November 2021 till present, she has served as the Director of training supporting all of our learning programs. From April 2004 - July 2021, she worked as a Senior Training Specialist for American Dental Partners as an independent consultant based in Wakefield, MA.

National Sales Director: Corey Riser. Mr. Riser has served as our National Sales Director since June 2021 officing in Fort Mill, South Carolina. From November 2017 to present, he is also the Owner / CEO of Functional Health Center of the Carolinas officing in Fort Mill, South Carolina. From September 2020 to

August 2021, he was also the Consultation Coordinator for us in Charlotte, North Carolina. From February 2017 to September 2017, he was the Inside Sales Representative for Red Ventures in Fort Mill, South Carolina.

Director of Franchise Operations: Tessa Dormann Hood. Ms. Hood commenced work as our Director of Franchise Operations beginning May 2022 officing in Mills River, North Carolina. From November 2021 through May 2022, HH Franchising Systems, Inc. employed her as the Director of Strategic Initiatives in Mills River, North Carolina. From August 2015 through October 2021, she was the National Director of Business Development for Homewatch CareGivers, LLC located in Greenwood Village, Colorado and then in Mills River, North Carolina.

Franchise Business Manager: Barbara Wehrer. Ms. Wehrer commenced work as a Franchise Business Manager beginning January 2024, officing in Sioux Falls, South Dakota. Prior to that, she was a Franchise Territory Manager for us beginning October 2021. From November 2019 through October 2021, she was a District Manager for the Joint Chiropractic located first in Las Angeles, California, then in Virginia Beach, Virginia. From August 2017 through September 2019 she was the Regional Manager for Total Woman Gym & Spa in Los Angeles, California.

Franchise Territory Manager: Matt Buelt. Mr. Buelt commenced work as a Territory Manager for us beginning July 2022 officing in Indianapolis, Indiana. From March 2012 through July 2022, he served as Franchise Consultant for Kumon North America located in Indianapolis, Indiana.

Franchise Territory Manager: Andy Cook. Mr. Cook commenced work as a Franchise Territory Manager in March 2024 in Dallas, TX. From April 2022 through February 2024, he was a Field Business Coach for 9Round Fitness, working out of Greenville, NC. From August 2018 through April_2022, he was a Franchise Business Consultant for the Camp Transformation Center and was located in Chino, CA.

Franchise Territory Manager: Kevin McNaboe. Mr. McNaboe commenced work as a Territory Manager for us beginning October 2022, officing in Columbia, South Carolina. From November 2013 through March 2020, he was a Franchise Business Consultant for Newk's Franchise Company located in Columbia, South Carolina.

Franchise Territory Manager: Richard Mancine CFE. Mr. Mancine currently serves as a Franchise Territory Manager. He has been in this role since September 6, 2022, and is based in Atlanta GA. Prior to this, Mr. Mancine was the Senior Manager, Franchise Operations for HoneyBaked Ham Franchise Company LLC based in Alpharetta GA. Mr. Mancine served in this role from May 2016 to August 2022.

Franchise Territory Manager: Jerry Stipo. Mr. Stipo commenced work as a Franchise Territory Manager in March 2024 in Charlotte, NC. From November 2019 through February 2024, he was Managing Director for Rock Dove Group, officing in Charlotte, NC. From October 2014 through October 2019, he was a General Sales Manager for Six Flags America, officing in Upper Marlboro, MD.

Franchise Territory Manager: Craig Willis. Mr. Willis commenced work as a Franchise Territory Manager for us beginning October 2022 in Charlotte, North Carolina. In February 2022 through July 2022, he was a Customer Success Manager for Smash My Trash located in Charlotte, North Carolina. From January 2021 through February 2022, he was a Franchise Business Consultant for Smash My Trash located in Charlotte, North Carolina. From September 2019 through July 2020, he was a Development Manager for North Carolina Subway Group located in Charlotte, North Carolina. In September 2015 through September 2019, he was a Business Manager for North Carolina Subway Group located in Charlotte, North Carolina.

Board of Directors:

Justin Crowell. Justin Crowell is a co-founder of QC Kinetix®. He served as our Chief Executive Officer since our formation on January 13, 2020 through January 2022. From 2017 to present, Mr. Crowell has also been serving as Operations Director of QCNC and QCSC.

Tyler Vail, PA-C. Tyler Vail is a co-founder of QC Kinetix®. He served as our President since our formation on January 13, 2020 through January 2022. From 2017 to present, Mr. Vail has also been serving as Director of Regenerative Medicine of QCNC and QCSC.

Chief Medical Officer: Richard S. Schaffer, Jr., M.D. Dr. Schaffer is a co-founder of QC Kinetix®. He has been consulting as our Chief Medical Officer since our formation on January 13, 2020. Dr. Schaffer has been responsible for medical operations for QC Franchise Group LLC since our inception. From 2017 to present, Dr. Schaffer has also been serving as Medical Director of QCNC and QCSCM.

ITEM 3 **LITIGATION**

Pending Actions:

Robertson v. QC Franchise Group LLC et al, Civil Action No. 3:23-cv-03333 (C.D. Ill. Nov. 16, 2023).

Plaintiff, Dawn Robertson, a former patient of franchised QC Kinetix clinic located in Champaign, Illinois, filed a suit in the United States District Court for the Central District of Illinois on November 16, 2023, against QC Franchise Group LLC; Regenerative Health of Champaign, LLC, the operator of the QC Kinetix clinic that treated Plaintiff; and the lenders for the treatments, Security First Bank and Med-Den Funding LLC.

In count one, Plaintiff alleged that QC Franchise Group LLC and Regenerative Health of Champaign, LLC, violated the Illinois Consumer Fraud Act (815 ILCS 505/2) by advertising a costly treatment based on non-FDA-approved use of drugs without clear disclosure and arranging high-interest financing for it. Plaintiff seeks actual damages; punitive damages; injunctive relief; attorney's fees, litigation expenses, and costs of suit; and further relief as the court deems proper. Plaintiff also seeks to bring this claim on behalf of a class, pursuant to Fed.R.Civ.P. 23(a) and 23(b)(3).

In count two, Plaintiff brought a claim under the Illinois Consumer Fraud Act alleging that QC Franchise Group LLC and Regenerative Health of Champaign, LLC, violated 815 ILCS 505/2 by accepting money for payment for treatment pursuant to financing contracts which did not contain the notice required by 16 C.F.R. part 433. Plaintiff seeks actual damages; punitive damages; injunctive relief; attorney's fees, litigation expenses, and costs of suit and such other and further relief as the court deems proper. Plaintiff also seeks to bring this claim on behalf of a class, pursuant to Fed.R.Civ.P. 23(a) and 23(b)(3).

In counts three, Plaintiff brought a claim under the Illinois Consumer Fraud Act against Med-Den Funding, LLC, and Security First Bank. Count three had no allegations against QC Franchise Group LLC.

In count four, Plaintiff brought a claim under the Nebraska Uniform Deceptive Trade Practices Act against Med-Den Funding, LLC, and Security First Ban. Count four had no allegations against QC Franchise Group LLC.

In Count five, Plaintiff alleged that Med-Den Funding, LLC, and Security First Bank violated 18 U.S.C. §1962(c), §1343 by engaging in a pattern of wire fraud through false representations and omission of required notices, violating RICO statutes. Plaintiff sought actual damages; treble damages; attorney's fees, litigation expenses, and costs of suit; and any other relief deemed proper by the court. Plaintiff also sought to bring this claim on behalf of a class, pursuant to Fed.R.Civ.P. 23(a) and 23(b)(3). Med-Den Funding, LLC, and Security First Bank have settled this claim.

Status of the Action: As to count one and count two, QC Franchise Group LLC filed a Motion to Dismiss the complaint for failure to state a claim upon which relief may be granted. That motion is pending before the Court. On April 3, 2024, Defendant Med-Den Funding, LLC, settled with Plaintiff.

Dennis D. Mckinzie and Cindy Mckinzie v. QC Kinetix Franchise Group LLC et al, Case No. 348 351069 24 (Dist. Ct. Tarrant Cty., Tex. 348th Judicial Dist. Mar. 27, 2024).

On March 27, 2024, a former patient and her spouse who paid for patient's treatment filed a complaint against a QC Kinetix franchisee located in Fort Worth, Texas ("Texas Franchise"), the owners of the Texas Franchise, QC Franchise Group LLC, an athlete endorsing QC Kinetix treatments, and a patient consultant and former employee of the Texas Franchisee. In the complaint plaintiffs allege fraud by fraudulent misrepresentation and material breach of contract related to QC Franchise Group LLC's alleged false statements that purportedly fraudulently misrepresented the effectiveness of regenerative medicine on its website and advertisements. The plaintiffs are seeking money damages, compensatory damages, special damages, and compensation for interest and cost. QC Franchise Group LLC plans to contest these claims.

Other than the two cases noted above, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee – Single Unit

The Initial Franchise Fee for a single area Franchise ("**Initial Franchise Fee**") is \$55,000 for a QC Kinetix® Business in a protected area.

We have established a program for qualified veterans of the United States who have been honorably discharged to receive a discount of \$1,000 off the Initial Franchise Fee when purchasing a franchise. This program does not apply to additional franchises. We retain the right in our sole discretion to modify or terminate this veteran discount program at any time with or without notice.

In our 2023 fiscal year, the single unit initial franchise fees have been uniform at \$55,000.

The Initial Franchise Fee is paid in a lump sum when the Franchise Agreement is signed and deemed fully earned and nonrefundable upon payment per the terms of the Franchise Agreement.

Initial Franchise Fee – Development Agreement

If we determine in our discretion to enter into a Development Agreement with you for new QC Kinetix® Businesses, you must pay to us a nonrefundable development fee at the time of signing your Development Agreement equal to the sum of the initial franchise fees for each unit under the development agreement set forth below. The initial franchise fee for each Business location, in consideration of the developer’s agreement to open and operate a specific number of QC Kinetix® Businesses within the territory, is as follows:

<u>Number of QC Kinetix® Business Units</u>	<u>Initial Franchise Fee for Each Location</u>	<u>Development Fee</u>
2 Units	\$50,000 each	\$100,000
3 Units	\$45,000 each	\$135,000
4 Units	\$41,250 each	\$165,000
5 units	\$37,000 each	\$185,000
Each unit after 5	\$20,000 each	

The total Development Fee is paid in a lump sum when the Development Agreement is signed and is deemed fully earned and nonrefundable upon payment per its terms. There will not be an additional amount due as the Initial Franchise Fee for each location. The minimum number of units required to be opened under a development agreement is two (2).

In certain states, as required by state authorities based on a review of our financial statements, we may defer our receipt of the Initial Franchise Fee and all other initial payments or deposit them into escrow until we have met our initial obligations to you; see state addenda in **Exhibit D**.

ITEM 6
OTHER FEES

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Royalty Fee	Eight Percent (8%) of weekly Gross Revenues, with a \$1,000 minimum royalty in months 3-5 after opening, and \$1,500 minimum royalty starting in month 6 after opening through the end of the term.	Due weekly – each Tuesday of the following week. The minimum royalty is collected monthly if Royalty Fees do not meet the minimum threshold.	See Note 1.

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
*Failure to attend scheduled Medical Provider Training	Currently, \$1,500 if a medical provider fails to attend the scheduled training	When the training class begins without the provider trainee being present	No Note
*Fees for Technology Related Services and Support	Currently up to \$1,795 per month for software and ongoing support.	Due to us on a monthly basis. Due to our approved vendors as incurred.	Payable to us, our affiliates and/or approved vendors. See Note 2.
*Local Marketing Fees	In the first month, \$20,000, per franchise location provided that by the sixth month and then after, can be raised to \$40,000 monthly. The actual amount will be determined by us based on the market where your Business is located.	Due on a monthly basis to approved vendors.	See Note 3. Spent by you to promote your Franchise Business locally.
*Brand Development Fee / Fund	Currently One Percent (1%) of weekly Gross Revenues.	Due on a weekly basis – each Tuesday of the following week.	We may increase this fee however your total Fund contribution will not exceed Two Percent (2%) of Gross Revenue in any calendar year. See Note 4.
*Call Center Fee	Between \$1,500 and \$2,500 per Franchise unit per month depending on the number of clinics in your Territory	Due to us on a monthly basis.	See Note 5

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Interest and Late Fees	One and a Half Percent (1.5%) per month or maximum rate allowed by law, plus \$25 provided the total of Interest and Late Fees cannot exceed the maximum amount permitted to be charged by applicable law.	On due date of fees.	Payable to us upon occurrence. See Note 6.
Audit Expenses	Cost of Audit Fees plus interest @ Eighteen Percent (18%) per annum (One and a Half Percent (1.5%) per month) up to the maximum interest allowed by law.	Ten (10) days after receipt of audit report.	Payable only if you understate Gross Revenues by Two Percent (2%) or more.
Transfer Fees	<p>\$15,000 if transferred to an individual or entity that is new to QC Kinetix® System.</p> <p>\$7,500 if transferred to a current franchisee in QC Kinetix® System and approved by us.</p> <p>A \$1,500 fee if you transfer ownership between existing owners that have already been approved by us or if you are adding a new owner that does not change majority ownership of the Franchisee entity.</p>	Prior to the execution date of the Franchise Agreement related to the transfer or sale.	Payable to us when the Franchise Agreement is signed or a material portion of the assets in the business is transferred.
*Additional Training	\$500 per additional person per day, plus the cost of travel and related expenses.	Prior to Commencement of the Additional Training.	While the Initial Franchise Fee includes the cost of our Initial Training program, the Initial Franchise Fee only covers training for up to two (2) individuals. See Note 7.
*Continuing Education	\$500 per person per day plus the cost of travel and related expenses.	At time training is scheduled and/or additional assistance is requested by you.	See Item 11. See Note 7.

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
*Convention Unattendance Fee	\$1,000 per day of the national convention you do not attend.	Immediately after each national convention	Payable to us. See Item 11
Relocation Fee	\$15,000	Payable upon our notice to you that your relocation has been approved.	Payable to us. See Note 8.
*Project Management Fee	\$9,000	As Incurred.	Payable to approved vendor. See Note 9.
Renewal Fee	Ten Percent (10%) of the then-current Initial Franchise Fee.	Prior to the execution date of the successor Franchise Agreement.	You must comply with all of our renewal requirements.
Renovation and Maintenance	Will vary under circumstances.	As Incurred	You must comply with all of our renovation and maintenance requirements. See Note 10.
*Insufficient Funds Fee	\$25 per occurrence.	On demand.	Payable to us upon occurrence. Three or more ISF charges within any twelve (12) month period is cause for termination of the Franchise Agreement. See Note 11.
Costs of Enforcement, including Attorney's Fees	Will vary under circumstances.	As Incurred.	Payable as incurred by us in obtaining injunctive relief or the enforcement of any item of the Franchise Agreement.
System Modification	All reasonable costs and expenses associated with system modification.	As required.	See Note 12.

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Insurance Policies	Amount of unpaid premiums plus our expenses for obtaining the policies required.	As required.	Payable only if you fail to maintain the types and limits of insurance that the franchisor required for your business.
Indemnification	Will vary under circumstances.	On Demand.	Payable as incurred by us. See Note 13.
Inspection Fee	\$1,500 if you fail to pass an inspection for the second time in any 12- month period.	On Demand.	Payable to us See Note 14 and Item 8.
Interim Management Fee	Ten Percent (10%) of Weekly Gross Revenues, plus any travel or lodging expenses for our personnel engaged in operating the Business	Due on a Weekly basis – each Tuesday of the following week.	Payable to us upon us managing the Business in your stead in the event you are placed in default of the Franchise Agreement.
Failure to Report Fee	\$200 per instance when a required financial report is not received by the 20 th day of each month	Due only if you do not send an accurate or complete financial report by the 20 th of each month	Payable to us
*Medical Kit Purchases	Will vary under circumstances	As incurred	We are the sole provider of medical kits necessary to perform bone marrow aspiration and injections when required for clients, through the course of their treatments.
*Provider Training No Show Fee	Currently \$1,500 per person	As incurred	if your provider(s) does not attend training, as scheduled, you must pay us the current charge for the training

Except as stated above, you pay all fees to us, and they are uniformly imposed. All fees are nonrefundable.

*All stated dollar amounts marked with a * are subject to change, from time-to-time, as published in the Manual.

Note 1: Gross Revenue is defined in the Franchise Agreement as the gross amount, in money or other forms of consideration, that is earned from sales and services based upon all business conducted upon or from your QC Kinetix® Business not inclusive of any fees paid to third-party finance companies. Whether such sales are evidenced by check, cash, credit, charge account, exchange or otherwise, and shall include but not be limited to, the amounts received from the sale of goods, wares, and merchandise, services, food, beverages, and tangible property of every kind and nature, promotional or otherwise, and for services performed from or at your QC Kinetix® Business, together with the amount of all orders taken or received at your QC Kinetix® Business or elsewhere. We exclude only reasonable discounts we allow, sales tax receipts that you must collect or pay and any customer refunds of previous payments. You are also required to submit annual financial statements to us no later than April 15th of the following year.

The Royalty Fee payment obligation begins immediately after the opening of your Business for operation and continues for the term of your Franchise. The Royalty Fee is due and payable weekly but is to be received in the method we specify. The royalty rate is eight percent (8%) of your Gross Revenues per week for the entire term of your Franchise Agreement. If your Franchise Agreement is terminated, you shall be required to continue minimum royalty payments (see Item 6) for the contractual expiration date of your Franchise Agreement, which will extend past the earlier termination date.

All revenue generated by you shall be deposited into a designated account controlled by you; however, you will always provide direct electronic access to all accounts and other financial data. You shall not divert any revenue to any other account without our express written consent. The Royalty Fee, Brand Development Fee, Interest and Late Fees, and all other fees and costs due and payable to us, our affiliates, and/or approved vendors providing services to as stated in this Disclosure Document and the Franchise Agreement shall be paid from this account via an electronic fund transfer or by any other means that we may specify to you in writing.

Note 2: This fee is for technology related goods and services, which may include: licensing or help desk fees for any required software to be used by you; licensing or user-based fees for a franchise portal, e.g. Fran Connect, Salesforce, company email, Microsoft 365, Learning Management System (through a third-party vendor) for use by you; fees related to exposure on the our website (e.g., custom page designs, mapping programs, etc.). This also includes Salesforce support and email campaigns tied to Salesforce. Some fees are to be sent to us. The rest of the fees will be paid to third-party vendors. We may, later, utilize, develop, or enhance computer software which you may be required to use in your Business. If such software is required, you may be required to pay reasonable license fees for the software and ongoing updates.

These fees may be modified over time and the current fee will be maintained in our Operations Manual.

Note 3: We are an advertising intensive business. Currently, franchisees are required to place all local TV and radio marketing, and all digital marketing through our designated suppliers. Local marketing must be implemented in a format using materials and designs approved by us. Our expectation is that the monthly spend will significantly ratchet up within the first six months of operation, up to \$40,000 per month, per franchised location in a large market. Also, this fee estimate may increase if you are in a market with higher media placements costs. In the event you own multiple units, the actual cost per unit may be less

than the full \$10,000- \$40,000 per unit due to economies of scale when multiple locations exist within a designated market area. Upon our request, you must submit receipts documenting this marketing activity. We may also, in our discretion, require franchisees to form regional marketing cooperatives when unit development in the marketing area makes such a decision practical. All franchisees (not affiliate owned units) in the marketing area will be required to participate. Up to fifty percent (50%) of the local advertising and marketing requirement may be spent in a cooperative unless a majority of the cooperative votes to increase that requirement.

Note 4: You will pay us a Brand Development Fee contribution equal to one percent (1%) of your weekly Gross Revenues as defined in the Franchise Agreement. The Brand Development Fee is collected by QC Kinetix®. All Brand Development Fees are non-refundable. The Brand Development Fee begins immediately after the opening of your Business for operation, is due weekly, and continues for the term of your Franchise. We may raise, discontinue, or reduce the contribution, but your total contribution to the Brand Development Fee will not exceed two percent (2%) of your Gross Revenues in any calendar year. Gross Revenue is defined in the Franchise Agreement and in Note 1 above. You pay the Brand Development Fee contribution at the same time and under the same terms as the Royalty Fee described above. Brand Development Fees are uniformly imposed on all franchisees.

Note 5: Call Center Fees are charged as follows: \$2,500 for the first Franchise, \$1,500 each for the second and third Franchise unit, \$2,500 for the fourth Franchise unit, \$1,500 each for the fifth and sixth Franchise unit, and a repeating pattern of \$2,500 and \$1,500 for each next Franchise unit. You are required to use our central call center and will not be allowed to outsource this function to a “commercial” answering service or do it yourself.

Note 6: Interest and Late Fees begin to accrue from the due date of payment. Late Fees cover our internal collection costs only. You must also pay any damages, expenses, collection costs and reasonable attorney fees we incur when you do not make the required payments; provided no interest shall exceed the maximum legal rate.

Note 7: Additional training costs include a \$500 fee per person, per day, plus costs for travel and related expenses. The two types of additional training include: (A) remedial training, which will be required if we, in our sole discretion, determine that you are not operating your franchised location(s) up to the standards required in the Operations Manual, and may involve additional staff training at either your franchise facility or at a training facility operated by us; and (B) additional onsite training or operations assistance over and above the normal course of training if such assistance is requested by you.

Note 8: If you request our approval to relocate your business and we agree, you must pay this fee to us in order to defray our costs associated with updating documentation, reviewing new sites, and editing our website and promotional materials.

Note 9: You must use our third-party construction management company to help build your location. Such assistance will be pursuant to a separate project management agreement between you and such vendor.

Note 10: You will be required to invest in the following types of renovation and maintenance: (A) routine maintenance, which requires you to maintain all fixtures, décor items, equipment, and other construction elements on an as needed basis. Any maintenance deficiencies identified by us must be addressed immediately by you; (B) equipment and technology upgrades, which will require you to make any

upgrades to any equipment or technology used in QC Kinetix® business (including the point-of-sale and back-office system) as required and; (C) reimaging of the clinic.

Note 11: We collect monies from you via electronic funds transfer as of the date this Disclosure Document was issued. In the event of a dishonored payment due to insufficient funds in your account, you must pay a fee of \$250 per occurrence.

Note 12: If we make changes to our Franchise System, you must adapt your Business to conform to the changes. Examples may include new equipment, software, or construction materials. These may be paid to the Franchisor or a third-party supplier that we designate.

Note 13: You must protect, defend, indemnify, and hold us harmless against any claims, lawsuits or losses arising out of your operation of the Franchised Business. If you default under the Franchise Agreement and we engage an attorney for collection or enforcement, you must pay all our damages, legal fees and costs to the extent permitted by law.

Note 14: You are required to maintain our standards for equipment and product specifications and cleanliness. We reserve the right to charge you a fee of \$1,500 if we inspect your Business and you do not pass the inspection for a second time in any twelve (12) month period. This is in addition to any equipment, product or vendor fee as described below.

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ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT – SINGLE UNIT FRANCHISE

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$55,000	\$55,000	Lump sum.	At signing of the Franchise Agreement	Franchisor See Note 1 and Item 5.
Leasehold Improvements	\$0.00	\$204,480	As arranged.	As arranged.	Landlord or General Contractor. See Note 2.
Advertising	\$30,000	\$75,000	As Incurred	Pre opening - As arranged	Approved Vendor. See Note 3.
Utilities and Security Deposits	\$5,000	\$10,000	As arranged.	As incurred.	Landlord and Utilities See Note 4.
3-months' Rent	\$8,500	\$25,000	As incurred	As incurred	Landlord
Signage	\$2,500	\$5,000	As arranged.	As arranged.	Approved Vendors See Note 5.
Furniture and Fixtures	\$9,000	\$12,000	As arranged.	As arranged.	Payable to us, our affiliates, or approved vendors. See Note 6.
Computers, Office Equipment, and Supplies	\$5,000	\$8,000	Lump sum or as incurred.	Before Opening.	Payable to us, our affiliates, or approved vendors. See Note 7.
Medical Related Equipment	\$8,000	\$10,000	Lump sum.	Before Opening.	Approved Vendors. See Note 8.
Medical Related Training	\$4,900	\$8,850	As incurred.	Before Opening	Your medical providers (MD, PA, NP) must attend laboratory training

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
					for two days in Charlotte, NC at a current cost of \$1,700 per person payable to us. See Note 9.
Business Licenses, Permits	\$500	\$1,500	As incurred.	Before Opening.	Appropriate licensing authorities and Third Parties. See Note 10.
Professional Fees	\$2,000	\$7,500	As incurred to any professional legal, accounting, and other professionals.	As arranged.	Appropriate Third Party Professionals.
Initial Inventory (Retail Items)	\$11,000	\$12,000	Lump sum; estimates for a startup inventory of approved products and supplies necessary for your first month of operation. This total does not include medical kits because they are not necessary until a patient begins treatment.	Before Opening.	Payable to us, our affiliates or approved vendors See Note 11.
Business Insurance	\$3,700	\$5,750	Monthly financed payments; before commencing operations of the Business and as required by the insurance company.	Spent over the course of the first three (3) months.	Payable to third parties; See Note 12.
Franchisee Training Expenses	\$5,000	\$10,000	As incurred.	As Incurred.	See Item 13.
Additional Funds (3 months)	\$100,000	\$150,000	As incurred.	Spent over the course of first three (3) months.	Third Parties. See Note 14.
Total	\$250,100	\$600,080			See Note 15.

Note 1: The Initial Franchise Fee is \$55,000 for a defined territory which includes certain training. The initial franchise fee is payable in full when you sign the Franchise Agreement and is fully earned and nonrefundable. As discussed in Items 5 and 12, if we, in our discretion, decide to enter into a Development Agreement with you, you will pay us an initial nonrefundable development fee, which is negotiated on a case-by-case basis.

Note 2: We suggest you find a space needing minimal leasehold improvements, which would be a second-generation medical clinic. The low estimate reflects estimated costs to franchisees after any improvement costs are paid for, or reimbursed by, the landlord. The costs to construct interior alterations, improvements, lighting and decorating the facility will depend on the extent of the renovations needed and any allowance you negotiate with your landlord for construction. Should the landlord supply improvements you should expect that higher monthly rent will be the result. In most cases you will need to alter the interior of your Business before you open for operation to meet QC Kinetix brand standards. The costs will vary widely and may be significantly higher than what is projected in the low estimate depending on factors such as property location, the condition of the property and the extent of alterations required for the property. The high estimate reflects the potential need to add bathrooms, lighting, fire sprinklers, fire alarms, build partitions, add an HVAC system that entails mechanical, electrical, plumbing costs, and hire an architect. You should investigate all these costs in the area in which you wish to establish a QC Kinetix® Business. Whether or not any leasehold improvements or build-out expenses are refundable depend on the terms and conditions of your contracts with construction and mechanical contractors, as well as your lease agreement.

Note 3: The amount to be spent for advertising, which is presently heavily weighted in broadcast radio ads, depends on the media costs in the various designated market areas (“DMA’s”). The low estimate is for media for three months, for a small market, and the high estimate assumes a single unit in a market such as Los Angeles and it is the cost for a single location when 3 other units in the DMA are also contributing. Once more units in a DMA open, the cost per unit begins to benefit from scaling. In other words, the total cost would increase in a DMA but the cost per unit would decrease. Upon our request, you must submit receipts documenting this marketing activity. We may also, in our discretion, require franchisees to form regional marketing cooperatives when unit development in the marketing area makes such a decision practical. All franchisees (not affiliate owned units) in the marketing area will be required to participate. Up to fifty percent (50%) of the local advertising and marketing requirement may be spent in a cooperative unless a majority of the cooperative votes to increase that requirement.

Note 4: A typical QC Kinetix® Business is in a Class-A office space/medical space with a minimum of 1,700 square feet of space, but the range is between 1,700 and 2,500 square feet. The low estimate represents rents for a three-month period for a 1,700 square foot space. at \$20 per square foot. The high estimate assumes three-months’ rent for a \$2,500 square foot space at \$40 per square foot. The security deposits are set forth on the row above as a separate line item. The rent estimates include amounts for common area maintenance, insurance and taxes, but these amounts vary greatly depending on the market. Real estate costs depend on location, size, visibility, economic conditions, accessibility, and competitive market conditions. These sums do not include the costs of purchasing real property, as we do not expect you to buy real property. Lease payments for periods of time that you occupy your premises may not be refundable.

Note 5: These are the estimated costs for the delivery and installation of exterior and interior signage. We specify and provide you with the guidelines in the Operations Manual. Signage expenses are not refundable.

Note 6: You must purchase or lease and install fixtures, tables and chairs, equipment (including a cash register), POS, system, camera system, audio & visual equipment and décor necessary to operate your QC Kinetix® facility. The cost of the furniture, fixtures and equipment will vary according to local market conditions, the size of QC Kinetix® facility, suppliers and other related factors. The figures in the table are for purchasing the furniture, fixtures, and equipment.

Note 7: This includes a phone and a desktop or laptop computer and scanner/printer as well as required software. The required specifications for the computer include Office 365, QuickBooks Online Advanced, Anti-Virus Software, Windows, and printer with scanner capabilities as provided in the Operations Manual. This also includes costs for business cards, forms, branded office supplies, marketing materials, and related items.

Note 8: One Class 4 laser, centrifuge and ultrasound. Low amount assumes lease or finance for 6 months. You may purchase an x-ray machine, but this expenditure is optional, not mandatory. This expense is not included in this range.

Note 9: The low estimate assumes two providers attend training and the high estimate assumes three providers attend. Travel and lodging is included but no employee compensation during training has been included.

Note 10: You must maintain all required licenses, permits, and certifications necessary to operate your Franchise. You should check with local authorities, and attorney, or a business consultant to determine what licenses, permits, and certifications are necessary at your location. The amount for licenses, permits, and certifications can vary significantly in different areas, and you should verify specific amounts with local authorities.

Note 11: You must purchase a variety of different products, marketing and promotional materials for the general operation of the franchised business as specified in the Operations Manual. Your initial inventory of products will vary according to the size of your Business, availability of products, your decisions regarding the appropriate mix of products for your market, and current market prices. You must offer and purchase products that meet our specifications, which may change from time to time. We will provide you with a written list of approved products you must offer for sale and a written list of approved vendors and/or suppliers you must purchase products from to operate your Business. All items mentioned above must be purchased through us, our affiliates or our approved vendors and suppliers, except all marketing and promotional materials must be purchased directly from us. Whether or not any of the purchases for products or items that you purchase are refundable depends on the terms of the invoice or purchase agreement.

Note 12: This estimated amount represents three (3) months of pre-paid insurance premiums that does not take into account workers' compensation insurance which may vary greatly by state, payroll and classification. You must obtain and keep certain insurance coverage as stated in Item 8 of this Disclosure Document. You will need other insurance for which premiums can be location specific and/or vary from state to state, such as: errors & omissions, automobile liability insurance, product liability insurance (covers you for damages that result in injury from products that you distribute), and employee dishonesty insurance as all such insurance coverage are optional; however, we may require you to obtain this coverage in the future with liability limits of amounts we may reasonably specify. We may change these insurance requirements on thirty (30) days' prior written notice to you. There are no other insurance

requirements. Whether or not any insurance premiums are refundable depends on the terms and conditions of your insurance policies. Insurance premiums can be financed, and the low estimate assumes financing for 3 months. The high estimate is three months of financed premiums in a state with high premiums.

Note 13: Training may be held at our corporate headquarters, at your business location at another franchisee’s location, or remotely. You are responsible for all costs associated with attending such as travel, room and board for each person. Estimates provided are for costs for two (2) people for five days. Training for additional people is available at your request for an additional training fee of \$1,000 per person. You must always have trained individuals on your staff, who are present at each clinic, during operational hours.

Note 14: This amount is an estimate of additional funds for expenses you may incur before operations begin and during the initial period of operations (typically, your first three (3) months of operating the Business e.g., additional working capital). This estimate was generated from the experience of QC Kinetix LLC who operates QC Kinetix clinics in South Carolina as well as QC Kinetix PC, which also operates QC Kinetix clinics in North Carolina. These clinics are like those offered as franchises. This amount also includes estimated local advertising costs for a three-month period after the pre-opening advertising.

Note 15: Total Estimated Initial Investment. The total estimated initial investment is an estimate only of the range of startup expenses you may incur. We relied on our combined experience of running the affiliate locations when preparing these figures. The estimate of initial investment funds is based on an owner-operated business and does not include salaries or benefits for full-time employees. As your QC Kinetix® Business grows, you may choose to hire additional employees to carry out support service tasks. We do not finance any portion of your initial investment.

YOUR ESIMATED INITIAL INVESTMENT – DEVELOPMENT AGREEMENT

Type of Expenditure (2 Units)	Low Amount	High Amount	Method of Payment	Due Date	Payment Made To
Initial Multi-Unit Agreement Fee (See Note 1)	\$100,000 2 Units	\$100,000 2 Units	Lump Sum	Upon Signing Multi-Unit Agreement	Us
Initial Investment – (for 1 st Unit) (See Note 2)	\$250,100	\$600,080	Varies	Varies	Varies
TOTAL	\$350,100	\$700,080			
Type of Expenditure (3 Units)	Low Amount	High Amount	Method of Payment	Due Date	Payment Made To
Initial Multi-Unit Agreement Fee (See Note 1)	\$135,000 3 Units	\$135,000 3 Units	Lump Sum	Upon Signing Multi-Unit Agreement	Us
Initial Investment – (for 1 st Unit) (See Note 2)	\$250,100	\$600,080	Varies	Varies	Varies
TOTAL	\$385,100	\$735,080			

Note 1: The amounts listed in this row represent the total amounts due as Franchise Fee, which is payable as the Development Fee for the number of units indicated in this row.

Note 2: Please refer to the Item 7 Table for the Estimated Initial Investment for a single unit franchise for the expenses associated with opening a QC Kinetix Business under a Franchise Agreement pursuant to a Development Agreement. Note that this row does not include the Initial Franchise Fee for the respective franchise units indicated in this chart, as such fee is indicated in the first row of this chart and is what comprises the Development Fee.

As these figures are just estimates, we cannot guarantee that you will not have higher costs. Competitive conditions described in Item 1 will affect these costs. This estimate of startup costs is calculated for a period of three (3) months (except as stated otherwise), with additional operating capital to be available as may be needed during the initial phase. These costs do not include your Royalty Fee and Brand Development Fees which begin immediately after the opening of your Business. These costs should be included in your projections of overall operations costs beginning with your first month of operation. We acknowledge that you may choose to invest additional funds into your business during the first three (3) months of operation, and sometimes longer. but we cannot estimate or promise when, or whether, any individual Franchisee will achieve positive cash flow or profits.

The estimate does not include any finance charges, interest, or debt service obligation, or your living expenses. We do not finance any portion of the initial investment under the Development Agreement. Each payment is non-refundable.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We may offer or designate others to offer certain products, supplies, software or services and we may become approved suppliers or the only approved supplier(s) for these and other products and services. Unless we provide you with prior written permission for you to do otherwise, you must purchase all products, fixtures, furnishings, equipment, décor, signs, supplies and other items used or sold by your QC Kinetix® Business, solely from suppliers where they have been designated or approved by us. You must purchase medical kits only from us, or our designated affiliates. Medical kits contain an assemblage of proprietary components that are specified for each type of injection procedure provided every time a client receives a medical procedure at your Franchised Business. For any of these items, we have the right in our sole discretion to designate ourselves, our affiliates, or a third-party as the sole supplier for a particular item. To the extent we do not designate a particular supplier, you must purchase these items solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our reasonable standards and specifications for such items, and who possess adequate quality controls and capacity supply your needs promptly and reliably. Currently, Franchisees will be required to place all local TV and radio marketing and all digital marketing through our designated suppliers, and to purchase all medical kits from us. You are required to use our designated supplier for credit card processing. You are permitted to generate your own accounting statements currently but are required to utilize our mandated chart of accounts, income and balance sheet format. You are required to use QuickBooks Advanced online for your accounting and you are required to give us full-time read-only live electronic access to your financial records as well as post results to an accounting program such as Profitkeeper, which is currently specified. If you do not maintain our accounting and reporting standards, you may be required to migrate to an external accounting firm designated by us. We do not derive commissions and/or revenues from

your use of a designated accounting firm but we do earn revenue from purchases from us, our affiliates, and other designated suppliers.

In our 2023 fiscal year our total revenues were \$38,750,227. Out of this total we received \$4,307,644 from call center fees, \$17,142,025 from equipment and supply sales and \$758,518 from technology fees. These revenues from required purchases were 57.3% of our total revenue, and do not reflect the expenses required to achieve these revenues.

We estimate that purchases from approved suppliers would represent approximately ninety-five percent (95%) percent of your total purchases and leases in establishing your Business, and sixty percent (60%) of your total purchases and leases in the continuing operation of the Business, and that purchases in accordance with our specifications represent approximately ninety-five percent (95%) percent of your total purchases and leases in establishing your Business, and sixty percent (60%) of your total purchases and leases in the continuing operation of the Business. While you establish your pricing for sales of products and services at retail, you may not sell products or services at wholesale prices.

None of our officers currently owns an interest in any supplier except that our directors own Boxum Consulting LLC (“**Boxum**”) which can, but is not required, to provide staffing services to franchisees, as well as QC Health Group LLC which will be a supplier of nutritional supplements. We receive no revenue from Boxum or QC Health Group LLC.

There are no purchasing or distribution cooperatives.

We use our reasonable best efforts to negotiate purchase arrangements with suppliers, including price terms, for the benefit of licensees. Some suppliers provide additional assistance to us in the form of payments for us based on sales made by them to us and to you. We do not provide material benefits (e.g., renewal or granting additional licenses or Franchises) to a Franchisee based on its purchase of particular products or services or use of particular suppliers. We reserve the right, at our option, to require you to purchase or lease the signage for your QC Kinetix® Business from us or our affiliates. In 2023, we received \$890,118 revenue from required purchases or leases of products or services.

All marketing and promotion of your Franchise by you in any medium must be conducted in a professional and dignified manner and must conform to our specified standards and requirements. You must submit samples of all advertising or promotional plans and materials that you desire to use to us for approval if such has not been prepared or previously approved by us.

You must submit the proposed lease to us for your office space/medical space for approval before it is signed. We have the option to require that the lease contain certain terms and conditions regarding the collateral assignment of such lease in a form and substance reasonably acceptable to us to secure performance of your liabilities and obligations to us. You are responsible for all costs to negotiate and sign the lease. We require that the lease contains the landlord’s consent to our signage.

Before you open a Business for operation, you must obtain the insurance coverage for the Business as specified below, provided that the types, amounts, and terms of coverage are subject to adjustment from time to time by us, in our sole discretion. The insurance coverage must be maintained during the term of the Franchise Agreement and provide evidence of insurance to us that insurance has been obtained from our approved vendor.

1. Comprehensive General Liability Insurance, including broad form contractual liability, broad form property damage, general tort, premises damage, personal and advertising injury, completed operations, products liability, and fire damage. with a minimum policy limit of \$2,000,000 per occurrence and \$2,000,000 aggregate (this policy should include general tort, premises damage, personal and advertising injury should be at least \$1,000,000) in addition to property and casualty insurance with a minimum policy limit of \$1,000,000 or an amount specified by the Franchisor;
2. You must require that the PC carry professional liability coverage for all Affiliated Physicians with limits of \$1,000,000.00 per occurrence/\$3,000,000.00 aggregate or as required by state law, whichever is greater, and for the PC, which covers all non-physician Clinical Personnel, with limits of \$1,000,000.00 per occurrence/\$3,000,000.00 aggregate or as required by state law, whichever is greater.
3. "All Risks" coverage for the full cost of replacement of the Business premises and all other property in which we may have an interest with no coinsurance clause;
4. Professional liability insurance that covers you for damages that you create that do not result in property or bodily injury with a minimum policy limit of \$1,000,000 or an amount we reasonably specify;
5. Business Interruption insurance in such amount as will reimburse you for direct or indirect loss of earnings attributed to all perils commonly insured against by prudent business owners (including lost royalties, national advertising and other fees due to us and/or our affiliates), or attributable to prevention of access to the Business, with coverage for a period of interruption of one hundred and eighty (180) days with a stated daily loss limit of \$10,000 per day, and such longer period as we may specify periodically;
6. Workers' compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation to injured workers, subject to the conditions set forth in the Franchise Agreement;
7. Employment practices liability insurance that covers you and your Business against claims made by employees, former employees or potential employees for discrimination, wrongful termination, sexual harassment and other employment related obligations in the amount of \$250,000 per accident for bodily injury, \$250,000 policy limit for bodily injury by disease, and \$250,000 per employee for bodily injury by disease;
8. Umbrella liability in the amount of \$1,000,000 per occurrence and in the aggregate;
9. Cyber liability and data breach insurance in the amount of \$100,000 per occurrence and \$100,000 aggregate;
10. Tenant's liability insurance if such insurance is required by the terms of your lease (if applicable);
11. Any other insurance required by the state or locality in which the Business is located and operated, in such amounts as required by statute; and
12. Other insurance coverage, as we, your state or the landlord may reasonably require.

All insurance coverage shall be taken out in your name and shall name us an additional insured and be placed with insurers designated by us or acceptable by us. You must furnish us with certified copies of each of the insurance policies described above on the earlier of your opening of the Business or sixty (60) days following the date that the Franchise Agreement is executed. You must purchase “A” rating insurance policies. Each such policy shall provide that it cannot be canceled without thirty (30) days prior written notice to us and that we shall receive at least thirty (30) days prior written notice of its expiration. You shall promptly refer all claims or potential claims against you or us to each of us and our insurer.

The cost of insurance purchased in accordance with our specifications will represent approximately one percent (1%) of your total purchases in connection with the establishment of your Business and will be approximately one percent (1%) of your total purchases in the operation of your Business. These percentages do not include workers’ compensation insurance that will vary with the payroll amount and category of employees.

We consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors we consider is compliance with the requirements described above.

Our standards and operating procedures may vary among Franchisees depending upon several factors, including but not limited to prior experience with owners, location of office(s), government regulations, projected Gross Revenues, size of a protected Territory, competition and compatibility of any furniture, fixtures and equipment with current System standards. To the extent permitted by applicable law, we may establish maximum and minimum prices you may charge, based on an analysis of the market, and to facilitate competitive strategies.

ITEM 9
FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

<u>Obligation</u>	<u>Section In Franchise Agreement</u>	<u>Section In Development Agreement</u>	<u>Disclosure Document Item</u>
(a) Site selection and acquisition/lease	3.1, 8.21, 16.4, 16.5	3	Items 7, 11 and 12
(b) Pre-opening purchases/leases	5.2, 8.21	Not Applicable	Item 7 and 8
(c) Site development and other pre-opening requirements	5.2, 8.2, 8.22, 16.4	3	Items 6, 7, 11
(d) Initial and ongoing training	16.1 – 16.2; 6.4	Not Applicable	Item 11
(e) Opening	5.2, 8.8	3	Item 11

<u>Obligation</u>	<u>Section In Franchise Agreement</u>	<u>Section In Development Agreement</u>	<u>Disclosure Document Item</u>
(f) Fees	6.1 – 6.11	2	Items 5, 6 and 7
(g) Compliance with standards and policies (Operations Manual)	8.1, 8.9, 16.7	Not Applicable	Item 8, 11 and 16
(h) Trademarks and Proprietary information	11.1 – 11.5, 12.1 – 12.6	6, 8(d)	Items 13 and 14
(i) Restrictions on products/services offered	8.12	Not Applicable	Items 8 and 16
(j) Warranty and customer service requirements	None	Not Applicable	None
(k) Territory development and sales quotes	3.1 – 3.5	1	Item 12
(l) On-going product/services purchases	8.12	N/A	Item 8
(m) Maintenance, appearance and remodeling requirements	4.2, 8.6	Not Applicable	Item 11
(n) Insurance	9.1	Not Applicable	Items 6 and 7
(o) Advertising	3.3, 6.2 – 6.3; 16.10	Not Applicable	Items 6, 7, and 11
(p) Indemnification	8.20 (guaranty); 14	8(e); 18 (guaranty)	Item 6
(q) Owner’s participation/management/staffing	8.7, 8.14	Not Applicable	Items 11 and 15
(r) Records/reports	10.1 – 10.5	Not Applicable	Item 6 and 11
(s) Inspections/audits	10.2	Not Applicable	Item 6 and 11
(t) Transfer	18.2-18.4	9	Item 6 and 17
(u) Renewal	4.2	5(b)	Item 6 and 17
(v) Post-termination Obligations	20.1 – 20.8	8	Item 17

<u>Obligation</u>	<u>Section In Franchise Agreement</u>	<u>Section In Development Agreement</u>	<u>Disclosure Document Item</u>
(w) Non-competition Covenants	15.3	6	Item 17
(x) Dispute Resolution	21.1 – 21.8	14	Item 17

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 & TRAINING

Except as listed below, QC Franchise Group LLC is not required to provide you with any assistance.

Before you open your Business, we will:

- (1) If you and we have not already agreed upon a site for your Business operations that meets our requirements, we shall review the site you propose for conducting your Business to determine whether it complies with our requirements. You must select the site of your Business within the protected territory provided in the Franchise Agreement. We generally rely on third party landlords and do not lease the site to you. We shall accept the site if we feel in our sole discretion that it meets or exceeds our standards. The factors that we consider in acceptance of the site include cost, competition, population density, demographics, traffic patterns, convenience, adequate parking, safety, zoning ordinances, neighborhood, and physical characteristics of the premises such as size, configuration, and layout. We evaluate each proposed site and accept or reject each one on a case-by-case basis and will notify you by email or any other form of written communication of our acceptance or rejection of any proposed site within thirty (30) days after we receive your request. This evaluation and acceptance/rejection process applies to future locations under a development agreement, applying our then current standards for site selection. If you do not locate a site we approve, we may terminate the Franchise Agreement. (Franchise Agreement, Sections 3.1, 5.2, 8.21 and 16.4, pages 6 – 7, 10, 27 – 28 and 48)
- (2) Insert the accepted site into your Franchise Agreement. However, the acceptance of a location and entering it on your Franchise Agreement by us is conditioned upon our determination, in our reasonable judgment, that: (Franchise Agreement, Section 3.1, pages 6 – 7)
 - (i) the site which you have submitted for the facility is a suitable site based upon criteria we establish periodically;
 - (ii) you and your Owners are in compliance with the Franchise Agreement; and

- (iii) our non-acceptance of your intended location is grounds for termination of this Agreement.
- (3) Review the lease for the premises to ensure it contains franchisor required language. (Franchise Agreement, Sections 8.21 and 16.4, pages 27 – 29 and 48)
- (4) Offer you guidance when you (i) apply for permits, and (ii) notify your state of your proposed facility (if applicable). However, it is your responsibility to comply with all laws, ordinances and regulations as you are responsible for obtaining all necessary approvals and licenses to operate your facility. Such guidance does not include assistance with the regulatory process (i.e., licensing). (Franchise Agreement, Sections 8.2 (i), 8.11, 16.1 and 16.2, pages 15, 21 – 22, 46, and 47 – 48)
- (5) Inform you of any mandatory specifications, architectural and design plans, floor plans, interior and exterior signage (including murals), décor, designs and layouts for the Business at the accepted location. We will provide you with guidelines for the layout and design of your Business and you must hire an architect or licensed general contractor to create and a design a complete set of drawings based on your building size and local permitting requirements. You will be required to confirm that your Business satisfies all state and local zoning ordinances, regulations, fire, health and building codes. We must review your architect's final plan. It is your responsibility to comply with all laws, ordinances, regulations, zoning and building codes for your Business. You are responsible for the costs associated with architectural and/or floor plans that may be required for your Business. (Franchise Agreement, Sections 8.22 and 16.5, pages 29 – 30 and 48 – 49)
- (6) Provide you with written specifications for all equipment, furnishings, fixtures, signage, computers, and security system necessary for the operation of your Business. You are obligated to repair and maintain all equipment, computers and related software necessary for the operations of your Business. You will be responsible for these expenses as these expenses are necessary for the operation of your Business. We will deliver these written specifications for all the above items, and you are responsible for the delivery and installation of all these items. You are required to purchase the items from us, our affiliates and/or our approved vendors. (Franchise Agreement, Sections 8.1 – 8.4, 16.4, and 16.9, pages 14 – 17, 48, and 50)
- (7) Provide you with a list of our approved list of vendors and suppliers for all equipment, products, supplies, and services that you are authorized to use or sell. We will also provide you with a list of specified inventory requirements for all products and supplies you must maintain in your Business. You are responsible for the cost, delivery, installation and maintenance of these items as they are necessary for the operation of your Business. You are required to purchase the items listed above from us, our affiliates and/or approved vendors or suppliers. (Franchise Agreement, Sections 8.1, 8.2, 8.12, 16.8, 16.9, and 16.11, pages 14, 14 – 15, 22 – 23, 50, 50, and 50– 51)
- (8) Offer certain training programs designed to assist you and your business management staff in the operation of your Franchise. We may require that you (or if you are a

corporation, a limited liability company or partnership, then its officer or shareholder, member, managing member, manager, or managing partner) and any operational manager(s), or assistant manager(s) complete supplemental and refresher training programs during the term of the Franchise Agreement. (Franchise Agreement, Sections 16.1 and 16.2, pages 46, 47 – 48)

- (9) Provide an Initial Training Program, no earlier than sixty (60) days before you commence business operations designed to assist you and your management staff in the operation of your Franchise, at no additional charge. The Initial Franchise Training Program is designated for you and one other individual (or in the case of an entity Franchisee, two Owners or an Owner and a general manager). If more than two people attend the Initial Franchise Training Program, Franchisor may impose a training fee of \$500 per person for each additional person, for each day of training, which is subject to increase from time-to-time. (Franchise Agreement, Section 16.1, page 46)
- (10) Loan to you during the term of the Franchise Agreement one copy of our confidential Operations Manual, as well as any other manuals or other written materials for the operation of a Business, containing mandatory and suggested specifications, standards and operating procedures required by us and information relative to your other obligations under the Franchise Agreement. We have the right to add to, and otherwise modify, any manual, including the Operations Manual, to reflect changes in authorized equipment, products and services you must use and offer, as well as changes in specifications, standards and operating procedures of a Business. You must keep all manuals, including the Operations Manual, confidential and current, and may not copy any part of any manual. The Operations Manual contains 305 pages. The table of contents of the Operations Manual as of our last fiscal year end is included with this Disclosure Document as **Exhibit E**. (Franchise Agreement, Sections 8.1, 8.3, and 12.1, pages 14, 15, and 40)
- (11) Approve or disapprove samples of all local advertising and promotional materials not prepared or previously approved by us which are submitted by you. (Franchise Agreement, Sections 6.2, 6.3, and 8.2, pages 11, 11 – 12, and 14)
- (12) Provide up to two (2) days of pre-opening/grand opening on-site assistance to you and your staff at your Business. Such assistance will be provided to you as part of our Initial Franchise Training Program and at our cost. (Franchise Agreement, Section 16.1, page 46)

Continuing Assistance

During your operation of your Business, we will:

- (1) Continue to consult with you regarding policies, equipment, products and services you are required to use and offer in your facility. We will communicate to you our knowledge of new developments and improvements in areas of non-surgical regenerative management and service that are pertinent to the operation of a QC Kinetix® facility using QC Kinetix® System, as well as provide assistance to you to resolve operational problems that you may encounter outside the scope of the Operations Manual. (Franchise Agreement, Sections 8.1 – 8.3, pages 14 – 15)

- (2) Provide additional on-site supervision and assistance as we deem necessary and in our discretion. Additional visits are for the purpose of advising you with respect to products, services, customer service, operational and personnel issues related to your Business. You will be responsible for the transportation, room and board and miscellaneous expenses incurred by our personnel during the visits, which will take place per the terms of the Franchise Agreement, or at your request, and at times and dates selected by us. (Franchise Agreement, Section 16, page 46 – 48)
- (3) Inspect the operation and inventory of equipment, products and supplies in your Business and advise you of the results for each inspection, at our cost. If you fail the inspection twice in any twelve (12) month period you will be responsible for the costs of the follow up inspection (if any, and as described above in Item 8). (Franchise Agreement, Sections 8.1 – 8.19, pages 14 – 26)
- (4) Provide you with updated specifications for all equipment, products, supplies and services that you must use, sell and/or offer in the operation of your Business. We will continue to provide you with updated and current lists of approved vendors and suppliers you are allowed to use to purchase and/or lease such items for your Business. We will provide you with such specifications and guidelines, but not the actual items as you are responsible for purchasing and/or leasing these items. (Franchise Agreement, Sections 8.1 – 8.4, pages 14 – 15)
- (5) Review and approve or disapprove any product, supply, service, vendor and/or supplier you wish to use, sell or offer in the operation of your Business. We may require third party testing of such items, and you are responsible for paying the costs of such tests as described in Item 8 and impose certain requirements on vendors and suppliers, such as insurance coverage or licensure. (Franchise Agreement, Sections 8.1 – 8.3, 16.8, and 16.9, pages 14 – 15 and 50)
- (6) Review and approve advertising and promotional materials in addition to any promotions, edits, changes or updates that you submit to us for consideration to put on your webpage within our website. (Franchise Agreement, Section 16.10, page 50)
- (7) Provide continuing education to you and we may provide continuing education to any new manager of your Business. We may require that you (or if you are an Entity or an Owner) and any manager(s), or assistant manager(s) to complete supplemental and refresher training programs (up to five (5) days per year) during the term of the Franchise Agreement. We may also require you to attend national business meetings or annual conventions for up to three (3) days per year. (Franchise Agreement, Section 6.7, Section 16.2, pages 12, and 47 – 48). Should you fail to attend the annual convention, you agree to pay to us a non-attendance fee of \$1,000 per day for each day missed, which fee shall be used to support the costs associated with conducting the convention. (Franchise Agreement, Section 16.2 (b) page 47)

Advertising

- (8) We have the obligation to maintain and administer a Brand Development Fund (referred to as the “Fund”) to support ongoing technology and new service or product development to be made available to Franchisees, for such advertising as we, in our sole discretion, may deem appropriate to promote QC Kinetix® name, and any other media costs or other costs related to building the goodwill of the QC Kinetix® brand. You are responsible for compliance with state and local laws which apply to advertising and promotion of medical services. We will direct all such programs and will have sole discretion over the creative concepts, materials and endorsements and media used in such programs, and the placement or allocation of such programs. The source of the advertising will come from our in-office advertising department or may in the future from a national or local advertising agency. We reserve the right to determine in our sole discretion the composition of all territories and market areas for the implementation and development of such programs. (Franchise Agreement, Section 6.2, page 11)
- (i) You will pay us one percent (1%) of weekly Gross Revenue for the Fund contribution as designated in the Franchise Agreement. We may raise, discontinue or reduce the contribution, but your total contribution will not exceed two percent (2%) of your Gross Revenue in any calendar year for the term of your Agreement. Contributions are due weekly, for Gross Revenues of the prior week or immediately after you open your Business for business (whichever comes first) then continues for the term of your franchise. Refer to Item 6 for the definition of Gross Revenue. The locations operated by our affiliates are not required to contribute to the Fund, but the owners of those locations periodically, and voluntarily contribute.
 - (ii) The contributions will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including conducting evaluation of new products, services and technologies; product development, market research, preparing advertising, promotion and marketing materials, and collecting and accounting for contributions to the Fund. Usage of the Fund may include ongoing development of the national website and development of new products and services to be made available to Franchisees. The media in which advertisements may be disseminated include print ads, signs, billboards, radio, television or Internet and may be conducted on a regional or national basis. We may spend, on behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all QC Kinetix® franchises in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use.
 - (iii) In our 2023 fiscal year, we collected \$1,270,645 of Brand Fund revenue from Franchisee and spent \$1,003,146 on brand fund related expenses. Future brand fund revenue receipts will be used to reimburse the brand fund for the excess of brand fund spend over brand fund revenue in 2022 and 2021. In 2022, The fund expended a total of \$521,848 or 52.02% on the production of advertising content

and \$240,662 or 23.99% on media placement. Brand fund also spent \$179,863 or 17.93% on public relations activity and \$60,773 or 6.06% on administrative expenses.

- (iv) In the future, we may form a franchisee-elected Franchisee Advisory Council or cooperative whose sole purpose is to advise on Fund usage and advertising policies. If one is formed, we will have the power to select and approve the members and to form, change, dissolve or merge the Franchise Advisory Council as described below.
 - (v) Neither we nor any Franchise Advisory Council will undertake any obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Fund by Franchises operating in such geographic area or that you or your Business will benefit directly or in proportion to your contribution to the Fund. We are not required to spend any amount on advertising in your territory. Neither the Fund nor we shall be liable to you with respect to the maintenance, direction, or administration of the Fund, including without limitation, with respect to contributions, expenditures, investments or borrowings, except for acts constituting willful misconduct.
 - (vi) We administer the Fund, which is not audited. Fund contributions are not used to sell additional franchises. We will prepare an annual un-audited statement of monies collected and costs incurred by the Fund and furnish it to you upon written request. All financial statements will be available one hundred and twenty (120) days after the end of our fiscal year. We reserve the right not to spend all of the funds in the Fund in any one (1) year and such funds may be accrued into the next year.
 - (vii) We expect to receive advertising and promotional allowances and fees from third party vendors, suppliers and advertisers who enter into cooperative advertising programs with us (and possibly also franchisees.) For example, vendors and/or suppliers may pay promotional allowances for joint advertising promotional material. We may disclose the identity of vendors or suppliers who pay the promotional allowances to you upon request. Our obligation to provide advertising and marketing will be limited in cost to the amount of contributions and promotional allowances (if we approve) from third parties actually paid into the Fund.
 - (viii) We will not spend advertising funds for activities that are principally a solicitation for the sale of franchises. We have no fiduciary duty to you regarding any Brand Development Fees.
- (9) May require you to join (but do not require at this time), participate in and pay into, one or more franchisee marketing councils or cooperatives for your region, determined by the penetration area of regional advertising media used (for example, the area of a regional newspaper's circulation). Because, we have not yet formed any franchisee marketing councils, we do not know how the area or the membership of any franchisee marketing council will be determined nor whether or not any of our company-owned businesses will be contributing to any advertising spent by any franchisee marketing council. In the event

that we choose to establish a franchisee marketing council, we will be responsible for administering it. If we do create any franchisee marketing councils, they must operate in accordance with bylaws (or an operating agreement if it is a limited liability company) and the franchisee marketing council will prepare annual financial statements that you can review. We will have the right to form, dissolve, and merge any specific franchisee marketing council. Even though we have not yet formed any franchisee marketing councils or cooperatives, we may require that all franchisees within close proximity to a consumer show, convention or exhibition where services and products are being offered or sold to participate in the cost and benefit of the show. (Franchise Agreement, Sections 3.5 and 6.3, pages 8 and 11 – 12)

- (10) Require you to initially spend \$10,000 to \$20,000 for grand advertising and then monthly, per franchised location on local advertising in small markets (in addition to the one percent (1%) Fund contribution you pay to us), and by the sixth month, up to \$40,000 per month per location. In large markets, such as Los Angeles, for example, the monthly advertising could be as high as \$75,000 and the amount of monthly cost would be up to \$40,000 per month, per unit, until economies of scale reduce this spend. The actual amount will be decided by us based on the market where your Business is located and is subject to periodic adjustment, in our sole discretion. We may reduce the amount of your local advertising requirement after your second full year of operation at our discretion. Currently, franchisees are required to place all local TV and radio marketing and all digital marketing through our designated suppliers. You must report your advertising expenditures to us by the tenth (10th) day after the end of each month, or at times, on forms, and in a manner we determine. (Franchise Agreement, Section 6.3, page 11)

You will not use any independent advertising or sales promotion programs in any media (including electronic) without our prior review and written approval. We will approve or disapprove in writing the materials you submit to us within thirty (30) days and, if we do not respond within such period, all such materials will be deemed automatically disapproved. You will make reasonable efforts to participate in and cooperate with all advertising programs selected by us or by any approved group of franchisees, except that you may not need to follow or maintain any sales price or suggested promotional pricing. You are responsible for any expenses of this independent advertising.

You may not establish a separate Website and will only have one web page, as we designate and approve, within our website. The term “Website” includes: Internet and World Wide Web home pages, as well as other electronic sites (such as social networking sites like Facebook, Twitter, Instagram, LinkedIn, Snapchat, blogs and other applications). You must comply with our requirements regarding selling, advertising, discussing or disseminating any information, or otherwise having a presence on a Website, regarding the Business. If we approve a separate social networking site for you (which we are not obligated to do), e.g. a Facebook page, we will provide you with guidelines for establishing and maintaining such social networking site including our ownership and co-administration rights requirements and each of the following provisions will apply: (i) you may neither establish nor use any social networking site without our prior written approval; (ii) before establishing any social networking site, you must submit to us, for our prior written approval, a sample of the proposed social networking site, including its domain name (or other identifying account information), format, visible content

(including, without limitation, proposed screenshots), and non-visible content (including meta-tags), in the form and manner we may require; (iii) you must comply with the standards and specifications for social networking site that we may periodically prescribe in the Operations Manual or otherwise in writing; (iv) any social media representation must include the statement that you clinic is independently operated by you as a franchisee and (v) if we require, you must discontinue use of such social networking site when we provide written notice to you of such revocation and to the extent you have administrative rights, turn over all control, access, and in the case where we are not the owners, you must transfer ownership to us. (Franchise Agreement, Section 8.17, page 26)

Time to Opening

- (11) We estimate that there will be an interval of ninety (90) to one hundred eighty (180) days between the signing of the Franchise Agreement and opening your Business for business. Factors that may affect this length of time include obtaining a location that is approved by us for your Business, construction build out, completion of your pre-market entry study to determine any customization of services and products to be offered through your Business, satisfactory completion of our Initial Training Program by you (or your managing partners, members, or shareholders), and availability of equipment, products and supplies. We estimate it may take between 30 and 60 days after signing the Franchise Agreement for you to find a suitable location and negotiate a lease. You must submit to us, in the form we specify, a copy of the location plan and other such information or materials we may require, together with an option contract, letter of intent, or other evidence of satisfactory to us which confirms your affirmative prospects for obtaining the location. We will have thirty (30) days following receipt of this information and materials from you to approve or disapprove the proposed location of your QC Kinetix® Business. If we do not approve a proposed location by email or any other form of written notice to you within this thirty (30) day period, the site will be deemed disapproved unless we extend the period based on our reasonable judgment that you will likely find a location. Once your proposed location has been approved by us, you will have the remainder of the one hundred eighty (180) day period to open your business for operation. Failure to open your Business for operation within such time period may constitute a default under the Franchise Agreement, for which we may terminate the Franchise Agreement. (Franchise Agreement, Section 5.2, Section 8.12, pages 24)

(12) Computer and Electronic Cash Register Systems

Franchise Agreement

You must install and maintain a computer that has a Windows operating system, using version 11, or newer. You may buy the computer from any source, however; it must have at least 8 gigs of RAM, at least a 200-gig hard drive and have an I-3 processor or newer (estimated cost \$1,000-\$2,000). An all-in-one LaserJet color printer/scanner is required (estimated cost \$400 - \$800). A Point-of-Sale system is required and the cost of the card terminal ranges from \$250 to \$500 and you should expect a monthly charge of \$40 to \$75 for the credit card service. When you pay the monthly Technology Fee to us, you are entitled to use licensed versions of Microsoft 365 and Salesforce. We support Salesforce software and your email client for qckinetix.com. (Franchise Agreement, Section 8.4, Section 8.4,

pages 15)

The types of data generated/stored by you will include: contact and demographic information, healthcare records being stored within HIPAA compliant cloud-based software, financial data including payment methods and billing information which is stored on PCI compliant payment cloud-based providers, and any further data you deem important which is outside the requirements of the franchise agreement.

We do not have the contractual obligation to maintain, repair, update or upgrade your computer system. You have the contractual obligation to update and upgrade your computer system, as we direct and there is no contractual limitation relating to the frequency and cost of complying with these directives. The principal software used is supplied on the cloud by various vendors who upgrade the software as part of your license. This software includes the mandatory use of Salesforce (currently \$1,620.00 annually, per user, with 3 users being typical), ESignature software, (currently \$480.00 annually), Practice Fusion (currently \$1,178.00 annually, which includes 4 logins, which is adequate in most cases) and Office 365, which is included in your Technology Fee.

You must also acquire an Apple I-Pad (estimated cost \$499) which will be used to view images generated by a fluoroscope, which is another required device.

You must install and use QuickBooks Online Advanced accounting software. The accounting software is used to perform accounting functions and to maintain financial information about the Business. You may obtain QuickBooks Online Advanced from any source and that software is updated by Intuit.

You must install the point-of-sale software we specify in the Manuals, from time-time.

You must install Internet navigation software and maintain a high-speed Internet connection (with e-mail capability) that is supported by a wireless router running a secure connection. You may use any Internet service provider that permits you to connect with a speed of at least 10mps and has WPA2 authentication. We must be allowed read-only Internet access to your financial records and we can view your records in Salesforce, your emails and can gain read only access to your QuickBooks data. There are no contractual limits on our right to access your computer information. We have the right to share your data with any party that we deem appropriate, subject to any applicable privacy laws relating to health information of your clients.

Neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades, or updates to your computer hardware system. Currently, there are no optional or required maintenance/upgrade contracts for the computer system.

(13) **Training**

Initial Training

You or, if you are an entity Franchisee, your manager, are required to participate in and successfully complete the initial training (the “**Initial Training Program**”). (Franchise Agreement, Section 16.1, page 46)

The Initial Training Program is scheduled on as-needed basis by us and will be conducted over a period of up to ten (10) days (although this may vary according to job duties within your Business) at a location designated by us. We may also require a few days of additional training beyond this 10-day training, if we deem such necessary prior to your opening. The specific details of the Initial Training Program are outlined in the tables below. The materials used for this training includes the operations manual, PowerPoint presentations, oral instruction, role playing and online learning using our learning management system. This Initial Training Program is included in your Initial Franchise Fee. However, you are responsible for all costs associated with attending the program such as travel, room and board.

The trainers for the Initial Training Program include Heather Gerke, Heather Morton and Corey Riser. Our trainers have a minimum requirement of having a bachelor's degree. Occasionally, different guest speakers may make an appearance at the training program to provide information about various products, services and programs offered by us. For example, some speakers may be our employees, franchisees or industry experts.

Heather Morton is the author of our Operations Manual, and all other manuals associated with the Franchised Business. She also collaborates on the preparation of your business plan, teaches insights on a high-performance team, educates franchisees regarding the Operations Manual, and how to use Salesforce reports. Ms. Morton is our Director of Training and Development: She began serving as a Franchise Territory Manager in June of 2021. From November 2021 till present, she has served as the Director of Training supporting all of our learning programs. From April 2004 - July 2021 she worked as a Senior Training Specialist for American Dental Partners as an independent consultant based in Wakefield, MA.

Cory Riser is our Sales Trainer. He teaches the art of mastering regenerative medicine sales with such subtopics as, a day in the life of Consult Coordinator, basic medical knowledge 101, transactional sales 101, objection overcoming, communication skills and he leads role play scenarios. Mr. Riser has served as our National Sales Director since June 2021 officing in Fort Mill, South Carolina. From November 2017 to present, he is also the Owner / CEO of Functional Health Center of the Carolinas officing in Fort Mill, South Carolina. From September 2020 to August 2021, he was also the Consultation Coordinator for us located in Charlotte, North Carolina. From February 2017 to September 2017, he was the Inside Sales Representative for Red Ventures located in Fort Mill, South Carolina. From February 2014 to October 2017, he was also the Clinic Director for Carolina Integrative Health Care located in Fort Mill, South Carolina.

Your Clinical Personnel, consisting of physicians, nurse practitioners and physician assistants are not required to attend the Initial Training Programing must also attend a separate training program designed for them ("**Provider Training**"). This training is conducted either in Charlotte, NC or Ft. Myers, FL over a period of two days. The Provider Training is conducted in a laboratory and utilizes cadavers for injection practice and proficiency. The Provider Training is currently being taught by Dr. Perry Herman M.D., as well as Aaron Wolkoff DO CAQSM. Dr. Wolkoff is a board-certified, fellowship-trained orthopedic sports medicine specialist. Dr Herman M.D. has been practicing non operative musculoskeletal medicine and interventional pain management in solo practice for the past 22 years. For the last 5 years he incorporated ortho biologics such as: prolo therapy, PRP (Platelet Rich Plasma) and stem cell treatments. He joined us in June of 2022 to help with provider training and education. Currently, the tuition, per person, for this training is \$1,750, per person, subject to future increases. There is a no-show charge of \$1,500 if a scheduled provider fails to attend training. Provider Training must be completed before that individual

can commence work. In addition to the tuition, there will be other costs associated with attending the training program such as wages, travel, room and board. (See Item 7).

Your Medical Assistants must attend training designed specifically for them (“**MA Training**”). MA Training is currently scheduled two times a month and is presently conducted in Waverly, NC, in an existing QC Kinetix clinic. There is a charge of \$500 per person for this two-day training. This training is conducted by third parties, under our direction. Those trainers

Your individual operating the front desk is not required to attend the Initial Training Program but must complete 2 days of virtual training, which is conducted twice, monthly. There is no charge for this training. This training must be completed before the employee starts the duties operating your front desk.

The training provided shall include all areas and levels of training that we determine is necessary for you and/or your employees to be able to operate a Business in accordance with the high standards required by the Franchise Agreement and the Operations Manual. Also, Affiliated Physicians and Clinical Personnel, whether or not employed by you, are required to attend training to be conducted by our approved licensed vendor. Such training is not included in this description of training, nor in the Training Program chart below.

We have specific training requirements which are mandatory, although there is no stated time limit in which to complete training you will not be allowed to open the Franchised Business in the absence of successfully completing training on all levels, discussed above. The Initial Training Program is also a necessity for meeting insurance underwriting requirements and complying with our standards. The training will help prepare you for industry work as well as promote efficient business operations. It is your responsibility to complete all training requirements, as specified in the Franchise Agreement, this Disclosure Document, and Operations Manual.

We will determine whether each of your trainees has satisfactorily completed the Initial Training Program. If you or any other person you have designated to attend the Initial Training Program fails to satisfactorily complete the program, or if we determine that these persons cannot satisfactorily complete the Initial Training Program, you must designate a replacement to promptly attend and satisfactorily complete the Initial Training Program, at your expense. You are responsible for all expenses incurred by you or your personnel who attend the Initial Training Program and any other training programs, including, but not limited to, the cost of travel, lodging, meals, and wages.

If during the Initial Training Program we reasonably believe that you are not qualified to operate a QC Kinetix® Franchise, we will terminate your Franchise. Also, we may require you to hire a managing partner who will be required to get qualified to operate the Business.

The Operations Manual will detail all aspects of Franchise operations presented in training and serve as an ongoing reference. Updates to the Operations Manual will be made available to you through various means including online.

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TRAINING PROGRAM

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On-the-Job Training</u>	<u>Location</u>
QCK History, Mission, Values, Pillars of Success, Philosophy	2.25	0	See Chart Note (*) below
Financial Planning and Goal Setting	7.50	8.00	See Chart Note (*) below
People Development	3.00		See Chart Note (*) below
Sales Procedures	17.00	8.00	See Chart Note (*) below
Industry Knowledge	6.25		See Chart Note (*) below
Daily Operating Procedures	18.00	16.00	See Chart Note (*) below
Management Procedures	6.00	10.00	See Chart Note (*) below
Marketing	4.00		See Chart Note (*) below
TOTAL HOURS	64.00	42.00	

***Chart Note:** Classroom Training and On-the-Job Training will be typically conducted at one of the following locations to be determined by us (the “**Field**”): at our headquarters in Charlotte, North Carolina, a company-owned unit, or a franchisee owned-unit. Before attending training in the Field, you may need to complete some pre-training obligations online or remotely.

Ongoing Training

We may provide you with memos and/or newsletters that will contain ongoing training topics related to your QC Kinetix® Business. We require that you (and others within your Business) complete additional refresher or continuing education training programs to correct, improve or enhance the operation of your Business. Such refresher or continuing education training programs may be conducted through the telephone, webinars, video training, in person training at locations designated by us, or at annual conferences (of up to three (3) days per year). We do not at this time, but may in the future, require you to attend an annual convention or meeting. Attendance at such meetings will be mandatory. Anyone attending any additional refresher or continuing education training programs (training other than by telephone, online seminar or video) will be subject to additional training fee costs associated with attending the training program such as travel, room and board. Failure to attend the annual convention will result in costs being assessed against you. (Franchise Agreement, Section 16.2, page 47 – 48).

ITEM 12 **TERRITORY**

FRANCHISE AGREEMENT

You will receive a franchise for a specific location or a location to be approved by us, in our sole discretion. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we and our Affiliates own, or from other channels of distribution or competitive brands that we can control. You are awarded a protected territory (the “**Territory**”) that is based on a designated marketing area (“**DMA**”) as it exists on the effective date of your franchise agreement. DMAs are typically established and defined geographically by a city, town, county or zip code. The DMA’s are determined by the Neilson Company and can change in shape based on factors outside our control. Should a DMA be altered in the future your Territory will continue to be defined by the geographic boundaries established on your franchise agreement effective date. Some edges of DMA’s overlap and to the extent that they

do, your territory will not be exclusive. Once established, the boundaries of the Territory will not be adjusted without our written consent, except as otherwise provided in the Franchise Agreement. In making the determination of your Territory, you may have competition with other Businesses located within the same Territory. This competition with other Businesses cannot be eliminated. Some of the factors that we will use to determine your Territory are economic strength, projected future growth of the population within your Territory, and the number of existing competitors. You may not open or operate another Business at any other location inside or outside of your Territory unless we approve and you sign another Franchise Agreement with us. You have no right of first refusal to acquire additional Businesses inside or outside of your Territory.

DEVELOPMENT AGREEMENT

If we extend the privilege on entering into a Development Agreement, you will be granted rights to open and operate multiple new QC Kinetix® Businesses in a particular territory for negotiated initial franchise fees in consideration of you, as developer, agreeing to develop, open and operate, through separate Franchise Agreements, a specific number of QC Kinetix® Businesses within the territory, under a development schedule.

The license we grant you will be non-exclusive. However, we will not establish more than one QC Kinetix franchised Business in the Territory and will not place a company-owned Business in the Territory, with the population as evidenced by the most recent United States census data available.

Your licensed Territory is determined by population, competition, traffic patterns, proximity to major roads, demographics of the surrounding area, available parking, market penetration or other conditions important to the successful operation of a QC Kinetix® business, as we deem appropriate and as identified in your Franchise Agreement. Your licensed Territory is determined by us once a location is chosen and will not be altered even if there is a population increase or decrease. It will also not be affected by your sales volume, or market penetration. Certain locations, such as major metropolitan areas may have smaller protected Territories of densely populated areas.

You may not advertise and solicit business outside of your Territory including, without limitation, direct mail solicitations and advertising which specifies areas outside of your Territory, without our prior written consent.

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to sell products and to provide services to any business or organization which owns, manages, controls or otherwise has responsibility for locations in more than one area whose presence is not confined with any one particular franchisee's territory regardless of the contract amount of products to be provided or services to be performed (a "**Multi-Territory Account**"). After we sign a contract with a Multi-Territory Account, we may, at our option, provide you the option to provide products or perform services to businesses under the Multi-Territory Account contract. If we choose, or if you choose not to provide such products or services to the Multi-Territory Account, we may direct the Multi-Territory Account to seek such products and services from another franchisee or company-owned location even if the Multi-Territory Account is located within your Territory, without compensation to you.

Any rights not expressly granted to you are reserved to us. Such rights reserved to us include, but are not limited to:

- (1) Advertise, market and sell QC Kinetix® branded products and services in your Territory;
- (2) Advertise, offer and sell products and/or services to promote the System through the Internet, World Wide Web and/or other similar venues no matter where the person is based to fulfill the demand in your Territory;
- (3) Sell, offer or distribute anywhere products or services to persons or businesses located anywhere through any alternative or other channel of distribution, other than local business operations (franchised or owned by us) providing services and products under the Marks and System and on any terms and conditions we deem appropriate. We have this right whether or not we are using the Marks or System or are acting inside or outside the Territory designated on your Franchise Agreement;
- (4) Implement advertising cooperative programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs;
- (5) Own and/or operate ourselves or authorize others to own and/or operate (a) any business located outside the Territory as designated on your Franchise Agreement, whether or not using the Marks and/or System, (b) any business anywhere, whether using the Marks and /or System or not, which is not substantially similar to the business franchised to you under the Franchise Agreement and/or (c) any business anywhere which does not use the Marks; and
- (6) We, or our affiliates may, as part of its strategic plan, acquire or be acquired by companies that operate the same businesses as us under the acquired name, the Marks and/or other service marks and trademarks and the acquired companies may have existing businesses operating in your Territory. In those circumstances where the territory of an acquired business overlaps your Territory, we may, with the written agreement of both parties, alter the Territory. If mutual agreement as to the territory definition cannot be made then we or our affiliates and/or successors may continue to operate the acquired business by the name and/or service marks under which it was identified prior to its acquisition, without any compensation to you.

We are not responsible for paying any compensation to you concerning the sale of products, supplies or services by use over the Internet, World Wide Web, other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are or are not substantially similar to the franchised Business or any business that does not use the Marks. For clarity, the Franchise Agreement grants you no rights to offer and provide services or sell products through any alternative channels of distribution (other than our approved list of channels of distribution) without our permission or share in any of the proceeds from our activities through alternative channels of distribution.

We have not established other franchises or company-owned businesses, except as disclosed in Item 1 of this Franchise Disclosure Document, offering similar services or selling products under a trade name or trademark different from QC Kinetix® Marks.


ITEM 13 **TRADEMARKS**

Under the Franchise Agreement, we grant you the nonexclusive right to use the Marks in connection with the operation of your Franchise. Our principal trademark is “QC Kinetix” as it appears on the first page of

this Disclosure Document. We have the right to use and to license others to use the Marks and under any other trade name, trademarks, taglines, service marks and logos currently used or that may hereafter be used in the operation of the Business. You must use the Marks only for the operation of your Franchise and in the manner authorized by us.

The standard character mark “QC Kinetix®” is registered on the principal register of the United States Patent and Trademark Office (referred to as “USPTO”) bearing the registration number 6,056,438 dated April 19, 2020, owned by our affiliate QC Holdings LLC and licensed to us, for sublicensing to you, in connection with the operation of your Franchise Business.



The design mark  is registered on the principal register of the USPTO bearing registration number 7,309,574 (in International Class 44 for medical services) dated February 20, 2024, is owned by QC Holdings Group LLC, and is licensed to us for sublicensing to you.

This license agreement provides for the world-wide, non-exclusive, non-transferable, conditionally sub-licensable, right, license, and privilege to use the trademark, in connection with our continued operation of our business. QC Holdings and QC Kinetix claim common law rights in the trademark based on actual prior use. No registrations must be renewed as of this Disclosure Document.

There are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or material litigation involving the Marks. All required affidavits have been filed.

Except as noted above, there are no other agreements currently in effect that significantly limit our rights to use or license others to use the Marks in any manner material to the franchise.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Marks or claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. We have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding.

We are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or participate in your defense, protect you against claims of infringement or unfair competition with respect to them. The Franchise Agreement does not require that we participate in your defense or indemnify you for expenses or damages if you are a party to a judicial or administrative proceeding involving one of the Marks or if the proceeding gets resolved unfavorably to you. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Mark, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions with respect to a reasonable time after notice by us. You, in connection with the use of a new or modified Mark, may be required, at your own expense, to remove existing signs from your Business, and to purchase and install new signs. We have no liability to you for such modification or discontinuance.

There are no infringing uses actually known to us as of the Issuance Date of this Disclosure Document that could materially affect your use of the Marks in the State of South Carolina or in any other state.

All your usage of the Marks granted under the Franchise Agreement is nonexclusive, and we retain the right, among others: (a) to use the Marks in connection with selling products and services; (b) to grant other licenses for the Marks, in addition to those licenses already granted to existing franchisees; (c) to develop and establish other systems using the same or similar Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you. You may not use QC Kinetix in the name of your franchisee entity and must always designate to others that you are a franchisee of QC Kinetix.

All your usage of the Marks and any goodwill you establish are to our exclusive benefit and you retain no right or rights in the Marks on the termination or expiration of your Franchise Agreement. You may not use the marks as a part of any corporate or trade name, nor may you use any trade name, trademark, service mark, emblem or logo other than the Marks, as we may designate periodically. You must prominently display the Marks on such items and in the manner we designate. You must obtain such fictitious or assumed name registrations as we require or under applicable law. You must identify yourself as the owner of your Franchise by placing your name on the Business and on all checks, invoices, receipts, contracts and other documents that bear any of the Marks, and on all printed materials your name must be followed by the phrase "A franchise of QC Franchise Group LLC" or such other phrase as we occasionally direct.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any registered patents or copyrights or have any pending patent applications which are material to the Franchise; however, we claim common law copyright and trade secret protection for several aspects of our System, methods, techniques and operational procedures; the Operations Manual; equipment, products and supplies; product specifications, systems, design, décor, layouts and related information, signage, manuals and all related materials including advertisement and promotional materials although such materials may not have been registered with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in your Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate. We also reserve the right to renew any and all such copyright registrations at our discretion.

There currently are no effective determinations of the United States Copyright Office or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state.

You must notify us immediately in writing of any apparent infringement of or challenge to your use of our copyrighted materials or trade secrets or claim by any person of any rights in any copyright or trade secret which you become aware. We have the sole discretion to take such action, as we deem appropriate and the right to exclusively control any litigation, United States Copyright Office proceeding or other administrative proceeding. We may require you to discontinue use or modify any materials that may in our opinion infringe on the copyright, trade secret, or patent rights of any other person or business.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any copyrighted materials or trade secrets, and/or use one or more additional or substitute copyrighted materials or trade

secrets, you must comply with our directions with respect to a reasonable time after notice by us. We have no liability to you concerning substitution or modification of copyrighted materials or trade secrets.

We possess certain confidential information that includes our operational methods, techniques and procedures; billing procedures, specifications and standards for equipment, products and supplies; purchasing strategies, vendors and supplier relationships, cost and pricing strategies, merchandising methods and techniques, inventory management systems, procedures for safety and quality control, customer services standards, hiring and retention programs, software, forms, contracts, record keeping and reporting procedures, sales, promotional programs, advertising and marketing materials; systems and knowledge of, and experience in, the operation and franchising of an QC Kinetix® Business (the “Confidential Information”). We will disclose Confidential Information to you during our Initial Franchise Training Program, seminars, workshops, continuing education sessions and conventions sponsored by us; in the Operations Manual, and in guidance furnished to you during the term of your Franchise Agreement.

If you or your partners, members, managers, directors, shareholders, employees, agents or independent contractors develop any new service, product, program, concept, technique, process or improvement in the operation or promotion of your Business, you are required to promptly notify us with all necessary related information, without compensation. However, as a matter of corporate policy, we may create an incentive program to reward you, your partners, members, managers, directors, shareholders, employees, agents or independent contractors for any new service, product, program, concept, technique, process or improvement that we implement throughout the System. You and if you are an Entity, then one of your Owners acknowledge that any such service, product, concept, process, technique or improvement will become our property and we may use or disclose such information to other franchisees as we deem appropriate.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL
OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement provides that a Franchise must always be under your direct, day-to-day, full-time supervision (or if you are an Entity such as a limited liability company or corporation, then a manager, approved by us). This person must have successfully completed the Initial Training Program as well as any ongoing mandatory programs.

You (or your manager if you are an Entity) must devote the appropriate and sufficient time and efforts for the successful operation of the QC Kinetix® Business. Your manager is not required to have an equity interest in the Franchised Business. The level and amount of time you are required to spend may vary depending on the number of Business Units you (and your affiliates) are operating.

Each of your employees, independent contractors, service providers, agents, principals, and affiliates must sign a confidentiality agreement containing substantially the same protections as provided in the form agreement contained in the Operations Manual (although you are responsible for ensuring its adequacy and enforceability under local law).

If you are an Entity, each Owner must personally guarantee your obligations under the Franchise Agreement, and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement, agree to be bound by the confidentiality provisions and non-

competition provisions of the Franchise Agreement and agree to certain restrictions on their ownership interests. The required Guaranty of Obligations is attached as Schedule 1 to the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must comply with all of our standards and specifications relating to the purchase and use of all equipment, products, supplies, furniture, fixtures, security system, merchant services, billing services, computers, software, décor items, signage, apparel, printed advertising materials and other items to be used or sold at the Business. This includes use of an approved orthobiologic products and lasers.

As set forth in Item 1, you have several options with respect to your business set up. Depending on such selection, there may be limits on what services you may provide or are licensed to do regarding medical care and services. There are no restrictions regarding customers to whom you may sell products and services.

Subject to applicable law, you are required to offer only and all approved services and sell only and all approved products as specified by us., You must obtain our written approval before any other services or diagnostic techniques or products are offered. Our response to your request for additional services and/or products you wish to offer in your Business will be within thirty (30) days after we receive it either by email or any other form of written communication. If we do not respond to your request within this timeframe, your request will automatically be deemed disapproved. We may change and/or modify the type of services and products we authorize. There are no limits on our right to do so. We will inform you by email or by another form of communication of such changes and/or modifications. You must discontinue using, offering and selling any service or product that we may disapprove of in writing at any time, whether or not such service or product being submitted for approval is currently in use. We will suggest pricing strategy, and we may establish minimum and maximum prices at which you may provide services and sell products to the extent allowed by federal and state laws.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

<u>Provision</u>	<u>Franchise Agreement</u>	<u>Summary</u>
a. Length of the Franchise Term.	Section 4.1	Initial term is ten (10) years.
b. Renewal or extension of the term.	Section 4.2	Up to two (2) five (5) year renewal terms if you meet certain term requirements.
c. Requirements for you to renew or extend	Section 4.2	Written notice from you to renew, you must be in full compliance with the FA, sign then current FA, pay the renewal fee, comply with out then current training and qualification requirements, execute a general release; and upgrade the Business to the then current standards. You may be asked to sign a contract with materially different terms and conditions, including financial terms, than your original contract.
d. Termination by you.	Section 19.3	There is no contractual right for you to terminate the franchise agreement.
e. Termination by us without cause.	Not Applicable	We cannot terminate your FA without cause.
f. Termination by us with cause.	Sections 19.2	We can terminate if you breach a material provision of the FA or fail to open the Business. Termination by us in this instance also permits us to terminate your Development Agreement.
g. "Cause" defined – curable defaults.	Section 19.2b	Five (5) days for failure to pay amounts owed; thirty (30) days for all other defaults. Termination by us in this

<u>Provision</u>	<u>Franchise Agreement</u>	<u>Summary</u>
		instance also permits us to terminate your Development Agreement.
h. "Cause" defined – noncurable defaults.	Section 19.2a	Abandonment of Business; surrender of control; misrepresentation or omission in application; felony conviction; unauthorized assignment improper assignment upon death or disability; loss of possession of Business; unauthorized use of Confidential Information; failure to pay taxes or liens; dishonest or unethical conduct; maintenance of false or inaccurate records or keeping of false or inaccurate books; assignment for benefit of creditors; and bankruptcy. Transfer without franchisor consent, violates health or safety law, fails to maintain insurance, failure to spend minimum amount on local advertising, fails to have medical doctor supervise medical providers. Termination by us in this instance also permits us to terminate your Development Agreement.
i. Your obligations on termination / non-renewal	Sections 20.1 – 20.8	Cease operating franchised Business cease use of confidential information and Marks; no adaptation of confusingly similar Marks; deliver property containing the Marks; cancel assumed or similar name registrations; pay outstanding amounts and damages; deliver manuals; assign phone numbers; comply with covenants and see "r" below.
j. Assignment of contract by us.	Section 18.3	No restriction on our right to assign.
k. "Transfer" by you – defined	Sections 18.2, 18.4	Includes transfer of the FA and Business assets by you.
l. Our approval of transfer by you.	Sections 18.2, 18.4	We have the right to approve all transfers by you.

<u>Provision</u>	<u>Franchise Agreement</u>	<u>Summary</u>
m. Conditions for our approval of transfer.	Sections 18.2, 18.4	Full compliance; transferee qualifies; all amounts due are paid in full; completion of training by transferee; transfer fee paid; transferee agrees to be bound by all terms of FA; you sign and deliver other required documents including a release.
n. Our right of first refusal to acquire your Business.	Sections 18.5, 20.7	We have the right to match any offers to buy your Business.
o. Our option to purchase your business.	Section 18.5	Purchase for fair market value determined by appraisal if parties are unable to agree.
p. Your death or disability.	Section 18.4	Franchise must be assigned to approved buyer within six (6) months.
q. Non-competition covenants during the term of the Franchise.	Sections 15.3, 15.5	No involvement in any competitive business anywhere in the US other than existing business.
r. Non-competition covenants after the franchise is terminated or expires.	Sections 15.3, 15.5	No interest in competing business for two (2) years within 50 miles of any company owned outlet or other franchises.
s. Modification of the Agreement.	Section 21.10, 21.11	No modification except by written agreement, Operations Manuals are subject to change.
t. Integration / merger clause.	Section 21.11	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation.	Sections 21.3, 21.4	Arbitration and mediation in Mecklenburg County, State of North Carolina subject to State law).
v. Choice of forum.	Section 21.7	Judicial enforcement in the county where our headquarters are then located (currently, Mecklenburg County,

<u>Provision</u>	<u>Franchise Agreement</u>	<u>Summary</u>
		State of North Carolina (subject to state law).
w. Choice of law.	Section 21.7	State of North Carolina laws apply (subject to applicable state law).

THE DEVELOPMENT RELATIONSHIP

This table lists certain important provisions of the Development Agreement. You should read these provisions and the agreement attached to this disclosure document. You may not, however, be invited to sign a Development Agreement.

<u>Provision</u>	<u>Development Agreement</u>	<u>Summary</u>
a. Length of the development term.	Section 5(a)	Varies depending upon development.
b. Renewal or extension of the the term.	Section 5(b)	Varies depending upon development.
c. Requirements for you to renew or extend	Section 5(b)	Written notice from you to renew, you must be in full compliance with the DA, sign then current DA, and pay the renewal development fee. You may be asked to sign a contract with materially different terms and conditions than your original contract.
d. Termination by you.	N/A	N/A
e. Termination by us without cause.	N/A	We cannot terminate your DA without cause.
f. Termination by us with cause.	Section 7	We can terminate if you breach a material provision of the DA. Termination by us in this instance also

<u>Provision</u>	<u>Development Agreement</u>	<u>Summary</u>
		permits us to terminate your Franchise Agreement.
g. "Cause" defined – curable defaults.	Section 7	Ten (10) days for failure to pay amounts owed; thirty (30) days for failure to meet operational, financial and legal requirements. Termination by us in this instance also permits us to terminate your Franchise Agreement.
h. "Cause" defined – noncurable defaults.	Section 7	Failure to obtain site approval, failure to adhere to development schedule, default under franchise agreement to which developer is a party. Termination by us in this instance also permits us to terminate your Franchise Agreement.
i. Your obligations on termination / non-renewal	Sections 8	Cease operating as a developer, cease use of confidential information and Marks; no adaptation of confusingly similar Marks.
j. Assignment of contract by us.	N/A	N/A
k. "Transfer" by you – defined	N/A	N/A
l. Our approval of transfer by you.	N/A	N/A
m. Conditions for our approval of transfer.	N/A	N/A
n. Our right of first refusal to acquire your Business.	N/A	N/A
o. Our option to purchase your business.	N/A	N/A

<u>Provision</u>	<u>Development Agreement</u>	<u>Summary</u>
p. Your death or disability.	N/A	Franchise must be assigned to approved buyer within six (6) months.
q. Non-competition covenants during the term of the Franchise.	Section 6	No involvement in any competitive business anywhere in the Territory.
r. Non-competition covenants after the franchise is terminated or expires.	Section 6	No interest in competing business for two (2) years within the Territory.
s. Modification of the Agreement.	Section 6	No modification except by written agreement.
t. Integration / merger clause.	Section 16	Only the terms of the Development Agreement are binding. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation.	Sections 14(d) and (e)	Arbitration and mediation in Mecklenburg, State of North Carolina (subject to State law).
v. Choice of forum.	Section 14(b)	Judicial enforcement in the county where our headquarters are then located (currently, Mecklenburg County, State of North Carolina (subject to state law).
w. Choice of law.	Section 14(a)	State of North Carolina laws apply (unless prohibited by laws of state where Franchise is located).

ITEM 18
PUBLIC FIGURES

Emmitt Smith, the former Dallas Cowboy running back, and all-time NFL leading rusher, is a paid endorser of QC Kinetix products and services offered to the public. Mr. Smith is not a spokesperson for the actual

franchise relationship, and he has no investment or management responsibilities with us or our affiliates. We currently do not use any other public figure to promote our Franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Written substantiation of the data used in preparing the following financial performance representation will be made available to you upon reasonable request.

This information was prepared without an audit by us. Prospective franchisees should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to their contents or form. You are encouraged to consult an accounting, business or legal advisor to assess the likely or potential financial performance of your QC Kinetix® Business.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

<p><i>GROSS REVENUE,</i> <i>Affiliated and Franchise operated Units</i> <i>January 1, 2023 through December 31, 2023</i></p>

For purposes of the financial representation set forth in the table below, “**Affiliate-Owned Units**” means the following 12 non-franchised Businesses owned and operated by our affiliates operational for the entire 2023 fiscal year. The Gross Revenues are depicted by individual clinics as well as clinics combined in the same Designated Market Area (“**DMA**”). This representation includes the total number of units that were open during 2023, so this is a historical representation is based on the past performance of the total of 182 existing outlets, which includes every franchised unit which was open for the entire calendar year. Making the distinction of being in operation for an entire year eliminated 20 outlets from the report, so of 182 locations, 162 appear in the following table. Gross Revenues (Sales) are calculated as the gross amount, in money or other forms of consideration, that is earned from sales and services based upon all business conducted upon or from the QC Kinetix® Franchised Business, whether such sales are evidenced by check, cash, credit, charge account, exchange or otherwise, and include, the amounts received from the sale of goods, wares, and merchandise, services including all non-clinical services related to the field of non-surgical regenerative medicine services, and tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the QC Kinetix® facility, together with the amount of all orders taken or received at the QC Kinetix® facility, or elsewhere. Excluded are fees paid to third-party finance companies, reasonable discounts allowed, sales tax any customer refunds. Those combined market totals are bold type and the clinics operating in the DMA

appear immediately above the bold DMA Total. “Date Opened”, refers to the first day of business for that clinic.

Franchise operated units:

Location	Revenue	Date Opened
	\$690,291	04/26/2023
Albany – Latham NY		
Amarillo TX	\$1,035,302	01/13/2022
Artesian Medical Center -OK	\$957,559	10/22/2021
Edmond OK	\$404,869	03/08/2023
Oklahoma City OK DMA Total	\$ 1,362,427	
Atlanta Sandy Springs GA	\$763,329	11/22/2021
Atlanta -Marietta GA	\$1,551,176	11/16/2021
Atlanta - Lawrenceville GA	\$1,669,733	12/14/2021
Atlanta – Decatur GA	\$73,073	03/04/2022
Atlanta GA DMA Total	\$5,260,526	10/08/2022
Augusta GA	\$542,892	11/30/2021
Austin TX	\$887,648	08/01/2019
Beaumont TX	\$888,096	11/17/2021
Bentonville AR	\$654,915	04/19/2022
Billings MT	\$775,573	01/07/2023
Homewood AL	\$780,374	06/02/2021
Tuscaloosa AL	\$34,750	02/22/2022
Birmingham AL DMA Total	\$815,124	
Lawrence MA	\$860,672	05/18/2022
Lowell MA	\$910,302	06/06/2022
Weymouth MA	\$1,839,778	05/17/2022
Boston MA DMA Total	\$3,610,751	
Champaign IL	\$635,700	11/04/2022
Springfield IL	\$535,905	12/08/2022
Champaign-Springfield IL DMA Total	\$1,171,605	
Chattanooga Panorama TN	\$1,078,034	01/13/2022
Aurora IL	\$409,200	12/13/2022
Morton Grove IL	\$566,781	12/14/2022

Oakbrook Terrace IL	\$1,002,146	12/22/2022
Chicago IL DMA Total	\$1,978,127	
Liberty Falls OH	\$48,450	08/27/2021
Cincinnati - Eastgate OH	\$22,325	08/25/2022
Cincinnati OH DMA Total	\$70,775	
Beachwood OH	\$608,165	08/16/2022
Westlake OH	\$741,626	01/07/2022
Independence Rockside OH	\$795,358	03/17/2022
Cleveland OH DMA Total	\$2,145,149	
Colchester VT	\$835,675	03/31/2022
West Columbia SC	\$223,737	11/10/2021
Columbia Downtown SC	\$207,388	01/20/2022
Columbia SC DMA Total	\$431,125	
Dublin OH	\$817,077	08/03/2021
Gahanna OH	\$1,055,160	12/30/2021
Columbus OH DMA Total	\$1,872,238	
Coralville IA	\$583,372	02/09/2023
Corpus Christi TX	\$920,742	10/08/2021
Cross Lanes WV	\$490,305	07/20/2022
Huntington	\$345,803	01/13/2023
Charleston-Huntington WV Total	\$836,108	
Plano Spring Creek - TX	\$1,257,460	11/10/2021
Fort Worth Rosedale - TX	\$1,967,750	08/14/2021
Dallas - TX	\$1,726,364	11/05/2021
Grapevine TX	\$1,517,106	06/21/2022
East Plano- Richardson - TX	\$ 949,268	11/30/2022
Dallas TX DMA Total	\$7,417,948	
Aurora Potomac Medical CO	\$1,336,607	01/20/2022
Superior Avista CO	\$1,122,340	01/26/2022
Denver CO DMA Total	\$2,458,947	

Eau Claire WI	\$16,300	11/16/2023
Eugene OR	\$761,796	10/04/2022
Naples FL	\$199,483	08/25/2021
Ft Myers Alico FL	\$385,444	03/03/2022
Ft. Myers-Naples FL DMA Total	\$584,926	
Fort Wayne IN	\$1,299,761	07/19/2022
Ocala FL	\$1,917,599	04/14/2021
Summerfield FL	\$1,174,439	12/01/2021
Gainesville Tower 24 FL	\$1,494,487	08/16/2022
Gainesville FL DMA Total	\$4,586,525	
Grand Rapids - E Paris Ave MI	\$899,750	07/08/2022
Holland MI	\$788,785	09/15/2022
Grand Rapids MI DMA Total	\$1,688,535	
Ashwaubenon WI	\$733,866	05/26/2022
Appleton WI	\$616,866	08/17/2022
Green Bay WI DMA Total	\$1,380,732	
Harlingen TX	\$511,115	12/16/2022
Brownsville TX	\$96,288	07/15/2023
Harlingen TX DMA Total	\$607,403	
Camp Hill PA	\$553,711	08/24/2022
Lancaster PA	\$200,181	12/08/2022
Harrisburg-Lancaster PA DMA Total	\$753,892	
New Haven Long Wharf Dr CT	\$1,051,105	08/05/2022
Avon CT	\$1,441,595	09/16/2022
Glastonbury CT	\$ 170,355	11/15/2023
Hartford-New Haven CT DMA Total	\$2,663,055	
The Woodlands TX	\$1,238,537	10/02/2021
North Loop/Houston Heights TX	\$1,777,180	10/09/2021
Sugar Land TX	\$ 1,252,859	02/23/2023
Cypress TX	\$495,686	06/16/2023
Houston TX DMA Total	\$4,764,262	
Idaho Falls ID	\$766,859	12/10/2022

Indianapolis Eagle Highlands IN	\$373,545	10/05/2021
Indianapolis Epler Parke IN	\$544,227	05/05/2022
Indianapolis Carmel IN	\$ 602,737	02/02/2023
Indianapolis IN DMA Total	\$1,520,509	
Jackson TN	\$285,051	05/04/2022
Jacksonville FL	\$1,163,163	08/27/2021
Ponte Vedra FL	\$422,312	06/15/2022
Jacksonville FL DMA Total	\$1,585,476	
Johnson City TN	\$358,589	08/18/2022
Joplin MO	\$345,485	
Kansas City MO	\$1,637,264	01/01/2022
Gladstone MO	\$896,115	01/08/2022
Kansas City MO DMA Total	\$2,533,379	
Kettering OH	\$1,170,219	11/02/2021
Powell TN	\$305,515	08/16/2021
Farragut TN	\$32,104	09/20/2023
Knoxville TN DMA Total	\$337,619	
Lafayette Patriot Ave LA	\$29,369	03/23/2022
Lansing MI	\$449,790	02/12/2022
Lexington Harrodsburg Rd KY	\$637,527	01/28/2022
Little Rock Midtown AR	\$1,555,516	04/29/2022
Glendale CA	\$715,015	01/23/2023
Orange CA	\$814,716	01/25/2023
Mission Viejo CA	\$210,862	01/19/2023
Costa Mesa CA	\$ 85,282	07/10/2023
Los Angeles CA DMA Total	\$1,825,875	
Louisville Springs Medical KY	\$631,968	09/30/2021
Louisville KY DMA Total	\$631,968	
Lubbock TX	\$1,305,984	02/25/2022

Madison Southwest WI	\$812,787	05/11/2022
Madison NE WI	\$691,482	
Madison WI DMA Total	\$1,504,269	
Memphis Primacy Pkwy TN	\$113,170	07/29/2022
Aventura FL	\$636,760	08/11/2021
West Broward/Tamarac FL	\$840,047	08/20/2021
Doral FL	\$486,464	01/25/2022
Coral Gables FL	\$150,480	02/03/2022
Pembroke Pines FL	\$1,021,562	03/21/2022
Miami FL DMA Total	\$3,135,312	
Midland TX	\$1,171,885	10/20/2022
Greenfield WI	\$1,034,150	06/15/2022
Mequon WI	\$626,500	06/16/2022
Milwaukee WI DMA Total	\$1,660,650	
Twin Cities: Burnsville MN	\$470,604	11/17/2022
Twin Cities: Chanhassen MN	\$390,939	11/18/2022
Twin Cities: Maplewood MN	\$435,270	01/19/2023
Twin Cities: Maple Grove MN	\$663,194	01/24/2023
Twin Cities: Fridley MN	\$525,445	01/25/2023
Minneapolis MN DMA Total	\$2,285,452	
Myrtle Beach SC	\$1,001,920	02/01/2021
Murfreesboro TN	\$317,580	03/09/2022
Clarksville TN	\$85,347	11/02/2021
Nashville Midtown TN	\$258,677	10/20/2022
Nashville TN DMA Total	\$661,604	
Newburgh IN	\$128,014	05/14/2022
North Colorado Springs CO	\$1,813,616	04/21/2022
Winter Park FL	\$1,592,673	11/11/2021
Orlando 33rd St FL	\$904,081	10/08/2021
Orlando Lake Mary FL	\$214,659	08/15/2023
Orlando FL DMA Total	\$2,711,412	
Baederwood PA	\$1,218,675	03/24/2022
King of Prussia PA	\$828,738	08/16/2022
Exton PA	\$378,574	03/23/2022
Kennett Square PA	\$451,830	07/19/2022

Philadelphia PA DMA Total	\$2,877,817	
Scottsdale Desert Mountain AZ	\$618,892	11/19/2021
Phoenix Peoria Medical Center AZ	\$675,687	11/04/2021
Phoenix Banner Estrella AZ	\$425,008	11/06/2021
Chandler Dobson Rd AZ	\$774,752	02/23/2022
Phoenix AZ DMA Total	\$2,494,339	
Freeport ME	\$1,550,527	04/06/2022
South Portland ME	\$1,699,741	07/21/2022
Kennebunk ME	\$543,935	
Portland ME DMA Total	\$3,794,204	
Portland - Tualatin OR	\$133,250	06/29/2022
West Slope OR	\$61,000	08/25/2022
Portland OR DMA Total	\$194,250	
Providence RI	\$724,896	10/12/2021
Warwick RI	\$992,814	04/27/2022
Providence RI DMA Total	\$1,717,711	
Raleigh NC	\$568,371	01/01/2022
Cary NC	\$292,618	04/06/2023
Clayton NC	\$71,224	09/29/2023
Raleigh NC DMA Total	\$932,213	
Rogue Valley OR	\$270,028	09/13/2022
Round Rock TX	\$938,059	01/01/2021
Provo UT	\$18,100	06/22/2022
Millcreek / Murray UT	\$104,750	06/30/2022
Salt Lake City UT DMA Total	\$122,850	
San Antonio TX	\$1,114,168	02/01/2021
San Antonio 2 TX	\$948,316	03/17/2021
New Braunfels TX	\$538,445	04/11/2023
San Antonio TX DMA Total	\$2,600,928	
Hillcrest CA	\$686,987	01/05/2023
Torrey Hills CA	\$242,333	04/11/2023
San Diego CA DMA Total	\$929,320	

Pleasanton CA	\$197,418	07/15/2023
San Jose CA	\$217,282	07/27/2023
San Francisco CA DMA Total	\$414,700	
Savannah Pooler GA	\$481,723	11/06/2021
Sherman TX	\$426,251	09/10/2021
Sioux Falls SD	\$125,208	10/19/2022
Mishawaka IN	\$ 1,286,987	08/26/2022
Elkhart IN	\$895,920	03/16/2023
South Bend IN DMA Total	\$2,876,900	
Springfield MA	\$495,389	07/19/2023
Springfield National Ave MO	\$236,928	09/16/2022
Branson MO	\$114,552	04/01/2022
Springfield MO DMA Total	\$351,480	
Stony Pointe VA	\$32,803	
Summerlin NV	\$177,775	03/08/2023
Tallahassee Mahan FL	\$573,108	06/30/2021
St. Petersburg, FL	\$758,459	05/20/2021
Ellenton/Bradenton FL	\$612,437	06/11/2021
Lakeland FL	\$697,314	11/02/2021
Brandon, FL	\$564,778	11/09/2022
Tampa FL DMA Total	\$2,632,988	
Toledo Sylvania OH	\$303,630	03/30/2022
Towson MD	\$705,493	01/17/2023
Tucson Academy AZ	\$558,720	07/31/2021
Orange Grove AZ	\$557,031	12/09/2021
Tucson AZ DMA Total	\$1,115,751	
Tulsa Riverside Parkway OK	\$941,970	04/21/2022
Longview TX	\$1,382,899	01/21/2022
Tyler TX	\$695,037	10/26/2022

Affiliated units

Huntsville - Shoney AL	\$365,730	6/23/2021
Madison AL	\$283,402	8/31/2022
Huntsville AL DMA Total	\$649,132	
Asheville NC	\$1,265,888	3/1/2019
Charleston SC	\$695,564	2/1/2017
Summerville SC	\$1,091,271	1/28/2021
Charleston SC DMA Total	\$1,786,835	
Greensboro NC	\$566,690	7/1/2020
Winston-Salem NC	\$636,397	1/1/2020
Greensboro NC DMA Total	\$1,203,087	
Greenville SC	\$2,008,082	4/1/2020
Charlotte NC	\$467,484	7/1/2018
Fort Mill NC	\$359,967	6/17/2020
Lake Norman NC	\$444,065	4/9/2020
Waverly NC	\$221,780	4/1/2022
Charlotte NC DMA Total	\$1,493,296	

- 1 The Franchise clinics are reasonably similar to the Affiliate clinics in their operation, size, systems and appearance, except that there are no freestanding clinics and the external appearance of the property leased, will differ in each case.
- 2 The sales figures for franchised locations were derived from Franconnect, our database franchise management system. The sales figures for Affiliate clinics were derived from the accounting records that we manage.

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to us by contacting Scott Hoots, our Chief Executive Officer, at 227 W. Trade Street, Suite 2160, Charlotte, NC 28202, phone: 800-269-1421, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For years 2021 to 2023

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	0	58	+58
	2022	58	159	+101
	2023	159	182	+23
Company/Affiliate Owned	2021	9	11	+2
	2022	11	10	-1
	2023	10	12	+2
Total Outlets	2021	9	69	+60
	2022	69	169	+100
	2023	169	194	+25

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
AK	2021	0
	2022	0
	2023	0
AL	2021	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2022	0
	2023	2
AR	2021	0
	2022	1
	2023	0
AZ	2021	0
	2022	0
	2023	4
CA	2021	0
	2022	0
	2023	0
CO	2021	0
	2022	0
	2023	2
CT	2021	0
	2022	0
	2023	0
DE	2021	0
	2022	0
	2023	0
FL	2021	0
	2022	3

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2023	5
GA	2021	0
	2022	1
	2023	0
HI	2021	0
	2022	0
	2023	0
IA	2021	0
	2022	0
	2023	1
ID	2021	0
	2022	0
	2023	0
IL	2021	0
	2022	0
	2023	0
IN	2021	0
	2022	2
	2023	2
KS	2021	0
	2022	0
	2023	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
KY	2021	0
	2022	1
	2023	1
LA	2021	0
	2022	0
	2023	0
MA	2021	0
	2022	0
	2023	0
MD	2021	0
	2022	0
	2023	0
ME	2021	0
	2022	0
	2023	0
MI	2021	0
	2022	0
	2023	1
MN	2021	0
	2022	0
	2023	0
MO	2021	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2022	0
	2023	0
MS	2021	0
	2022	0
	2023	0
MT	2021	0
	2022	0
	2023	0
NC	2021	0
	2022	1
	2023	0
ND	2021	0
	2022	0
	2023	0
NE	2021	0
	2022	0
	2023	0
NH	2021	0
	2022	0
	2023	0
NJ	2021	0
	2022	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2023	0
NM	2021	0
	2022	0
	2023	0
NV	2021	0
	2022	0
	2023	0
NY	2021	0
	2022	0
	2023	0
OH	2021	0
	2022	2
	2023	1
OK	2021	0
	2022	1
	2023	0
OR	2021	0
	2022	0
	2023	0
PA	2021	0
	2022	0
	2023	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
RI	2021	0
	2022	2
	2023	0
SC	2021	0
	2022	2
	2023	0
SD	2021	0
	2022	0
	2023	0
TN	2021	0
	2022	0
	2023	0
TX	2021	0
	2022	5
	2023	0
UT	2021	0
	2022	0
	2023	0
VA	2021	0
	2022	0
	2023	0
VT	2021	0

Column 1 State	Column 2 Year	Column 3 Number of Transfers
	2022	0
	2023	0
WA	2021	0
	2022	0
	2023	0
WI	2021	0
	2022	2
	2023	0
WV	2021	0
	2022	0
	2023	0
WY	2021	0
	2022	0
	2023	0

Table No. 3

**Status of Franchised Outlets
For years 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AK	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
AL	2021	0	2	0	0	0	0	2
	2022	2	2	0	0	0	0	4
	2023	4	0	0	0	2	0	2
AR	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	0	2
AZ	2021	0	5	0	0	0	0	5
	2022	5	1	0	0	0	0	6
	2023	6	0	0	0	0	0	6
CA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	8	0	0	0	0	8
CO	2021	0	0	0	0	0	0	0
	2022	0	4	0	0	0	0	4
	2023	4	0	1	0	0	0	3
CT	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	1	0	0	0	0	3
DE	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
FL	2021	0	15	0	0	0	0	15
	2022	15	8	1	0	0	0	22
	2023	22	1	0	0	0	0	23
GA	2021	0	6	0	0	0	0	6
	2022	6	3	1	0	0	0	8
	2023	8	0	1	0	0	0	7

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
HI	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
IA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
ID	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
IL	2021	0	0	0	0	0	0	0
	2022	0	5	0	0	0	0	5
	2023	5	0	0	0	0	0	5
IN	2021	0	1	0	0	0	0	1
	2022	1	4	0	0	0	0	5
	2023	5	2	0	0	0	0	7
KS	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
KY	2021	0	2	0	0	0	0	2
	2022	2	2	0	0	0	0	4
	2023	4	0	2	0	0	0	2
LA	2021	0	0	0	0	0	0	0
	2022	0	3	1	0	0	0	2
	2023	2	0	1	0	0	0	1
MA	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
	2023	3	1	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
MD	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
ME	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	1	0	0	0	0	3
MI	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
	2023	3	0	0	0	0	0	3
MN	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	3	0	0	0	0	5
MO	2021	0	1	0	0	0	0	1
	2022	1	4	0	0	0	0	5
	2023	5	1	1	0	0	0	5
MS	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
MT	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
NC	2021	0	1	0	0	0	0	1
	2022	1	2	0	0	0	0	3
	2023	3	3	1	0	0	0	5
ND	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
NE	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
	2023	3	0	3	0	0	0	0
NH	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
NJ	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
NM	2021	0	1	0	0	0	0	1
	2022	1	2	0	0	0	0	3
	2023	3	0	3	0	0	0	0
NV	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	1	0	0	0	0
NY	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
OH	2021	0	4	0	0	0	0	4
	2022	4	5	0	0	0	0	9
	2023	9	1	0	0	0	0	10
OK	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
OR	2021	0	1	0	0	0	0	1
	2022	1	4	1	0	0	0	4
	2023	4	0	0	0	0	0	4

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
PA	2021	0	2	0	0	0	0	2
	2022	2	8	0	0	0	0	10
	2023	10	0	4	0	0	0	6
RI	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
SC	2021	0	2	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
SD	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
TN	2021	0	2	0	0	0	0	2
	2022	2	6	0	0	0	0	8
	2023	8	1	0	0	0	0	9
TX	2021	0	10	0	0	0	0	10
	2022	10	10	0	0	0	0	20
	2023	20	8	1	0	0	0	27
UT	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	0	2
VA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
VT	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
WA	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
WI	2021	0	0	0	0	0	0	0
	2022	0	5	0	0	0	0	5
	2023	5	2	0	0	0	0	7
WV	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
WY	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Totals	2021	0	58	0	0	0	0	58
	2022	58	105	4	0	0	0	159
	2023	159	44	19	0	2	0	182

Table No. 4
Status of Company/Affiliate-Owned Outlets
For years 2021 to 2023

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
AL	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	2	0	0	2
NC	2021	5	0	0	0	0	5

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
	2022	5	1	0	0	0	6
	2023	6	0	0	0	0	6
SC	2021	3	1	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
TX	2021	1	1	0	0	0	2
	2022	2	0	0	0	2	0
	2023	0	0	0	0	0	0
Totals	2021	9	2	0	0	0	11
	2022	11	1	0	0	2	10
	2023	10	0	2	0	0	12

Table No. 5

Projected Openings as of December 31, 2024

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlet in The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet in the Next Fiscal Year
AK	0	0	0
AL	1	0	0
AR	0	0	0
AZ	1	0	0
CA	5	1	0
CO	1	1	0
CT	0	1	0
DE	0	0	0
FL	4	2	0
GA	1	1	0
HI	0	0	0

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlet in The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet in the Next Fiscal Year
AK	0	0	0
AL	1	0	0
AR	0	0	0
IA	0	1	0
ID	0	0	0
IL	2	2	0
IN	0	0	0
KS	0	0	0
KY	2	0	0
LA	0	0	0
MA	1	1	0
MD	1	0	0
ME	0	0	0
MI	4	2	0
MN	1	0	0
MO	2	3	0
MS	0	0	0
MT	0	0	0
NC	0	0	0
ND	0	0	0
NE	0	0	0
NH	0	0	0
NJ	0	0	0
NM	0	0	0
NV	0	0	1
NY	1	1	0
OH	2	0	0
OK	0	0	0
OR	1	0	0
PA	1	1	0
RI	0	1	0
SC	0	0	0
SD	0	0	0
TN	0	0	1
TX	1	0	0
UT	1	1	0

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlet in The Next Fiscal Year	Column 4 Projected New Company-Owned Outlet in the Next Fiscal Year
AK	0	0	0
AL	1	0	0
AR	0	0	0
VA	0	2	0
VT	1	0	0
WA	0	0	0
WI	0	0	0
WV	0	0	0
WY	0	0	0
Total	34	21	2

We sponsor a franchisee advisory council comprised of selected franchisees (“**FAC**”). Although the FAC does not have decision-making authority, we routinely involve them when making decisions and listen to their input regularly. There are no other franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this disclosure document.

A list of the names of all Franchisees and the addresses and telephone numbers of their QC Kinetix® Business are listed as **Exhibit F** to this Disclosure Document. A list of the name and last known home address and telephone number of every Franchisee who has had their franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during Fiscal Year 2023 or who has not communicated with us within ten (10) weeks of our application date is attached as **Exhibit G**.

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

At this time, there are no previously owned QC Kinetix® franchised outlets for sale, that are under our control.

During the last three (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 franchised system.

At this time there are no trademark specific franchisee organizations representing QC Kinetix® franchisees, and no such trademark specific franchisee organization has asked us to be included in this Disclosure Document. We do host a Franchise Advisory counsel consisting of franchisees we select to act in an advisory capacity.

ITEM 21
FINANCIAL STATEMENTS

Our audited financial statements, as of December 31, 2023, December 31, 2022, and December 2021 are attached to this Disclosure Document as **Exhibit H**. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

- Franchise Agreement - Exhibit A
 - Individual Guaranty – Schedule 1 to Franchise Agreement
 - Confidentiality and Non-Compete Agreement – Schedule 4 to Franchise Agreement
 - Amendment and Collateral Assignment of Lease – Schedule 5 to Franchise Agreement
 - Distributor Agreement – Schedule 6 to Franchise Agreement
- Business Associate Agreement – Exhibit C
- State Addenda- Exhibit D
- Sample General Release – Exhibit I
- Development Agreement – Exhibit J

ITEM 23
RECEIPTS

Included as the last document of this Disclosure Document (**Exhibit L**) and/or as a separate executable form, is a Receipt to be signed by you. This Receipt must be signed and dated and delivered to us at least fourteen (14) calendar days before signing of the Franchise Agreement or payment of any fee by you.

EXHIBIT A

FRANCHISE AGREEMENT

Between

QC Franchise Group LLC

and

Franchisee

UNIT #



FRANCHISE AGREEMENT

Between

QC Franchise Group LLC

227 W. Trade Street

Suite 2160

Charlotte, NC 28202

Phone: 800-269-1421

qcfranchiseinfo@qckinetix.com

and

Collectively referred to as “Franchisee”

UNIT #

QC Franchise Group LLC FRANCHISE AGREEMENT

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QC FRANCHISE GROUP LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made and entered into on _____, between QC Franchise Group LLC, a South Carolina limited liability company, having its principal place of business located at 227 W. Trade Street, Suite 2160, Charlotte, NC 28202 (hereinafter referred to as “**Franchisor**”), and that party or parties described as the “**Franchisee**” on the cover page of this Agreement and on the signature line, hereinafter referred to as “**you**,” “**your**,” or “**Franchisee**.” For ease of reference, QC Franchise Group LLC will also be referred to as “**we**,” “**us**,” or “**our**” in this Agreement. The persons signing as Franchisee or Guarantors as defined below will also be referenced to herein individually as “**you**” or “**yours**” or collectively as “the Franchisee.”

WHEREAS, the Franchisor has developed a system of uniform standards, methods, procedures, business techniques and specifications (the “**System**”) for the operation of a franchised business (“**Franchised Business**”) offering non-clinical services related to the field of non-surgical regenerative medicine focused on musculoskeletal pain caused by injuries, arthritis, tendonitis, tendinopathies, muscle tears, ligament tears, weight loss and others (the “**Services**”) identified by means of certain trade names, service marks, trademarks, slogans, logos, emblems, and indicia of origin, including the mark “**QC Kinetix®**” (collectively, the “**Marks**”); and

WHEREAS, the Franchisor has entered into a license (“**License Agreement**”) with QC Holdings Group, LLC for the right to use the Marks and other property in connection with the operation of an QC Kinetix® Franchised Business and has developed expertise (including confidential information) and a unique, distinctive and comprehensive system for the establishment and operation of businesses offering non-clinical services related to the field of non-surgical regenerative medicine services in a distinctive and innovative environment; and

WHEREAS, the Franchisor continues to develop, use, and control the use of such Marks to identify for the public the source of services and products marketed thereunder and under its System, and to represent the System’s high standards of consistent quality, appearance, and service; and

WHEREAS, the Franchisor has established substantial goodwill and business value in its Marks, expertise and the System; and

WHEREAS, the Franchisor has the right to license the System, including expertise for conducting and operating a business under the Marks; and

WHEREAS, the Franchisee wishes to obtain the right from the Franchisor for the use of the Franchisor’s Marks, and in association therewith to establish the Franchised Business, and understands and accepts the

terms, conditions and covenants set forth herein as those which are reasonably necessary to maintain the Franchisor's high and uniform standards of quality and service in order to protect the goodwill and enhance the public image of the Franchisor and the Marks; and

WHEREAS, Franchisee recognizes the benefits to be derived from being identified with and licensed by Franchisor, and Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, appearance, and service and the necessity of operating the Franchised Business in conformity with Franchisor's standards and specifications.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. FRANCHISEE'S ACKNOWLEDGEMENTS / REPRESENTATIONS

1.1 Business Risk and Absence of Guarantee. Franchisee, and if Franchisee is an "Entity" such as a limited liability company, a partnership, corporation or other type of entity, then each person or entity holding any type of ownership interest in the Entity (each an "Owner") hereby represents that Franchisee has conducted an independent investigation of the Franchisor's business and System and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will depend upon Franchisee's abilities as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, sales, revenues, or success of the business contemplated by this Agreement. Franchisee acknowledges that Franchisee has been given the opportunity to clarify any provision of this Agreement that Franchisee may not have initially understood and that Franchisor has advised Franchisee to have this Agreement reviewed by an attorney. Except as otherwise provided under applicable state law or regulation, Franchisee hereby releases Franchisor, any owners of a direct or indirect interest in Franchisor, all employees of Franchisor, its affiliated companies and all agents of Franchisor from liability based on any such warranties, guarantees, representations or agreements, to the extent permitted by law.

The Franchisee acknowledges that Franchisor has not made, and does not hereby make, any representation or warranty as to potential revenues, income, profits, volume or success of the Franchised Business, or merchantability, performance, condition, fitness or suitability for the Franchisee's purposes of any component of the System, or make any other representation or warranty with respect to the System except as set forth in the Franchisor's disclosure document (the "**Franchise Disclosure Document**"). Franchisor shall not be liable to the Franchisee for, nor shall the Franchisee's obligations hereunder be affected by, any loss, claim, liability, cost, damage or expense of any kind caused, or alleged to be caused, directly or indirectly, by the System, or any Services, or by an inadequacy of the System for any purpose, or by any defect in, the use or maintenance of, any repairs, servicing or adjustments of, or any interruption or loss of service or use of, the System, or any loss of business, profits, consequential or other damage of any nature.

1.2 Receipt and Thorough Evaluation of Agreement. Franchisee acknowledges having received, read, and understood this Agreement (and its schedules, the "**Schedules**"), and the Franchise Disclosure Document (and its exhibits, the "**Exhibits**"). Franchisee further acknowledges that Franchisor has provided Franchisee ample time and opportunity to consult with independent legal counsel and other advisors of its own choosing concerning the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that it has received a complete copy of this Agreement, the Schedules, as well as the Franchise Disclosure Document and its Exhibits, at least fourteen (14) days prior to the date on which this Agreement was executed and any money paid for the franchise.

Franchisee acknowledges that it: (i) has read and understands this Agreement, the Schedules and any agreements relating thereto, and that Franchisee has been advised by a representative of Franchisor to consult

with an attorney or advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement prior to its execution; (ii) understands and accepts the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards for each Franchised Business and to protect and preserve the System and goodwill of the Marks; (iii) has conducted an independent investigation of the business venture contemplated by this Agreement and recognizes that, like any other business, the nature of the business conducted by a Franchised Business may evolve and change over time; and (iv) in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us.

Franchisee acknowledges that any statements, oral or written, by Franchisor or its agents preceding the execution of this Agreement were for informational purposes only and do not constitute any representation or warranty by Franchisor. The only representations, warranties and obligations of Franchisor are those specifically set forth in the Franchise Disclosure Document and this Agreement. Franchisee must not rely on, and the parties do not intend to be bound by, any statement or representation not contained therein.

Franchisee acknowledges that we will not provide or designate locations for Franchisee, will not provide financial assistance to Franchisee and have made no representation that it will buy back from Franchisee any products, supplies, computers, furnishings or fixtures purchased by Franchisee in connection with the Business, except where the Franchisor is otherwise required by law or regulation to buy back products, supplies, computers, furnishings and fixtures upon expiration or termination of this Agreement.

1.3 Actual Average, Projected or Forecasted Franchise Sales, Profits or Earnings. Franchisee, and each party executing this document hereto, acknowledges that neither Franchisor nor any officer, director, employee or agent of Franchisor has made, and Franchisee has not received or relied upon, any express or implied oral, written, or visual information, representations, assurances, warranties, guarantees, inducements, promises or agreements concerning the actual, average, projected or forecasted franchise sales, revenues, profits, earnings or likelihood of success that Franchisee might expect to achieve from operating the Business (defined as "**Financial Performance Representations**"), except as set forth in the Franchise Disclosure Document reviewed by Franchisee or its representatives.

You acknowledge and understand the following:

(a) any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in our Franchise Disclosure Document delivered to you prior to signing this Agreement;

(b) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing business owned by us or our affiliates that is not contained in our Franchise Disclosure Document, is unauthorized, unwarranted and unreliable and should be reported to us immediately; and

(c) you have not received or relied on any representations about us or our franchise program or policies made by us, or our officers, directors, employees or agents, that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you agree to: (i) immediately notify our CEO in writing; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it.

1.4 Relationship of the Parties.

(a) Franchisee is an independent contractor. During the term of this Agreement, and any renewals or extensions hereof, the Franchisee shall hold itself out to the public as an independent contractor operating its Franchised Business pursuant to a franchise from the Franchisor. This Agreement is not intended to create, and shall not be interpreted as creating, a partnership, joint venture, agency, employment or personal services or similar relationship between Franchisor and Franchisee. Franchisee agrees to take such affirmative action as may be necessary, including, without limitation, exhibiting multiple public notices of that fact, the content and display of which Franchisor shall have the right to specify. For example, such notices shall be provided on letterhead, business cards, bank account names, bank checks, and signs at the place of business. The Franchisee is responsible for collecting and remitting Social Security, Medicare, unemployment contributions and/or any other mandated county, state or federal tax or other obligations on behalf of its employees.

(b) Franchisor Is Not In a Fiduciary Relationship With Franchisee. It is understood and agreed by the parties hereto that this Agreement does not establish a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. In addition, the Franchisor shall not have any fiduciary relationship to the Franchisee by virtue of the facts that the Franchisor may operate a Brand Development Fund (as defined in Section 6.2 of this Agreement).

It is understood and agreed that nothing in this Agreement authorizes the Franchisee, and the Franchisee shall have no authority, to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to incur any debt or other obligation in Franchisor's name; and that Franchisor shall in no event assume liability for, or be deemed liable hereunder or thereunder as a result of any such action; nor shall Franchisor be liable by reason of any act or omission of the Franchisee in its conduct of the Business or for any claim, liability or judgment arising therefrom against the Franchisee or Franchisor.

It is understood that Franchisee will have sole responsibility for its employees and all acts of its employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment (as described in this Agreement).

1.5 Franchisee Representations. Franchisee represents to us, as an inducement to our entry into this Agreement, that

(a) all statements you have made and all materials you have submitted to us in connection with your purchase of a franchise to operate a Franchised Business are accurate and complete and that you have made no misrepresentations or material omissions;

(b) The Franchisee has duly authorized the execution, delivery and performance of this Agreement and all other documents contemplated hereby, which are, or upon signing, will be binding on the Franchisee, and such documents do not and will not contravene any other instrument or agreement to which the Franchisee is party;

(c) there is no pending litigation, tax claim, proceeding or dispute that may adversely affect the Franchisee's financial condition or impair its ability to perform its obligation under the terms of this Agreement;

(d) you will comply with and/or assist us to the fullest extent possible in our efforts to comply with Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war (the "**Anti-Terrorism Laws**");

(e) neither you nor any of your owners, employees, agents, property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that neither you nor they are otherwise in violation of any of the Anti-Terrorism Laws; and

(f) you and your Owners acknowledge and agree that it shall be your obligation to properly set up your business pursuant to your state's laws, and to determine whether the franchisee entity may be owned entirely by Clinical Personnel (as defined in the Franchise Disclosure Document, whether the franchisee entity may be owned by both Clinical Personnel and non-clinical / non-professionally medically licensed persons, or if the franchise entity must be a "lay" (non-professional) management services organization or "**MSO**," and not a physician, professional corporation, professional association, or professional limited liability company (collectively referred to as a "**PC**"), and therefore must enter into a Management Services Agreement ("**MSA**") with the PC.

1.6 Business Organization. If you are, at any time, an Entity, you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) the declaration of ownership ("**Declaration of Ownership**"), attached as Schedule 2, completely and accurately describe all of your owners and their interests in you;

(d) you and your Owners shall revise the Declaration of Ownership as may be necessary, to reflect any ownership changes and to furnish such other information about your organization or formation as we may request;

(e) an Owner identified on the Declaration of Ownership as having full authority to act on your behalf (your "**Manager**") must: (i) have management responsibility and authority over your Franchised Business on a day-to-day basis; (ii) be actively employed on a full-time basis to manage your Franchised Business' operations; (iii) be present at the Franchised Business for at least fifty percent (50%) of the hours the Franchised Business is open to the public for business, and; (iv) satisfactorily complete our Initial Training Program (defined in Section 16.1) and any other training programs we may require during the Term (defined in Section 4.1);

(f) each of your Owners, during the Term, will sign and deliver to us our standard form of Owner's Guaranty, Indemnification and Acknowledgement ("**Owner's Guaranty**") undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Owner's Guaranty is attached as Schedule 1 to this Agreement; and

(g) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (e.g., Articles of Incorporation or organization and partnership, operating or shareholder agreements, etc.).

2. **FRANCHISE GRANT**

Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained and subject to this Agreement, the right, license, and privilege, and Franchisee hereby accepts a franchise under the terms and conditions set forth herein, to operate a Business that has been assigned a protected territory as set forth in Section 3 of this Agreement with the right to use solely in connection therewith the Franchisor's Marks, Services, its advertising and merchandising methods, and Franchisor's System, as they may be changed, improved and further developed from time to time and provided the Franchisee shall adhere to the terms and conditions hereof.

It is understood and agreed that, except as expressly provided herein or any other agreement is executed, this franchise grant does not include the right of Franchisee to sub franchise.

Except as provided in this Agreement, Franchisee shall be free to use the materials provided by Franchisor in the manner that Franchisee, in Franchisee's sole and absolute discretion, deems most appropriate for the operation of an QC Kinetix®, provided that Franchisee shall not violate any applicable law, regulation or provision of this Agreement in exercising such discretion.

3. **TERRITORY**

3.1 Protected Territory. You will receive a franchise for a specific location or a location to be approved by us, in our sole discretion. Franchisee is not granted an exclusive territory. You may face competition from other franchisees, from outlets we and our Affiliates own, or from other channels of distribution or competitive brands that we cannot control. You are awarded a protected marketing territory ("**Territory**") that is based on population and mapped in accordance with Neilson designated market areas, ("**DMA**") as they existed as of the Effective Date. Once you have been awarded the Territory, we will not establish a company-owned Business, nor award another Franchised Business in the Territory. Notwithstanding the foregoing, Franchisor, or its affiliates may, as part of its strategic plan, acquire or be acquired by companies that operate the same businesses as Franchisor under the acquired name, the Marks and/or other service marks and trademarks and the acquired companies may have existing businesses operating in Franchisee's Protected Area. Should a DMA be altered in the future your Territory will continue to be defined by the geographic boundaries established on the Effective Date. Some edges of DMA's overlap and to the extent that they do, your territory will not be exclusive. In those circumstances where the territory of an acquired business overlaps Franchisee's Territory, Franchisor may, with the written agreement of both parties, alter the Territory. If mutual agreement as to the territory definition cannot be made then Franchisor or its affiliates and/or successors may continue to operate the acquired business by the name and/or service marks under which it was identified prior to its acquisition.

Some of the factors that we will use to determine your Territory are economic strength, projected future growth of the population within your Territory, and the number of existing competitors.

The protected Territory is designated in Schedule 3.

If the parties do not select a Territory prior to the signing of this Franchise Agreement, then they shall agree to it at a later date, under the terms of this Franchise Agreement. Failure to agree on a Territory, secure a lease for the Franchised Business within ninety (90) days of the execution of this Agreement and/or failure of the Franchisee to open the Franchised Business within six (6) months after the execution of this Agreement will permit Franchisor to terminate this Franchise Agreement as provided in Section 19.3. The Territory, under the terms of this Franchise Agreement. We reserve the right to grant a Territory with a population that is larger or smaller than the minimum population described above in order to account for more densely or sparsely populated areas.

The Territory is determined once you have chosen a location that is approved by us, and this Territory will not be altered even if there is a population increase or decrease during the term of this Franchise Agreement. The Territory is not dependent upon achievement of certain revenues, market penetration or any other contingency. You may not open or operate another Franchised Business at any other location inside or outside of your Territory unless we approve and you sign another franchise agreement with us. You have no right of first refusal to acquire additional Franchised Businesses inside or outside of your Territory.

3.2 Relocation. You may relocate your business only within your Territory. You must notify us of the physical address of your location, including the physical address of any relocation site within your Territory, within ten (10) days of relocating your office (whether in your home or in a leased premises). Your relocation must be pre-approved by us. Upon our notice to you that your relocation request has been approved, you are required to pay a relocation fee equal to fifteen thousand dollars (\$15,000).

3.3 Target Marketing. You may not advertise and/or solicit business outside of your Territory including, without limitation, direct mail solicitations and advertising which specifies areas outside of your Territory, without our prior written consent. You must not specifically engage in Target Marketing of people within the Territory of another Franchise (and/or company/affiliate owned business or franchise). “**Target Marketing**” means a concerted effort by a franchisee to solicit and obtain customers through any type of advertisement or marketing, directed at all or a portion of another franchisee’s Territory. We will use commercially reasonable efforts to enforce this requirement regarding Target Marketing if you or any other franchisee violates it. If Franchisee is asked by a third party to conduct business at off-site events (such as promotional events, charity events, etc.) in geographical areas in which there is another franchisee, Franchisee must immediately refer that request to the QC Kinetix® business in that geographical area or directly to Franchisor. Franchisee must not conduct business at off-site events in that geographical area if another franchise or company-owned business is operating in that geography. If there is not a QC Kinetix® business in that geographical area, then Franchisee can proceed in that area, subject to Franchisee first procuring our consent to do so, which consent may be withheld, conditioned or withdrawn by us at any time in our sole discretion.

We encourage QC Kinetix businesses, when owned by different individuals, to work out an advertising strategy or arrangement if they are within close proximity of each other (defined as being within the same media market mile radius of each other). Franchisor must be notified of all such arrangements.

3.4 Multi-Territory Accounts. We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to sell products and to provide services to any business or organization which owns, manages, controls or otherwise has responsibility for locations in more than one area whose presence is not confined with any one particular franchisee’s territory regardless of the contract amount of products to be provided or services to be performed (a “**Multi-Territory Account**”). After we sign a contract with a Multi-Territory Account, we may, at our option, provide you the option to provide products or perform

services to businesses under the Multi-Territory Account contract. If we choose, or if you choose not to provide such products or services to the Multi-Territory Account, we may direct the Multi-Territory Account to seek such products and services from another franchisee or company-owned location even if the Multi-Territory Account is located within your Territory without compensation to you.

3.5 Reservation of Rights. Any rights not expressly granted to you are reserved to us. Such rights reserved to us include, but are not limited to:

- (a) Advertise, market and sell QC Kinetix® branded products and services in your Territory;
- (b) Advertise, offer and sell products and/or services to promote the System through the Internet, World Wide Web and/or other similar venues no matter where the person is based to fulfill the demand in your Territory;
- (c) Sell, offer or distribute anywhere products or services to persons or businesses located anywhere through any alternative or other channel of distribution, other than local business operations (franchised or owned by us) providing services and products under the Marks and System and on any terms and conditions we deem appropriate. We have this right whether or not we are using the Marks or System or are acting inside or outside the Territory designated in this Agreement;
- (d) Implement marketing council and/or advertising cooperative programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate such advertising cooperative programs;
- (e) Own and/or operate ourselves or authorize others to own and/or operate (i) any business located outside the Territory as designated in this Franchise Agreement, whether or not using the Marks and/or System, (ii) any business anywhere, whether using the Marks and /or System or not, which is not substantially similar to the business franchised to you under this Agreement and/or (iii) any business anywhere which does not use the Marks; and
- (f) Acquire, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with businesses located anywhere, including arrangements in which we are acquired, and/or company-owned, franchised or other businesses (including your own QC Kinetix® Business) are converted to another format or we acquire a similar business which will be maintained under the System or otherwise. You will fully participate in any conversion subject to any person/entity merging with, or acquiring us or when we acquire, reimbursing you for reasonable costs directly related to the conversion.

We are not responsible for paying any compensation to you concerning the sale of products, supplies or services by use over the Internet, World Wide Web, other similar venues, by alternative means of distribution, advertising cooperative programs, outlets, businesses that are or are not substantially similar to the Franchised Business or any business that does not use the Marks. For clarity, this Agreement grants you no rights to offer and provide services or sell products through any alternative channels of distribution (other than our approved list of channels of distribution) without our permission or share in any of the proceeds from our activities through alternative channels of distribution.

4. TERM AND RENEWAL OF AGREEMENT

4.1 Term. The franchise herein granted for a QC Kinetix® Business, shall be for a term of ten (10) years from the date of execution and acceptance (the “**Effective Date**”) of this Agreement by us and subject to earlier termination as herein provided.

4.2 Renewal. Franchisee and Franchisor may, at their mutual option, continue to renew this Franchise for two (2) renewal periods of five (5) years each, provided Franchisor is still offering franchises at that time, and further subject to the following conditions, all of which must be met prior to renewal:

(a) Franchisee shall give the Franchisor written notice of its election to renew not more that twelve (12) months and not less than six (6) months prior to the end of the then current term;

(b) Franchisee must not be in default under any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisor and Franchisee, and Franchisee shall have complied with all the terms and conditions of all such agreements during the terms thereof;

(c) Franchisee’s right to renew is contingent on satisfactory performance of and full compliance with this Agreement and any renewal agreement. Franchisor may refuse to renew or extend the franchise if: (i) Franchisee has failed to use its best efforts to operate the Franchised Business to Franchisor’s satisfaction; (ii) the franchise is terminable by law or under this Agreement; (iii) Franchisee fails to give timely written notice of its exercise of its renewal option; (iv) Franchisor is withdrawing from franchising in the market Franchisee serves; (v) Franchisee fails to satisfy Franchisor’s then-current standards for new franchisees; or (vi) Franchisee is in default of this Agreement;

(d) Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates, and shall have timely met these obligations throughout the previous term;

(e) Franchisee shall execute, before the renewal term, the Franchisor’s then-current form of Agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement. Franchisor will charge Franchisee a flat renewal fee of \$3,000 and renewal may or may not be for the same Territory in the sole discretion of Franchisor;

(f) Franchisee shall comply with Franchisor’s then-current qualification and training requirements; and

(g) Franchisee must execute a general release, in a form prescribed by Franchisor and described in this Agreement, of any and all claims against Franchisor and its affiliates, and their respective owners, officers, directors, agents and employees, if such release is not in conflict with any local, state or federal laws.

(h) Franchisee shall upgrade, remodel and/or refurbish the facility (both inside and outside) in order to meet our then-current standards. Graphics, signage and all equipment, furnishing, fixtures, computers, point-of-sale system, and any other equipment that is necessary to operate the Franchised Business as determined by Franchisor, in its sole discretion, must be updated to meet our then-current requirements. All remodeling, modernization, redecoration, or replacements will be completed at Franchisee’s expense in accordance with our specific standards and specifications.

5. FRANCHISEE'S INITIAL FRANCHISE FEE

5.1 Initial Franchise Fee. By executing this Franchise Agreement, the applicant agrees to become a Franchisee and pay an initial franchise fee in a lump sum ("**Initial Franchise Fee**") in the amount of \$55,000 for QC Kinetix® Franchised Business in a protected area.

The Initial Franchise Fee is fully earned on payment and is allocated to training and other services to be rendered to Franchisee before opening and, therefore, it is nonrefundable.

5.2 Time Limit for Starting Business. The Franchisee shall maintain the Franchised Business in accordance with the provisions and requirements of this Agreement and must open the Franchised Business for business (the "**Opening**") within the required time limit. If you are leasing your Franchised Business premises, you have ninety (90) days to enter into a lease, at your expense, for commercial real estate that is properly zoned for the use of your Franchised Business under this Franchise Agreement. You must submit to us, in the form we specify, a copy of the location plan and other such information or materials we may require, together with an option contract, letter of intent, or other evidence of satisfactory to us which confirms your affirmative prospects for obtaining the location. We will have thirty (30) days following receipt of this information and materials from you to approve or disapprove the proposed location of your QC Kinetix® Franchised Business. If we do not approve a proposed location by email or any other form of written notice to you within this thirty (30) day period, the site will be deemed disapproved unless we extend the period based on our reasonable judgment that you will likely find a location. Once your proposed location has been approved by us, you will have ninety (90) additional days to open your Franchised Business for operation. The Opening requires that Franchisee has qualified for and has obtained all necessary licenses and permits needed to offer Services.

6. OTHER FEES

6.1 Royalty Fees. In addition to the Initial Franchise Fee, the Franchisee shall pay to Franchisor a Royalty Fee which is equal to eight percent (8%) of weekly Gross Revenues with a \$1,000 minimum royalty in months 3-5 after opening, and \$1,500 minimum royalty starting in month 6 after opening through the expiration of the stated term. The Royalty Fee obligation begins immediately after the opening of your Business for operation and continues for the term of your Franchise. The Royalty Fee is due and payable weekly, but is to be received how we specify. The minimum royalty is calculated monthly if Royalty Fees do not meet the minimum threshold. If your Business opens for operation in the middle of a month, then your Royalty Fee obligation will start at the beginning of the following month. If your Franchise Agreement is terminated, you are required to continue minimum royalty payments for the remaining term of your Franchise Agreement. The Royalty Fee is uniform as to all persons currently acquiring a QC Kinetix® Franchise and is nonrefundable.

As used in this Agreement, Gross Revenue is defined in the Franchise Agreement as the gross amount, in money or other forms of consideration, that is earned from sales and services based upon all business conducted upon or from your QC Kinetix® Franchised Business, whether such sales are evidenced by check, cash, credit, charge account, exchange or otherwise, and shall include but not be limited to, the amounts received from the sale of goods, wares, and merchandise, services including all non-clinical services related to the field of non-surgical regenerative medicine services, and tangible property of every kind and nature, promotional or otherwise, and for services performed from or at your QC Kinetix facility, together with the amount of all orders taken or received at your QC Kinetix facility or elsewhere. We exclude only fees paid to third-party finance companies, reasonable discounts you allow, sales tax receipts that you must by law collect or pay and any customer refunds of previous payments you actually make.

6.2 Brand Development Fee. You will pay us a Brand Development Fee contribution equal to one percent (1%) of your weekly Gross Revenue. The Brand Development Fee is collected by us. All Brand Development Fees are non-refundable. The Brand Development Fee begins immediately after the opening of your Franchised Business for operation, is due weekly, and continues for the Term of your Franchise. We may raise, discontinue, or reduce the contribution, but your total contribution will not exceed two percent (2%) of your Gross Revenues in any calendar year. You pay the Brand Development Fee contribution at the same time and under the same terms as the Royalty Fee described above. Brand Development Fees are uniformly imposed on all franchisees.

This Brand Development Fee will be deposited into our Brand Development Fund (the “Fund”). We may use this Fund for marketing, local, regional, national, or international advertising, public relations, promotions, surveys, test marketing, research and development, administration (including our salaries, accounting, collection, legal, and other costs), related expenses, and any other media or other costs related to building goodwill of the QC Kinetix® brand. We make the expenditures at our discretion. We do not represent that any particular level of expenditure will be made for particular programs or to benefit particular franchisees or franchised locations. We are not required to spend any amount on advertising in the area where you are located. We will not spend Fund proceeds for activities that are principally a solicitation for the sale of franchises. We have no fiduciary duty to you regarding any Brand Development Fees or other Fund.

Franchisor is not obliged to spend more on advertising and marketing than the amount of the Fund. Any unspent balance in the Fund at the end of the year may be carried over to later years and used for the purposes described in this Agreement.

Franchisee’s failure to pay these required contributions is a material breach of this Agreement, subjecting Franchisee to all remedies at law and as set forth in this Agreement. Franchisor may delete Franchisee from advertising or marketing materials without notice if Franchisee fails to timely remit its Brand Development Fee.

6.3 Local Marketing. Franchisee must initially spend \$20,000 in the first month, provided that by the sixth month and then after, Franchisee may be required to spend up to \$40,000 monthly on local advertising, in addition to payment of the Brand Development Fee required above. The actual amount will be decided by us based on the market where your Business is located and is subject to periodic adjustment, in our sole discretion. We may reduce the amount of your local advertising requirement after your second full year of operation, at our discretion.

The Franchisee agrees to create a local advertising and marketing plan by which Franchisee shall place local advertising in any media it desires, provided local marketing must be implemented in a format and using material and designs approved by us. Currently, franchisees are required to place all local TV and radio marketing and all digital marketing through our designated suppliers. Upon our request, you must submit receipts documenting this marketing activity. All advertising and marketing items are the Franchisor’s property and on termination will revert to the Franchisor. Franchisee agrees to execute any and all documents needed to perfect such reversions. Franchisee shall not advertise the Franchised Business in connection with any other business, except with Franchisor’s prior written approval. Franchisee shall obtain Franchisor’s prior approval of all unapproved advertising and promotional plans and materials that Franchisee desires to use thirty (30) days before the start of any such plans. Franchisee shall submit such unapproved plans and materials to Franchisor (by personal delivery or through the mail, return receipt requested). Franchisee shall not use such plans or materials until they have been approved by Franchisor and shall promptly discontinue use of any advertising or promotional plans and material upon the request of Franchisor. Franchisor shall approve or deny Franchisee’s request by e-mail or any other form of written communication, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee’s written request.

Franchisee will not independently advertise or promote in any media without Franchisor's prior written approval, except when using materials previously approved by Franchisor. Franchisor shall approve or deny Franchisee's request by e-mail or any other form of written communication, which approval is in its sole discretion, within thirty (30) days of receipt of Franchisee's written request. Franchisee will participate in at its own expense and cooperate with all advertising and promotional programs Franchisor or any advertising group of franchisees selects, including any franchise marketing council Franchisor may implement. Franchisee is not required to follow or maintain any sales price, except that Franchisor will set minimum and maximum prices and will suggest prices, to the extent allowed by law.

We may, in our discretion, require franchisees to form regional marketing cooperatives when unit development in the marketing area makes such a decision practical. All franchisees in the marketing area will be required to participate. Up to fifty percent (50%) of the local advertising and marketing requirement may be spent in the cooperative unless a majority of a cooperative votes to increase that requirement.

6.4 Additional Training. If we require or you request, and we agree to provide, as scheduled by us, training for more than two (2) individuals for up to ten (10) days in the Initial Training Program, you must pay a flat fee of \$500, per day, per additional person and this amount is subject to change as published in the then-current operations manual. Additional Training Fees are due in full in advance of training.

6.5 Project Management Fee. In the event Franchisee would like assistance in the build-out / pre-opening construction of the Business premises, Franchisee can inquire on the availability of one of Franchisor's service providers to provide such assistance. Such assistance will be pursuant to a separate project management agreement between Franchisee and such vendor.

6.6 Fees for Technology Related Services and Support. This fee is for technology related goods and services, which may include: licensing or help desk fees for any required software to be used by you; licensing or user-based fees for a franchise portal, e.g. Fran Connect, or benchmarking platform that is ultimately created or selected (through a third party vendor) for use by you; fees related to exposure on the our website (e.g., custom page designs, mapping programs, etc.). This also includes Salesforce support, email campaigns tied to Salesforce, and Pandadoc for Salesforce. Some fees are to be sent to Franchisor. The rest of the fees will be paid to a third-party vendor. The current fee for these goods and services shall not exceed \$1,200 per month; however, we reserve the right to reasonably increase such fee in our discretion. Any part of this fee that is due to us is payable to us at the same time and under the same terms as the Royalty Fee described above.

6.7 Continuing Education. We may require you to attend continuing education classes throughout the Term of this Agreement. You shall be responsible for paying all costs associated with such continuing education, including registration fees, and all of your travel costs and expenses; provided, however, registration fees shall not exceed \$500.00 per person, per day; however, we reserve the right to reasonably increase such fee in our discretion. The two types of additional training include: (a) remedial training, which will be required if we, in our sole discretion, determine that you are not operating your franchised location(s) up to the standards required in the Operations Manual, and may involve additional staff training at either your franchise facility or at a training facility operated by us; and (b) additional onsite training or operations assistance over and above the normal course of training if such assistance is requested by you.

6.8 Interest and Late Fees. There will be a \$25.00 late fee ("**Late Fee**") for every late payment made on each fee and cost due and payable to us by you. Additionally, interest will accrue on the entire overdue amount (including the Late Fee if not paid when due) beginning from the date payment is due until the full amount is paid at the rate of one-and one-half percent (1.5%) per month, or the maximum rate allowed by applicable law, provided that the Late Fees and interest may not exceed the maximum legal rate. Late Fees

cover our internal collection costs only. You must also pay any damages, expenses, collection costs, and reasonable attorneys' fees we incur when you do not make the required payments.

6.9 Audit Expenses. If you fail to report Gross Revenue as required or understate Gross Revenue by two percent (2%) or more for any reported time period, then you shall pay the cost of all audit fees plus interest at eighteen percent (18%) per annum for all understated Gross Revenues or the maximum rate allowed by the laws of the State in which Franchisee's business is located as specified in the Operations Manual. These amounts are due and payable from you to us within ten (10) days of receipt of the audit report. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

6.10 Insufficient Funds Fee. In the event any payment made by you to us cannot be honored due to insufficient funds in your account, then you will pay to us an Insufficient Funds Fee in the amount of \$250.00 per occurrence or the maximum amount allowed by applicable law.

6.11 Call Center Fees. Call Center Fees are charged as follows: \$2,500 for the first Franchise, \$1,500 each for the second and third Franchise unit, \$2,500 for the fourth Franchise unit, \$1,500 each for the fifth and sixth Franchise unit, and a repeating pattern of \$2,500 and \$1,500 for each next Franchise unit. The Call Center Fees are subject to change, at our discretion and a payable monthly. You will not be allowed to outsource this function to a "commercial" answering service or provide the service through your franchised business or any resource other than the Call Center, managed by the Franchisor. These prices may be increased in accordance with the Manual (defined in Section 8.1).

6.12 Convention Unattendance Fee. Failure of Franchisee to attend the national conference/convention, which shall not take place more than once a year, shall require Franchisee to pay Franchisor an unattendance fee, which is currently \$1,000 per day for each day of the convention missed. Failure to attend the annual conference two times in a row is an event of default, which could result in the termination of the Franchise Agreement.

6.13 Failure to Report Fee. You are required to submit your financial data to us each month no later than the 20th day of each month. The report shall include the information we require in Manual and shall cover the results for the prior month. Failure to send the report to us electronically by the 20th of each month shall result in a fee of \$200 being incurred, for the failure to provide a timely report.

6.14 Provider Training No Show Fee. Your medical providers must attend laboratory based training before consulting with patients ("**Provider Training**"). We are required to prepay third parties to schedule a group training class. Accordingly, if your provider(s) does not attend training, as scheduled, you must pay us the current charge for the training (currently \$1,500 per person, but subject to change).

6.15 Inspection Fee. Payable to us if you fail to pass an inspection for the second time in any 12- month period training (currently \$1,500 per person, but subject to change).

7. FINANCING ARRANGEMENTS

Franchisee hereby acknowledges that financing is the responsibility of the Franchisee. The Franchisor does not finance or guarantee the obligations of the Franchisee for a QC Kinetix Franchised Business. The Franchise Fee is due and payable upon execution of this Agreement and as set forth in Section 5 of this Agreement.

8. OPERATION AND SYSTEM STANDARDS

8.1 Operations Manual. We will loan you (or make available on-line or via other electronic format), during the Term, one (1) copy of our operations manuals (the “**Manual**” or the “**Operations Manual**”), consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer Software and written materials) that we generally furnish to franchisees from time-to-time for use in operating a Franchised Business. The Manual contains mandatory and suggested specifications, standards, operating procedures and rules (“**System Standards**”) that we prescribe from time-to-time for the operation of a Business and information relating to your other obligations under this Agreement and related agreements. We, in our sole discretion, may make the Manual accessible to you on-line or via other forms of electronic format such as the Internet or CD-ROM (instead of loaning one (1) copy of it to you). You agree to follow the standards, specifications and operating procedures we establish periodically for the System that are described in the Manual. You also must comply with all updates and amendments to the System as described in newsletters or notices we distribute, (including via computer system or other media we select). The Manual may be modified or updated and revised periodically to reflect changes in System Standards. You are responsible for routinely monitoring any on-line version (or electronic format) of the Manual for changes to it. If we make the Manual accessible to you on-line (or electronic format), we will not send to you printed copies of any changes to it. However, any form of the Manual accessible to you on-line is our proprietary information and will be deemed Confidential Information for purposes of this Agreement. You agree to maintain the Manual as confidential and maintain the information in the Manual as secret and confidential. You agree to keep your printed copy of the Manual (if any) current and in a secure location at your Business. In the event of a dispute relating to the contents of any printed copy of the Manual, the master copy of the Manual we maintain at our principal office will be controlling. However, in the event we utilize on-line Manual, the most recent on-line Manual will control any disputes between the on-line version and printed copies of the Manual. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manual.

8.2 Compliance with System Standards. You acknowledge and agree that your operation and maintenance of your Franchised Business in accordance with System Standards is essential to preserve the goodwill of the Marks and all Franchised Businesses. Therefore, at all times during the Term, you agree to operate and maintain your Franchised Business in accordance with each and every System Standard, as we periodically modify and supplement them during the Term. System Standards may regulate any one or more of the following with respect to your Franchised Business:

- (a) designated or approved suppliers of fixtures, furnishings, equipment, and other items we require for the operation of your Franchised Business;
- (b) sales, marketing, advertising and promotional programs and materials that are required or approved for use by your Franchised Business;
- (c) use and display of the Marks;
- (d) staffing levels for your Franchised Business, and qualifications, training, dress and appearance of employees and sales representatives;
- (e) days and hours of operation of your Franchised Business;
- (f) payment systems and check verification services;
- (g) bookkeeping, accounting, billing, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales,

revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;

(h) types, terms and conditions of insurance coverage required to be carried for your Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage for your Franchised Business at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

(i) complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or your Franchised Business;

(j) regulation of such other aspects of the operation and maintenance of your Franchised Business that we determine from time-to-time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks; and

(k) the form of business associate agreement that must be signed by you and us.

You agree that System Standards prescribed from time-to-time in the Manual, or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth. All references to this Agreement include all System Standards as periodically modified. You acknowledge that we have the right to require that you purchase from us, our affiliates or vendors various programs, goods and services we may approve or adopt from time-to-time for use within the System. You agree to pay all fees charged or otherwise adopted by us for providing these programs, goods and services whether the fees are payable to us, our affiliates or approved vendors, in the manner specified in the Manual.

8.3 Modification of System Standards. We may periodically modify System Standards, which may accommodate regional or local variations as we determine. Such modifications may obligate you to invest additional capital in your Business. However, such modifications will not alter your fundamental status and rights under this Agreement. We will not obligate you to make any additional investment greater than \$10,000 when such investment cannot, in our reasonable judgment, be amortized during the remaining Term, plus all eligible renewal Terms; unless such investment is necessary in order to comply with applicable laws. In the case of any investment greater than \$10,000 we agree to give you ninety (90) days to comply with any such additional investment we require. You are obligated to comply with all modifications to System Standards, including any additional investment, within the time period we specify.

8.4 Computer Systems. Franchisee may be required to use our proprietary software for the operation of the Franchised Business (currently not in effect). If Franchisor develops proprietary software and requires Franchisee to use such software, Franchisor will provide Franchisee with a ninety (90) day written notice to purchase (if applicable) and use such software for the operation of the Franchised Business. If developed, Franchisor will provide all update and upgrade requirements for the proprietary software as necessary. The installation, maintenance, repairs and upgrade costs for the proprietary software will be the responsibility of the Franchisee. Usage of any propriety software (“**Software**”), if developed, will be subject to the following terms:

(a) Franchisee will use the Software on a computer system that: (i) meets Franchisor’s computer hardware specifications; and (ii) is located at the Franchised Business or on a backup

system if the original computer is inoperable. Franchisee will be licensed to use the Software only for Franchisee's internal, in-house data processing and data communications purposes and only in connection with the Franchised Business and not for re-marketing or redistribution under any circumstances;

(b) Franchisee acknowledges and agrees that Franchisor will be the sole and exclusive owner of all right, title and interest in and to the Software, including all trade secrets and copyrights related to the Software, subject only to the rights we expressly license to Franchisee in this Agreement. This license will not provide Franchisee with title or ownership of the Software, but only a limited right of use. Franchisee agrees that Franchisee will not contest or otherwise seek to share, diminish or invalidate our ownership rights in the Software;

(c) Franchisee will not modify the Software in any way without our prior written consent. Franchisee will promptly disclose to us all ideas and suggestions for modifications or enhancements to the Software that Franchisee conceives or develops and we will have the right to use such ideas and suggestions. The Franchisor shall own all copyrights and other intellectual property rights to all modifications and suggestions proposed by Franchisee. The term "all copyrights and other intellectual property rights" shall mean all means, methods, and process, by all media whether now known or hereinafter invented, including complete and entire interactive rights and rights to derivative works. This Agreement shall be a work for hire. In the event that a court of competent jurisdiction holds that this Agreement is not a work for hire, then the Franchisee agrees to execute all documents that the Franchisor deems is necessary to assign all copyright and other intellectual property rights to the Franchisor. All modifications or enhancements made to the Software will be our property and belong exclusively to us, without regard to the source or creator of the modification or enhancement, however we may provide incentive programs for such contributions;

(d) Franchisor will have the right at all times to access Software and to retrieve, analyze and use all the data in Franchisee's files stored on Franchisee's computer systems or any other computer system. Additionally, Franchisee will electronically transfer all files and reports to us on our request. All information that Franchisee stores in any computer system shall become the Franchisor's confidential and proprietary information, and subject to all of the terms and conditions of this Agreement regarding the Franchisor's Confidential Information;

(e) Franchisee and Franchisee's employees will not make available the Software, or portions thereof, to any person other than Franchisee's or our employees without prior written consent. Franchisee agrees that Franchisee will not: (i) copy the Software except as necessary for use in the Franchised Business; (ii) translate, reverse engineer, reverse compile, disassemble or create derivative works based on the Software; (iii) sublicense, rent, lease, sell or otherwise transfer the Software or any portion thereof, or any rights therein, to any person or entity. Failure to adhere to these guidelines or allowing unauthorized usage of the Software may result in termination of this Agreement;

(f) Franchisee acknowledges and agrees that the Software is our valuable, proprietary product, the design and development of which took the investment of considerable time, money and the effort of skilled computer programmers. Franchisee will keep the Software and any data generated by the use of the Software confidential during and after the term of this Agreement and will maintain security precautions to maintain the secrecy of the Software and to prevent unauthorized access or use of the Software. Franchisee agrees that it will treat the Software as confidential and that the Software will contain substantial trade secrets of ours that we have entrusted to Franchisee in confidence to use only as we authorize under this Agreement. We hereby claim and reserve all rights and benefits afforded under copyright law, trade secret law, patent law, intellectual property law and other laws relating to confidential and proprietary material. Franchisee agrees not to improperly use, disseminate, or disclose the Software, and to ensure that Franchisee's employees who gain access to the Software will protect them against improper use, dissemination or disclosure;

(g) ANY SOFTWARE SHALL BE PROVIDED ON AN “AS-IS” BASIS WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, IMPLIED WARRANTY OF QUALITY OF COMPUTER PROGRAMS, IMPLIED WARRANTY OF SYSTEM INTEGRATION, AND IMPLIED WARRANTY OF INFORMATIONAL CONTENT. ALL WARRANTIES AGAINST INFRINGEMENT ARE HEREBY DISCLAIMED EXCEPT WE REPRESENT THAT WE HAVE SUFFICIENT AUTHORIZATION TO LICENSE THE SOFTWARE TO FRANCHISEE. WE DO NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE SOFTWARE MEET FRANCHISEE’S REQUIREMENTS OR THAT THE USE OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR FREE. WE MAKE NO WARRANTIES THAT THE SOFTWARE IS FREE FROM BUGS, VIRUSES, TROJAN HORSES, OR WORMS. WE MAKE NO WARRANTY REGARDING ANY OPEN-SOURCE SOFTWARE CONTAINED IN THE SOFTWARE. In no event will we be liable to Franchisee for damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to the use of or inability to use the Software, even if we have been advised of the possibility of such damages, or for any claim by any other party. The foregoing limitations of liability are intended to apply without regard to whether other provisions of this Agreement have been breached or proven ineffective;

(h) Franchisee acknowledges and agrees that Franchisee’s license to the Software will terminate immediately and automatically should Franchisee fail to adhere to any of Franchisee’s obligations under this license or if this Agreement expires or is terminated for any reason;

(i) Franchisee acknowledges and agrees that any violation by Franchisee of the provisions of the Software license would cause us irreparable harm for which we would have not adequate remedy at law; and that, in addition to other remedies available to us, we will be entitled to seek injunctive relief against any such violation (without the posting of a bond or other security if permitted by law);

(j) In the event Franchisee fails to adhere to any of Franchisee’s obligations under this Agreement, or is no longer a franchisee of ours, or this Agreement expires or terminates for any reason, Franchisee will immediately (within five (5) days) terminate the use of the Software and destroy any and all material or information related to the Software or any data generated by use of the Software unless we specifically instruct otherwise;

(k) Franchisee must update all computer systems upon our request to optimize performance of the Software; and

(l) Franchisee acknowledges and agrees that Franchisee may be required to license and use third-party software (such as Microsoft Office 365).

Franchisee acknowledges that neither we nor our affiliates, will have any liability and/or obligation (and neither you or any managing partners, managing members, members, shareholders or other Owners of Franchisee will make any claims) about any loss of data, loss of information, inability to use, failures, errors bugs, viruses, Trojan horses, worms, loss of data, or any other occurrences relating to any computer or system hardware, or software without an express written warranty from us, even if recommended or specified by us. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting themselves from these problems. Franchisee must also take reasonable steps to verify that information about Franchisee’s suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee rely, are reasonably protected. This may include taking reasonable steps to secure Franchisee’s systems, including, but not limited to, firewalls, access code protection, anti-virus systems and use of backup systems.

8.5 Maintain Confidentiality of Proprietary Information. Neither Franchisee nor any of its Owners if you are an Entity, officers, directors, agents, employees or independent contractors, except as required in the performance of the duties contemplated by this Agreement, may disclose or use at any time, whether during the terms of this Agreement or thereafter, any confidential and proprietary information disclosed to or known by Franchisee or any such person as a result of this Agreement. Such information, includes, but shall not be limited to, confidential matters, trade secrets, distinctive build-out and design specifications, clinic designs and layouts; Services offered, operational methods, techniques and procedures; specifications and standards for equipment, and supplies; purchasing strategies, inventory management systems, software, vendors and supplier relationships, cost and pricing strategies, merchandising methods and techniques, procedures for safety and quality control, customer service standards, hiring, training and retention programs; sales and promotional programs, advertising and marketing materials, contracts, forms, record keeping and accounting methods, proprietary information conceived, originated, discovered, or developed by Franchisee or by any employee of Franchisee which is not generally known in the trade or industry about Franchisor's products or services, including information relating to discoveries, ideas, production, purchasing, accounting, engineering, website development and design, marketing, merchandising or selling of Services and Products (collectively referred to as "**Confidential Information**" and further defined in Section 12.1 of this Agreement).

Franchisee further acknowledges that the Confidential Information was unknown to Franchisee prior to negotiation for and execution of this Agreement and that the unique and novel combination of "know how," equipment, proprietary facility designs and layouts, services, products, supplies, methods and techniques developed by Franchisor and licensed to Franchisee for the operation of an QC Kinetix® Franchised Business are particular to the cell regeneration industry conducted by QC Kinetix® Franchised Business. Franchisee agrees to take all steps necessary, at Franchisee's expense, to protect the Confidential Information and shall not release it to any person that does not have a need to know, including employees, agents and independent contractors, either during the term or after to the termination or expiration of this Agreement without our prior written consent.

Franchisee further agrees that it will not contest in any litigation, arbitration, mediation, or in any other manner the Franchisor's ownership rights to any or all of the above Confidential Information.

8.6 Maintain and Renovate Franchised Business. Franchisee shall at all times maintain the Franchised Business in a clean, orderly condition and in first class repair in accordance with all maintenance and operating standards set forth in the Manual. Franchisee shall make, at Franchisee's expense, all additions, repairs, replacements improvements and alterations that may be determined by Franchisor to be necessary so that the facilities which are viewed by the public will conform to the uniform corporate image, as may be prescribed by Franchisor from time to time. Franchisee shall undertake and complete such additions, repairs, replacements, improvements and alterations within the time and under the terms and conditions, which may be reasonably specified by Franchisor.

If at any time, in our sole and absolute discretion, the general state of repair, appearance or cleanliness of the Franchised Business or its equipment, fixtures, furnishings or signage does not meet Franchisor's standards, Franchisee expressly agrees that we have the right to notify Franchisee, specifying the action Franchisee must take to correct the deficiency. If Franchisee does not initiate action to correct such deficiencies within ten (10) days after Franchisee receives notice from Franchisor, and then does not continue in good faith and with due diligence, a bona fide program to complete any required maintenance and refurbishing, Franchisor has the right, in addition to all other remedies, to enter the premises of the Franchised Business and do any required maintenance or refurbishing on Franchisee's behalf, and Franchisee agrees to reimburse Franchisor on demand for any expenses Franchisor incurs.

At Franchisor's request, which shall not be made more than once every three (3) years (or as described above), Franchisee shall refurbish the Franchised Business at its expense, to conform to Franchisor's exterior and interior layout, content, décor, color scheme, murals, signage and furnishings, distinctive designs, and layouts, which is not expected to exceed One Hundred and Eighty Thousand Dollars (\$180,000) for each three (3) year period. In addition, if Franchisee's Franchised Business has been open for operation for ten (10) years, Franchisor can require Franchisee to fully remodel its Franchised Business at its expense to bring it up to Franchisor's then current standards. Franchisee shall have six (6) months after receipt of Franchisor's written notice within which to complete the refurbishing of the Franchised Business.

8.7 Personnel. You agree to hire, train and supervise employees, sales representatives and agents, in accordance with the specifications set forth in the Manual. All personnel must meet every requirement imposed by applicable federal, state and local law as a condition to their employment.

8.8 Open Franchised Business within Time Limit. Time is of the essence. Franchisee must secure a lease within ninety (90) days after the execution of this Franchise Agreement and open the Franchised Business for business typically within one hundred eight (180) days of the date of execution of this Franchise Agreement, which includes having obtained Franchisor's approval prior to opening, all subject to Section 5 of this Agreement. Prior to opening, Franchisee shall complete, to Franchisor's satisfaction, all the build-out and preparations of the Franchised Business, in accordance with specifications set forth in the Operations Manual, and as required by local governmental agencies, including the installation of all equipment, furnishings and fixtures; the acquisition of computers, POS System, software, televisions, projectors and screens, sound systems, camera surveillance system, and supplies; completion of the initial training, program and provision to Franchisor of all required local information, artwork and photos for the completion of the Franchisee's website.

8.9 Follow Directives of Franchisor. In order to further protect the System and our goodwill, Franchisee shall:

(a) Build out and construct the Franchised Business in the manner prescribed by Franchisor. Franchisee will be given specifications for the design, layout, storage, equipment, furnishing, fixtures, signage, murals, décor and other items necessary for the build out of the Franchised Business. Franchisee is responsible for purchasing, installing and maintaining these items;

(b) Operate the Business and use the Franchisor's Manual(s) solely in the manner prescribed by Franchisor;

(c) Comply with such requirements respecting the Marks or any other service mark, trade name, trademark, or copyright protection and name registrations as Franchisor may, from time to time, direct;

(d) Follow the methods of operation, service and presentation of each of the Franchised Business and the Services so as to conform to the specifications and standards of Franchisor in effect from time to time;

(e) Use only the types of equipment, supplies and services so as to conform to Franchisor's specifications. This includes using Franchisor's approved vendors in addition to Franchisor's requirements regarding franchise equipment, promotional items, advertising and marketing materials as detailed in the Manual all of which may be revised by Franchisor, at Franchisor's sole discretion, from time to time;

(f) Require uniform dress or identifying badges for Franchisee's staff, conforming to such specifications as to color, design, etc. as Franchisor may designate, from time to time, to be worn by all of Franchisee's employees at all times while in attendance at the Franchised Business, and to cause all employees to present a clean, neat appearance and render competent and courteous service to customers, as may be further detailed in the Manual;

(g) Permit Franchisor or its agents, at any reasonable time, to enter the Franchised Business during normal business hours, for the purpose of conducting inspections and reviewing business operations. This includes access to any electronic records and computers that pertain to the operation of the Franchised Business. In addition to any other remedies it may have under this Agreement, Franchisor requires Franchisee to bear the cost of such inspections if during the review of the Franchised Business it is determined by Franchisor, in its sole discretion, that business operations fail to conform to Franchisor's standards;

(h) Not install or permit to be installed anywhere on the Franchised Business premises (including on vehicles if applicable), without Franchisor's prior written consent, any signage or signage designs not previously approved as meeting our standards and specifications;

(i) Comply with our standards for hiring employees as necessary to operate the Franchised Business at maximum capacity during the development and growth stages of the Franchised Business as recommended by us in the Manual, and to comply with all applicable laws with respect to such services;

(j) Identify itself as the owner of an independently owned and operated Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Marks including, without limitation, on vehicles, invoices, contracts, release forms, receipts and stationery, as well as at such conspicuous locations as Franchisor may designate in writing at QC Kinetix Franchised Business;

(k) Agree to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all business activities. Franchisee will not engage in any services, trade practices, abusive, excessive, or illegal collection techniques or other activity, or which constitutes deceptive or unfair competition, results in unfounded litigation against your customers or otherwise is in violation of any applicable laws. The above limitations are closely related to the business image, purpose and marketing strategy of the System, and therefore any change therefrom would fundamentally change the nature of the business;

(l) Conduct any advertising, promotion and/or public relations in any medium in a dignified manner and shall conform to our standards and requirements as set forth in the Operations Manual;

(m) Comply with all applicable ordinances, regulations, bylaws, laws and statutes. Franchisee will not permit unlawful activities on the premises and through the Franchised Business and will not trade, exchange, consign, sell, offer, hold, show, rent or permit to be traded, exchanged, consigned, sold, offered, held, shown or rented any product or service Franchisee knows or reasonably suspects to have been obtained in violation of law or to be otherwise illegal;

(n) Promptly pay when due all taxes, fees, debts, expenses and assessments of the Franchised Business, including payroll taxes. Franchisee will not permit a tax sale or seizure by levy of execution or similar writ or warrant to occur;

(o) Recognize that preservation of the System and the health of the franchise network depend upon the uniformity of Services offered. Franchisee agrees that Franchisor will establish, from time to time, sales pricing or suggested pricing for certain Services in general and/or for promotional periods of time for any or all QC Kinetix® businesses, to the extent such sales pricing or suggested pricing standards are allowed by federal and state laws;

(p) Participate in market research, testing, product and service development programs, and participate in, and pay all dues assessed for, advisory councils (not currently in effect) if applicable;

(q) Use and honor only system-wide gift cards, certificates and checks that we designate. All such gift cards, certificates and checks may be obtained from us or an approved supplier; and

(r) Franchisee must accept credit and debit cards, and other payment systems and check verification services as specified by us, and which we may change from time to time.

8.10 Operate Franchised Business Only. Franchisee shall use the System and the Marks provided to Franchisee by Franchisor for the operation of the Franchised Business and shall not use them in connection with any other line of business or any other activity. Neither Franchisee, nor any of its employees, may conduct any business at the Franchised Business other than that authorized pursuant to this Agreement, without the prior written approval of Franchisor. Neither Franchisee, nor any of its employees, may conduct any activity at the Franchised Business or in connection therewith which is illegal or which could result in damage to the Marks or the reputation and goodwill of Franchisor. Franchisee will not allow the Franchised Business to be used for any immoral, unethical, unauthorized, or illegal purpose.

Franchisee must conduct all business through QC Kinetix Franchised Business unless otherwise approved by us in writing. Franchisee must disclose in writing to us any pre-existing businesses in which it or its Owners are involved.

8.11 Comply with Laws. Franchisee shall comply with all federal, state and local laws, ordinances, consumer protection laws and regulations, wage and hour laws, labor laws, workers compensation and unemployment laws, zoning laws, fire codes and building construction (including zoning classifications and clearances), dumping, hauling off, recycling and price-integrity laws and/or regulations, Equal Employment Opportunity Commission (“**EEOC**”), Federal Trade Commission (“**FTC**”), The 21st Century Cures Act (“**CURES ACT**”), Health Insurance Portability and Accountability Act (“**HIPAA**”), Health Information Technology and Economic and Clinical Health (“**HITECH**”) Act, and shall obtain and at all times maintain any and all governmental licenses, permits, industry specific licenses or certificates (if applicable), laws and regulations relating to occupational hazards and health such as Occupational Safety and Health Administration (“**OSHA**”), or that may be required for full and proper operation of the Franchised Business in Franchisee’s state of operation. In addition, with respect to all credit card transactions and customer information obtained through credit card usage, Franchisee agrees to diligently comply with all laws and rules regarding such usage and Franchisee will protect the privacy of credit card customers. Franchisor’s standards may exceed any and all of the requirements of said laws. Copies of any and all notices, inspection reports or other communication from any governmental entity with respect to the conduct of QC Kinetix business which indicates the Franchisee’s failure to meet or maintain governmental standards, or less than substantial compliance by the Franchisee with any applicable law, rule or regulation, shall be forwarded to the Franchisor within five (5) days of the Franchisee’s receipt thereof. Franchisee agrees to indemnify us for any claims arising out of Franchisee’s failure to perform Franchisee’s obligations as described above.

It is Franchisee’s sole responsibility and absolute obligation to research all applicable federal, state and local laws and regulations governing the operation of QC Kinetix Franchised Business including, but not limited

to, Stock Laws, U.S. Department of Health and Human Services (“HHS”), and other medical industry-related laws. Franchisee must secure and maintain in force all required licenses, permits and certificates, including but not limited to a health care professional license, relating to the operation of QC Kinetix Franchised Business and must at all times operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations (including without limitation, regulations relating to safety, truth in advertising, occupational hazards, health, laws relating to non-discrimination in hiring and accessibility, worker’s compensation and unemployment insurance). Franchisor makes no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise will be required for Franchisee in the Franchisee’s Territory in connection with QC Kinetix Franchised Business. It is Franchisee’s sole responsibility to identify and obtain all authorizations necessary for operation. Franchisee agrees to maintain high standards of honesty, integrity, fair dealing and ethical conduct in all business activities.

Franchisee shall agree to comply and/or assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to antiterrorist activities, including without limitation the U.S. Patriot Act, Executive Order 13224 and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Franchisee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to the Franchised Business as may be required by law. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that Franchisee’s indemnification responsibilities in this Agreement pertain to Franchisee’s obligations hereunder.

8.12 Use Approved Equipment, Services, Vendors and Suppliers.

Franchisee acknowledges that we have spent considerable time in developing the Services, processes, methods and technology used in the operation of QC Kinetix business. Accordingly, Franchisee acknowledges that Franchisee is to use only our approved products, equipment and services from Franchisor, its affiliates or approved vendors and suppliers that includes, but is not limited to: furniture and fixtures used for health care clinics, test kits, equipment, computers, POS system, software, camera surveillance systems, televisions, projectors and screens, apparel, proprietary products (which are products that carry QC Kinetix brand), merchant services, mobile application services (if developed), miscellaneous forms, promotional merchandise, souvenirs, advertising, marketing materials,; décor items and signage necessary for the operation of the Franchised Business. We may derive income through license fees, promotional fees, advertising allowances, rebates or other monies paid by approved vendors and/or suppliers. We do not know the precise basis of these payments because we have never previously collected them. If we require Franchisee to buy from us, the equipment and/or product’s price and quality will be comparable to similar equipment and/or products from other sources. We may take a portion of that income to spend on advertising or place in a separate franchise advertising account. Franchisee agrees that we may periodically and upon written notice, add to, modify or change such approved equipment, products, vendors and suppliers. Franchisee promises to promptly accept and implement, in the operation of the Franchised Business, all such additions, modifications and changes at Franchisee’s expense. In addition, Franchisee acknowledges that:

(a) We have spent considerable time designing the decoration and outfitting of a QC Kinetix business containing equipment, furnishing, fixtures, décor items and signage. This is part of our trade dress. Franchisee must purchase such items from us and/or our affiliates or approved vendors as specified in the Operations Manual.

(b) To ensure the consistent high quality and uniformity of Services provided by QC Kinetix Franchised Businesses, Franchisee must purchase equipment, products, and services (as described above) from Franchisor, its affiliates or approved vendors who demonstrate to Franchisor’s continuing satisfaction an ability to meet Franchisor’s standards and specifications. Franchisor is not liable to Franchisee for any loss or damage, or deemed to be in breach of this Agreement, if Franchisor, its affiliates

or approved vendors and/or suppliers cannot deliver, or cause to be delivered, Franchisee's order of equipment, products or services where such items are out-of-stock or discontinued. Franchisee is prohibited from purchasing unapproved equipment, products and services from unapproved vendors and/or suppliers who are not on Franchisor's approved list without Franchisor's written approval.

(c) In approving any vendor, Franchisor may consider factors such as: price, quality, composition, performance, technical specifications, delivery, safety, design, durability, service maintenance programs, determination of quality control, value, customer service, prompt attention to complaints, litigation against the supplier, any product recalls instituted by the United States Consumer Product Safety Commission, the supplier's financial strength and capacity to supply franchisee's needs promptly, reliably, and cost effectively. All vendors and suppliers must be approved in writing by Franchisor and may be disapproved by Franchisor anytime thereafter. If Franchisee desires to use or sell equipment, products, supplies or services that have not been approved by Franchisor or are unique to Franchisee's area, then Franchisee shall submit to Franchisor a written request for such approval. Franchisor shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. Such approval or disapproval shall be made by email or any other form of written communication. If Franchisor does not approve such equipment, products, supplies, vendors, suppliers or services by written notice to Franchisee within this thirty (30) day period, the equipment, products, supplies, vendor, supplier or service will be deemed disapproved. Franchisor shall have the right to require, as a condition of its approval and review, that its representatives are permitted to inspect the facilities of the proposed vendor and that the proposed item is delivered to Franchisor or its designee for testing. The cost of such inspection and testing shall be paid by Franchisee, vendor or supplier and Franchisor shall not be liable for damage to or for the return of any sample. Franchisor reserves the right, at any time, to re-inspect the facilities and to retest any equipment or product of any approved vendor and to revoke any approval if the vendor fails to continue to meet Franchisor's high standards.

(d) Franchisee will not make any claims against us or our affiliates with respect to any vendor and/or related supplier for any equipment, products, supplies or services (as described above) necessary for the operation of the Franchised Business (and/or our designation of, or our relationship with, any vendor/supplier/products). THE FRANCHISOR MAKES NO WARRANTIES REGARDING ANY VENDOR EQUIPMENT, PRODUCTS OR SUPPLIES, AND HEREBY DISCLAIMS THE IMPLIED WARRANTY OF MERCHANTABILITY AND THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE. FRANCHISEE HEREBY AGREES THAT SUCH DISCLAIMER IS AN ESSENTIAL PART OF THE BARGAIN, AND THAT THE FRANCHISOR WOULD NOT HAVE ENTERED INTO THIS TRANSACTION ABSENT SUCH DISCLAIMER. Any claim with respect to any vendor-related and/or similar matters shall be made only against the vendor in question. Franchisee will provide us with written notice prior to taking any action in connection with such a claim. Franchisor will use diligent efforts to assist Franchisees in resolving any disputes with vendors approved and/or designated by us.

(e) Franchisee must inspect all equipment and products promptly upon receipt and may reject any equipment or product that fails in any material respect to conform to manufacturer's description. Any equipment or product that has not been rejected within forty-eight (48) hours upon receipt shall be considered accepted by Franchisee. Rejected equipment or products must be returned to the manufacturer within three (3) days of the date on which manufacturer authorizes the return or as manufacturer specifies.

(f) Notwithstanding anything to the contrary contained in this Agreement, Franchisee acknowledges and agrees that, at Franchisor's sole option, Franchisor may establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers who are willing to supply all or some QC Kinetix Businesses with some or all of equipment, products or

services (as defined above) that Franchisor requires for use and/or sale in the development and/or operation of the Franchised Business. In this event, Franchisor may limit the number of approved vendors with whom Franchisee may deal, designate sources that Franchisee must use for some or all of the above items and/or refuse any of Franchisee's requests to approve vendors or suppliers if Franchisor believes that this action is in the best interests of the System. Franchisor shall have unlimited discretion to approve or disapprove of the vendors who may be permitted to sell such items to Franchisees.

(g) Franchisee agrees to purchase, use, maintain and update at Franchisee's expense all computers, point of sale, "POS" system, software and camera surveillance system that meet our specifications, as we may modify them. Franchisee agrees to maintain all computers, POS and camera surveillance systems on-line to allow us to access system data and information. Franchisee agrees to comply with our then-current Terms of Use and Privacy Policies and any other upgrade requirements regarding all computers, POS system, camera surveillance system and software, including Internet usage. Supplier and/or licensor charges for use, maintenance, support and/or updates of and to such required items are the Franchisee's responsibility.

(h) Franchisor cannot estimate the future costs of the computers, POS system, software and camera surveillance system or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining term, Franchisee agrees to incur the costs of obtaining the computers, POS system, software, camera surveillance system (including any additions and modifications) and required service and support. Franchisor has no obligation to reimburse Franchisee for any such costs. Within ninety (90) days after Franchisee receives notice from Franchisor, Franchisee agrees to obtain the computers, POS system, software, camera surveillance system and components that we designate. In addition, Franchisee will ensure that its computers, POS systems, software and camera surveillance system as modified, is functioning properly.

(i) Franchisee acknowledges that neither we nor our affiliates, will have any liability and/or obligation (and neither you or any managing partners, managing members, members, shareholders or other Owners of Franchisee will make any claims) about any loss of data, loss of information, inability to use, failures, errors or any other occurrences relating to any computer hardware or software, POS system, camera surveillance system or software without an express written warranty from us, even if recommended or specified by us. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting themselves from these problems. Franchisee must also take reasonable steps to verify that information about Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee rely, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems and use of backup systems.

(j) Franchisor may set standards or specifications for leases, real estate, the construction and build-out of the Franchised Business; equipment, furniture, fixtures, décor items, signage, Internet or network access, and services, at its discretion, including its subjective determinations relating to quality, value and appearance.

Nothing in this Agreement shall be construed to be a promise or guarantee by Franchisor as to the continued existence of any particular equipment or product nor shall any provision herein imply or establish an obligation on the part of the Franchisor and its affiliates to sell equipment, products or services to Franchisee if Franchisee is in arrears on any payment to Franchisor, its affiliates, or any other designated vendor or approved supplier, or otherwise is in default under this Agreement. If Franchisee fails to pay for each shipment of equipment or products (if required), Franchisor or its affiliates shall not be obligated to sell such items to Franchisee.

8.13 Use Approved Design and Signage for Franchised Business. In operating QC Kinetix Franchised Business, Franchisee must adhere to Franchisor's signage standards, and utilize signage designs in accordance with the standards and specifications recommended by Franchisor, or that will continue to be recommended by Franchisor. Franchisee may use an approved supplier for signage, or submit an alternate supplier to Franchisor for approval. Franchisee shall purchase or lease, subject to local building codes and regulations, such signs that provide maximum displays of the Marks of Franchisor. Franchisee shall be totally responsible for obtaining and equipping the Franchised Business with the signage that is approved for use by Franchisor from time to time. The color, size, design and location of said signage shall be as specified and/or approved by us. Franchisee shall not place additional signs, posters, newspaper racks, video games, juke boxes, gaming machines, gum machines, games, rides, vending machines or other similar devices and décor items in the Franchised Business without our prior written consent.

8.14 Participation in the Operation of the Business. Franchisee acknowledges that the Franchised Business must at all times be under Franchisee's direct, day-to-day, full-time supervision (or if you are an Entity, then the Manager). The requirements of the Manager are as stated in Section 1.6(e) of this Agreement. The medical staff must be supervised by a doctor, whose physical presence is not required, but shall supervise the medical providers.

8.15 Maintain Regular Business Hours. Franchisee's Franchised Business must be open for business as set forth in our Operations Manual.

8.16 Maintain Uniform Operating Standards. Franchisee understands and acknowledges that every detail in the operation of the Franchised Business is important to the Franchisee, Franchisor and other franchisees in order to develop and maintain uniform operating standards, to increase the demand for the Services and Products offered by the Franchised Business under the System, and to protect Franchisor's Marks, reputation and goodwill.

Franchisee acknowledges and agrees that the System must continue to evolve in order to reflect changing market conditions and meet new and changing customer demands. As a consequence, changes, modifications and variations to the System's standards may be required from time to time to preserve and enhance the public image of the System and enhance the operational efficiency of all franchises.

Franchisee therefore agrees that we may periodically and upon written notice, add to, modify or change the System, including without limitation the adoption and use of new or modified trademarks, equipment, Services, signage, décor, furnishings, fixtures, computers, Software, non-proprietary software, security system, membership billing procedures, programs and services, employee hiring guidelines and retention programs, advertising, sales and marketing strategies. Franchisee promises to promptly accept, implement, execute, use and display in the operation of the Franchised Business, all such additions, modifications and changes at Franchisee's expense.

Franchisor will not require Franchisee to make any changes, modifications and/or variations to the System that are not required of all Franchisees (unless such change, modification or variation relates only to certain Franchisees due to one or more unique factors such as geographic location, local laws, regulations or customs); further Franchisor may periodically meet with representative groups of franchisees and solicit their input prior to the implementation of any material change or modification. Franchisees failure to comply with additions, modifications or changes to the System within ninety (90) days of such written notice is an incurable default of this Agreement, except as allowed in Section 8.6 of this Agreement.

8.17 Telephone Number of Business and Websites. Franchisee understands and agrees that the telephone number(s), the URL address, and website for the Franchised Business (in addition to any cell phone numbers) constitute a part of the System and are subject to the restrictions of this Agreement.

Accordingly, Franchisee shall not change the telephone number(s), URL address, or website for the Franchised Business without prior notice and written approval by Franchisor. Franchisee shall advertise and publicize the telephone number(s) and, permitted by Franchisor, the URL address, and website for the Franchised Business in the manner prescribed by Franchisor. As stated above, all telephone numbers, URL addresses, website, Internet or similar connections, directory and listings for the Franchised Business are the Franchisor's property and upon termination will revert to the Franchisor.

8.18 Disclose Discoveries and Ideas to Franchisor. Franchisee shall promptly disclose to Franchisor all products, equipment, discoveries, concepts, methods, techniques, processes, programs, operational procedures, inventions or ideas, whether patentable or not, relating to Franchisor's business, which are conceived or made by Franchisee or any Owner, agent, or employee of Franchisee solely or jointly with others, during the term of this Agreement, whether or not Franchisor's facilities, materials, or personnel are utilized in the conception or making of such discoveries or ideas. Franchisee hereby acknowledges and agrees that all such products, discoveries, concepts, methods, techniques, processes, programs, operational procedures, inventions or ideas are the exclusive property of Franchisor, and that Franchisor shall have no obligation to Franchisee. The Franchisor shall own all copyrights and other intellectual property rights to all discoveries and products proposed by Franchisee. However, as a matter of corporate policy, Franchisor may, in its sole discretion, create an incentive program to reward Franchisee, its Owners, employees or agents for any such new product, program, discovery, concept, method, technique, process or improvement that Franchisor implements throughout the System. The Franchisee, its officers, directors, managers, members, partners or shareholders agree to execute all documents deemed reasonably necessary by the Franchisor to assign all such patent, trade secret, trademark, and copyright rights in any Franchisee discovery or idea to the Franchisor. The purpose of this clause is to ensure that ideas for improvements to the System that may be generated by Franchisees within the System will be distributed to the other Franchisees as a benefit of belonging to the System. The Franchisee agrees to execute all documents that the Franchisor deems reasonably necessary to carry out such transfer of intellectual property rights to the Franchisor.

8.19 Permit Franchisor to Enter Business. Franchisee shall permit Franchisor and its agents or representatives to enter the Franchised Business during normal business hours for the purpose of conducting inspections without notice to Franchisee and inspect the operations of the Franchised Business, review business operations (which includes photographing and taking video or digital recordings of the operations of the Franchised Business and execution of Services for observation purposes). In addition, Franchisor may use secret shoppers to inspect and ensure that unauthorized equipment, supplies and Services are not being used, offered or sold. Franchisee shall cooperate fully with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be deemed necessary to immediately correct any deficiencies detected during such inspections. In the event Franchisee fails or refuses to promptly correct any deficiency detected during such inspection, Franchisor shall have the right to make or cause to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand. In addition, to maintain the highest degree of quality, if Franchisee fails an inspection twice in any twelve (12) month period the Franchisee will also be responsible for a \$1,500 inspection fee. The foregoing shall be in addition to any other remedies Franchisor may have pursuant to this Agreement.

8.20 Additional Requirements for Corporate Franchisee. If Franchisee is or becomes a corporation, limited liability company, general or limited partnership or other organization or entity, the following requirements shall apply:

(a) Franchisee shall confine its activities to the establishment and operation of the Franchised Business within the Territory;

(b) Franchisee's Certificate of Formation, Articles/Certificates of Incorporation or Articles of Organization, Shareholders Agreement, Operating Agreement, Partnership Agreement and/or Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to the operation of the Franchised Business and that the issuance, redemption, purchase for cancellation and transfer of voting stock, voting membership units or other ownership interest therein, is restricted by the terms of this Agreement. Franchisee shall furnish Franchisor promptly upon request copies of Franchisee's Articles/Certificates of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, Shareholders Agreement, and other governing documents, and any other documents we may reasonably request, and any amendments thereto, from time to time;

(c) Franchisee shall maintain a current list of all owners of record and beneficial owners of any class of voting stock, partnership interest or membership of Franchisee and shall furnish such list to Franchisor upon request;

(d) Franchisee shall maintain stop transfer instructions against the transfer on its record of any equity securities (voting or otherwise) except in accordance with the provisions of this Agreement. All securities issued by Franchisee shall bear the following legend, which shall be printed legibly and conspicuously on each stock certificate, membership unit certificate, partnership unit certificate, or other evidence of ownership interest:

THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF THE FRANCHISE AGREEMENT WITH QC FRANCHISE GROUP LLC AS OF THE SIGNING DATE. REFERENCE IS MADE TO SAID AGREEMENT AND TO THE RESTRICTIVE PROVISIONS OF THE ARTICLES AND BYLAWS OF THIS ENTITY;

(e) All shareholders, members, general partners and others of Franchisee shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of this Agreement; provided, however, that these requirements shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "**Publicly-Held Corporation**");

(f) Each individual or Entity holding a ten percent (10%) or greater ownership or beneficial ownership interest in the Franchisee's business, directly or indirectly, (including each individual holding a fifty percent (50%) or greater interest in any partnership, limited liability company, or corporation which has a ten percent (10%) or greater interest in the Franchisee's business) shall enter into a continuing guaranty agreement, in the form attached hereto as Schedule 1 as such form may be amended or modified by Franchisor, from time to time (if such guaranty agreement is to be executed after the date of this Agreement in accordance with the terms of this Franchise Agreement); and

(g) From and after the date of this Agreement, Franchisee and its Owners shall not sell, transfer, assign, pledge, mortgage, hypothecate or encumber all or any direct or indirect ownership interest in Franchisee without first obtaining Franchisor's written consent in which consent shall be approved or denied within thirty (30) days of Franchisee's request.

8.21 Site Selection. Franchisee assumes all costs, liability, expense, and responsibility for locating, obtaining and developing a site for the Franchised Business to be established under the Franchise Agreement and for equipping the Franchised Business at such premises. The space for QC Kinetix® Franchised Business must be enclosed and separate from other businesses with its own locking door. Franchisee may buy or lease the required real property and improvements from any source and on terms approved by Franchisor in writing. Franchisee may not sign a lease (or a contract to purchase the premises,

if applicable) for the Franchised Business until Franchisee has obtained Franchisor's written approval. Franchisee must not invest any monies for a site which Franchisee wishes to open a Franchised Business until Franchisee has obtained Franchisor's written approval for the site which will be made by email or any other form of written communication. On the execution of any lease for the Franchised Business, Franchisee will deliver to Franchisor a copy of the executed lease and an option to assume the lease executed by the lessor in favor of Franchisor in a form acceptable to Franchisor. All improvements to the Franchised Business facility must be approved by Franchisor.

FRANCHISEE ACKNOWLEDGES THAT OUR APPROVAL OF A PROSPECTIVE SITE AND THE RENDERING OF ASSISTANCE IN THE SELECTION OF A SITE DOES NOT CONSTITUTE A REPRESENTATION, PROMISE, WARRANTY, OR GUARANTEE BY US THAT QC KINETIX® FRANCHISE OPERATED AT THAT SITE WILL BE PROFITABLE OR OTHERWISE SUCCESSFUL.

Franchisee acknowledges that we have spent considerable amount of time choosing and creating the decoration and outfitting QC Kinetix business. It is part of our trade dress. Franchisee acknowledges and agrees that the design, layout and other characteristics of the Franchised Business constitute and/or contain Confidential Information and/or Trade Secrets of ours. Franchisee agrees that the Franchised Business shall be maintained and operated as follows:

(a) Franchisee will maintain the Franchised Business and every component of the clinic, equipment, furnishings, fixtures, computers, POS system, camera surveillance system, televisions and other electronics in good order and repair at all times as specified in the Operations Manual;

(b) Franchisee will keep the Franchised Business fully insured as specified in this Agreement and in the Operations Manual and will only purchase insurance through approved insurance vendors/brokers;

(c) Franchisee will keep the Franchised Business at all times in a clean and tidy condition and free of any advertising and promotional material other than that required by law or the Operations Manual, and will exhibit such signage, décor, murals, colors and logos in the Franchised Business and upgrade or review the same as specified in the Operations Manual;

(d) Franchisee will not alter or in any way amend the appearance of the Franchised Business, or any equipment, furnishings, fixtures, computers, POS system, camera surveillance system, televisions and other electronics contained within the Franchised Business as specified in the Operations Manual;

(e) Franchisee will maintain all equipment, furnishings, fixtures, computers, POS system, camera surveillance system, televisions, other electronics and signage as specified from time-to-time in the Operations Manual and may be required to upgrade such items as technology advances or in Franchisor's sole discretion because of new functionality so as to always use our then-current specifications;

(f) Franchisee shall maintain the cleanliness of the Franchised Business and use a professional cleaning service. Franchisee shall also meet and maintain the highest level of health standards and ratings applicable to the operation of the Franchised Business. Franchisee shall furnish to Franchisor, within five (5) days after receipt thereof, a copy of all inspection reports, warnings, citations, certificates and/or ratings resulting from inspections conducted by any federal, state or local governmental authority with jurisdiction over the Franchised Business; and

(g) Franchisee may be required to use only approved service centers for repairs and maintenance of equipment, furnishings, fixtures, computers, POS system, camera surveillance system, televisions, other electronics and signage in the Franchised Business.

Franchisee shall not execute a lease or sublease for the Franchised Business, or make any modifications or amendments to the lease or sublease, without our prior written consent, which we may grant, condition or withhold in our Business Judgment. Franchisee will deliver to Franchisor a copy of any lease or sublease for Franchisor's review at least thirty (30) days before execution. Franchisee must deliver a copy of the signed lease or sublease to us within five (5) business days after it is signed. Franchisee shall ensure that the lease or sublease for the Franchised Business contains, in an addendum or otherwise, the following provisions which:

(a) Permit Franchisee to operate the Franchised Business in accordance this Agreement and the Manuals;

(b) Provide that the site will be used only for the operation of QC Kinetix Franchised Business, and prohibit Franchisee from assigning or modifying any of Franchisee's lease rights, or extending the term without our prior written consent;

(c) Require the lessor to concurrently provide us with a copy of any written notices of default of Franchisee under the lease and give us the right to cure any default if we so choose; within fifteen (15) days following the expiration of the Franchisee's cure period under the lease;

(d) Provide us with a right to take assignment and possession of QC Kinetix Franchised Business, without the lessor's consent or any additional consideration. If we exercise this right and Franchisee is in good standing, we will agree to pay the same rent Franchisee is paying. In any case, we will not assume any liability for any obligations incurred prior to our occupancy. Franchisee agrees to take whatever actions are necessary to accomplish such assignment and will, when you sign this Agreement, also sign the Collateral Assignment of Lease attached as Schedule 5. If Franchisee loses lease rights to the site in connection with any bankruptcy, the lessor will, on our request, enter into a new lease with us on essentially the same terms as the terminated lease;

(e) Provide that the lessor consents to the use of the Marks, trade dress and other aspects of the System, as modified from time-to-time, and give us the right to enter the premises during normal business hours for purposes of inspection, to take steps to protect the Marks and Trade Dress and/or prevent/cure any default; and

(f) Not contain any clause providing that if the Franchisee sells the assets of its Business, or the stock/membership units/partnership units of the Franchised Business, Franchisee must pay the landlord a certain percentage or a flat amount of the sale. Provided, that nothing in this sentence shall impair the Franchisee from entering into a lease that allows its landlord to impose a reasonable administrative fee for processing the assignment or sublease.

8.22 Development and Construction of Franchised Business. Franchisee must select and employ licensed architects and contractors reasonably acceptable by us for the complete build out and/or any leasehold improvements. Franchisee is solely responsible for the selection and work of any contractor selected and/or employed by Franchisee, even if referred by Franchisor, and for the preparation of architectural and working drawings necessary to complete construction and/or build out at the approved Franchised Business location. Franchisee will be provided with mandatory requirements and specifications (interior and exterior) for the build out of the Franchised Business which includes specifications for Franchised Business layout, the design and specifications of each Franchised Business, equipment

specifications, storage, furnishings, fixtures, sound system, camera surveillance system, décor and signage. Franchisor must review Franchisee's architect's final plans prior to implementation. Such plans and specifications are subject to alteration as may be necessary in Franchisor's sole discretion and Franchisee must be in full and strict compliance with plans and specifications approved by Franchisor. Franchisee is responsible for the cost and installation of all build out specifications. Franchisor reserves the right to receive rebates, commissions or other forms of consideration from designated or approved vendors and suppliers involved in the construction of Franchisee's Franchised Business or supplying room equipment, furniture, fixtures, camera surveillance system, décor and signage for the Franchised Business and to use such rebates, commissions or other consideration in any way Franchisor deems appropriate in Franchisor's sole discretion, without obligation to share or remit any portion of such rebates, commissions or other consideration to Franchisee.

Franchisor expects that a QC Kinetix® Franchised Business location would need construction improvements. Costs may vary widely depending on such factors as property location, size of the property, the condition of the property, the extent of alterations required for the property. Franchisee shall be responsible for obtaining all zoning classifications, health, sanitation, clearances, permits and certifications which may be required by state or local laws, ordinances, or regulations or which may be necessary or advisable owing to any restrictive covenants relating to Franchisee's location. After having obtained such approvals and clearances, Franchisee shall submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Once approved by Franchisor, such final plans shall not thereafter be changed or modified without the prior written permission of Franchisor. Any such change made without Franchisor's prior written permission shall constitute a material default under this Agreement and Franchisor may withhold its authorization to open the Franchised Business until the unauthorized change is rectified (or reversed) to Franchisor's reasonable satisfaction.

Franchisee shall comply with all federal, state and local laws, codes and regulations, including without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Franchised Business. If Franchisee receives any complaint, claim or other notice alleging a failure to comply with the ADA or other law or regulation related to health or safety, Franchisee agrees that it shall provide Franchisor with a copy of such notice within five (5) days after receipt thereof.

Franchisee shall construct, furnish and open the Franchised Business according to the requirements contained herein and the Manual, and Franchisee shall open the Franchised Business no later than six (6) months from the Effective Date. Time is of the essence. Prior to opening for business, Franchisee shall provide Franchisor with evidence of lien-free completion of all work (including, without limitation, any and all mechanic liens) and to comply with all pre-opening requirements set forth in this Agreement, the Operations Manual, and/or elsewhere in writing by Franchisor.

Franchisee shall not open the Franchised Business until Franchisor has determined that all construction has been substantially completed, and that such construction conforms to Franchisor's standards including, but not limited to: materials, quality of work, design and layout, equipment, furnishings, fixtures, camera surveillance system, signage, decor, paint and Franchisor has given Franchisee written approval to open, which approval shall not be unreasonably withheld. Franchisor's approval to open the Franchised Business does not constitute a waiver of Franchisor's right to require Franchisee to conform the Franchised Business to Franchisor's standards.

8.23 Training. Prior to Franchisee's opening of the Franchised Business to the public, Franchisee, its Owners if it is an Entity, or General Manager shall complete to our satisfaction the five (5) day training program required by this Agreement and set forth in the Operations Manual and the Franchise Disclosure Document. This training could be increased to as much as ten (10) days. In addition, each medical provider providing medical services must successfully pay for, attend and complete laboratory based training

provided by us, or an approved supplier, before engaging in providing medical services, (“**Provider Training**”).

At our option, key personnel subsequently employed by Franchisee shall also complete the training program. We may, at our discretion, make available additional training programs, certifications, seminars, as well as refresher courses available to the Franchisee and/or Franchisee’s designated individual(s) from time to time. We may, at any time, discontinue management training and decline to certify Franchisee and/or Franchisee’s designated individual(s) who fail to demonstrate an understanding of the management training acceptable to us. If Franchisee or Franchisee’s designated individual’s management training is discontinued by us, Franchisee shall have thirty (30) days to present an alternative acceptable candidate for management training to Franchisor. If Franchisee’s new candidate does not adequately complete the management training, then we shall have the option of terminating this Agreement. We shall provide instructors and training materials for all required training programs; and Franchisee, its Owners, General Manager and/or any of its employees who attend the training shall be responsible for all other expenses incurred in connection with any training programs, including, without limitation, the cost of transportation, lodging, meals, and wages.

8.24 Ongoing Training and Support. The Franchisee will have access to our personnel for questions, ongoing training and support by e-mail. Franchisor will continue to consult with and advise Franchisee to answer any questions from Franchisee or its staff, provide the Manual specifications; equipment, Product, vendor, supplier, marketing and operational updates as they become available; review advertising, equipment, product, vendor and/or supplier approval requests; and administer the System Advertising Fund.

9. INSURANCE

9.1 Overall Coverage Required. Before Franchisee opens QC Kinetix® Franchised Business, Franchisee must purchase insurance coverage from a responsible carrier with a performance rating of A or higher as rated in the most recent edition of Best Insurance Reports (or comparable criteria as we may specify) and Franchisee must maintain such insurance throughout the duration of the initial term of the Franchise Agreement and any renewal terms. The types, amounts, and terms of coverage are subject to adjustment from time to time by Franchisor in its sole discretion. Franchisee shall list Franchisor as additional insured on all its insurance policies.

Franchisee will procure and maintain general comprehensive liability insurance, including broad form contractual liability, broad form property damage, general tort, premises damage, personal and advertising injury, completed operations, products liability and fire damage. with a minimum policy limit of \$2,000,000 per occurrence and \$2,000,000 aggregate (this policy should include general tort, premises damage, personal and advertising injury should be at least \$1,000,000) in addition to property and casualty insurance with a minimum policy limit of \$1,000,000 or an amount specified by the Franchisor.

Franchisee must require that the PC carry professional liability coverage for all Affiliated Physicians and affiliated non-physician clinical personnel with limits of \$1,000,000 per occurrence/\$3,000,000 aggregate or as required by state law, whichever is greater.

Franchisee must also procure and maintain “**All Risks**” or “**Special Form**” insurance (coverage for the full cost of replacement of the Business premises and all other property in which Franchisor may have an interest with no coinsurance clause) in addition to business interruption insurance to fully insure loss of earnings attributed to all perils commonly insured against by prudent business owners (including lost royalties, national advertising and other fees due to Franchisor and/or Franchisor’s affiliates), or attributable to prevention of access to the Business, with coverage for a period of interruption of one-hundred and eighty

(180) days or longer, with a stated daily loss limit of \$10,000 per day and statutory workers' compensation insurance with limits of greater than \$100,000 or the minimum limits required by law.

Franchisee must also procure and maintain professional liability insurance that covers Franchisee for damages caused by Franchisee that do not result in property or bodily injury with a minimum policy limit of \$1,000,000 or an amount specified by the Franchisor.

For any construction, renovation, refurbishment or remodeling of the site, Franchisee must require that the general contractor maintain, with an approved insurer, commercial general liability insurance (with comprehensive automobile liability coverage for both owned and non-owned vehicles, builders risk, product liability and independent contractor's coverage) with limits of no less than \$1,000,000 per claim, naming Franchisee and us as additional insureds, as their interests may appear, together with workers' compensation and employer's liability insurance as required by law and as required by the lease. It is Franchisee's responsibility to obtain certificates of insurance from the contractor prior to the initiation of any construction.

Franchisee must acquire and maintain employment practices liability insurance that covers Franchisee and Franchisee's Business against claims made by employees, former employees or potential employees for discrimination, wrongful termination, sexual harassment and other employment related obligations in the amount of \$250,000 per accident for bodily injury, \$250,000 policy limit for bodily injury by disease, and \$250,000 per employee for bodily injury by disease.

Franchisee must also acquire and maintain Umbrella Liability Insurance in the amount of \$1,000,000 per occurrence and in the aggregate.

Franchisee must also acquire and maintain Cyber Liability Insurance and Data Breach in the amount of \$100,000 per occurrence and \$100,000 aggregate.

Franchisee shall also acquire tenant's liability insurance (if applicable); any other insurance required by the state or locality in which the Franchised Business is located and operated, in such amounts as required by statute; and other insurance coverage, as we or the landlord may reasonably require.

All insurance policies will name Franchisor as certificate holder and additional named insured with waiver of subrogation against Franchisor. Franchisor may establish minimum standards for coverage to be met by underwriters for insurance. Before beginning operations, Franchisee will obtain any other liability insurance required by law, provide Franchisor with certificates of insurance within ten (10) days of issuance, and maintain all required insurance during the term of this Agreement. Franchisee shall also furnish Franchisor with certificates and endorsements evidencing insurance coverage within ten (10) days after each of the following events (i) at all policy renewal periods, no less often than annually and (ii) at all instances of any change to, addition to or replacement of any insurance. Lapses, alterations, or cancellations require immediate notice to Franchisor and shall, in Franchisor's sole discretion, be deemed an immediate material breach of this Agreement. If Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but shall not be obligated to, pay the premiums or acquire insurance, and bill Franchisee. Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure such insurance. Franchisor may change these insurance requirements on thirty (30) days' prior written notice to Franchisee.

Franchisee's insurance will cover all claims for injury, damage and death or otherwise, arising directly or indirectly out of the Franchised Business.

Franchisee shall notify Franchisor immediately in writing of any event that could materially affect Franchisee or the Franchised Business, and no later than the date on which Franchisee notifies its insurance carrier.

Franchisor makes no representation or warranty to Franchisee that the amount of insurance to be carried by Franchisee under the terms of this Agreement is adequate to fully protect Franchisee's interest. If Franchisee believes that the amount of any such insurance is insufficient, Franchisee is encouraged to obtain, at its sole cost and expense, such additional insurance as it may deem desirable or adequate. Franchisee acknowledges that Franchisor shall not, by the fact of approving, disapproving, waiving, accepting, or obtaining any insurance, incur any liability for, or with respect to, the amount of insurance carried, the form or legal sufficiency of such insurance, the solvency of any insurance companies or the payment or defense of any lawsuit in connection with such insurance coverage, and Franchisee hereby expressly assumes full responsibility therefore and all liability, if any, with respect thereto.

Franchisee's compliance with insurance requirements shall not relieve Franchisee of its liability under the indemnity provisions of this Agreement. Obligations to maintain insurance coverage will not be affected by reason of any separate insurance maintained by us, nor will the maintenance of such insurance relieve Franchisee of any obligations under this Agreement.

Franchisee shall furnish Franchisor with certified copies of each of the insurance policies described above on the earlier of the opening of the Franchised Business or sixty (60) days following the date this Agreement is executed.

10. ACCOUNTING AND RECORDS

10.1. Bookkeeping, Accounting and Records. Franchisee acknowledges that the maintenance of accurate financial records and the preparation of financial statements on a timely basis are essential to the efficient operation of the Franchised Business. Franchisee is permitted to generate their own accounting statements at this time but is required to utilize Franchisor's mandated chart of accounts, income and balance sheet format. Franchisee is required to use QuickBooks online for their accounting and is required to give Franchisor fill-time read-only live electronic access to you financial records. If Franchisee does not maintain our accounting and reporting standards, Franchisee may be required to migrate to an external accounting firm designated by Franchisor.

Franchisee shall maintain during the term of this Agreement and shall preserve for a minimum of five (5) years, full, complete accurate records of sales, payroll, accounts payable and accounts receivable in accordance with the standard accounting system described by Franchisor in the Operations Manual or otherwise specified in writing however state or federal guidelines may require a longer time period. Franchisee will keep its books and records related to this business separate from any other business owned by Franchisee or its principals. Any such separate business will be conducted by a separate entity.

Franchisee will provide Franchisor all hard copy and electronic reports Franchisor prescribes. On or before each Tuesday of the following week or daily if Franchisor requires, Franchisee will deliver or provide electronic access to business records (Franchisor will have independent access to all information that Franchisee stores in any computer system), including an itemized report of Franchisee's Gross Revenue for the prior period on a form Franchisor prescribes, which will include payment for that periods' or months' fees due, and may include, to the extent that Franchisor requires:

(a) Franchisee's payroll records, certification or records of Gross Revenue for the month, week, day or period reported;

- (b) Copies of any receipts and contracts with updated location information in any format Franchisor specifies;
- (c) Copies of all invoices for purchases of equipment, products, and supplies;
- (d) Copies of all merchant account printouts received from the Franchisee's merchant account banking provided (i.e., records of credit and debit card transactions);
- (e) Copies of all bank deposits, and bank deposit records made by the Franchisee; and
- (f) A complete list of all customers, their email addresses, physical addresses and telephone numbers, who have filed a complaint (internally or with third parties such as the Better Business Bureau) or sought refunds for Services greater than \$1,000 during the preceding month, by the tenth (10th) day of each month.

Franchisee acknowledges and agrees that Franchisor, at all times during and after termination, expiration or cancellation of this Agreement, has the right to access (electronically or otherwise) all Business Records of the Franchised Business. Franchisor may use, transfer, copy or analyze such Business Records as Franchisor determines in its sole discretion to be in the best interest of the System. For purposes of this Agreement, "**Business Records**" means all records, documents, databases and the like (whether in print, electronic or other form), including all names, addresses, phone numbers, email addresses, customer purchase records, purchase or consignment arrangements, vendor records and all other records contained in databases created and maintained by Franchisee pertaining to the operation of an QC Kinetix® Franchised Business, including but not limited to customers, employees, vendors and other professionals related to the Franchised Business.

Franchisee will be required by us to obtain specified computers and may be required to use specific software, including, without limitation, a license to use the Software, or any of our vendors in accordance with this Agreement and the Operations Manual. Franchisee agrees to pay all costs in connection with obtaining the computers and Software, and Franchisee agrees to maintain, upgrade, etc. the computers and any additional licenses for the software at its own expense (upgrades, maintenance and support for the Software (if developed) will be provided by Franchisor). We have the right to charge a reasonable fee for any additional licenses, modification, maintenance and/or support of Software that we may license to Franchisee and other products and services that we may furnish to Franchisee related to the computer systems.

Franchisee will adopt a fiscal year as approved by us and prepare all financial reports in accordance with U.S. generally accepted accounting principles, consistently applied. Franchisee must periodically deliver to Franchisor accounting, tax and other information or copies of documents, as Franchisor requests.

10.2 Franchisor's Right to Audit. Franchisor or its agents may enter the Franchisee's location to examine or audit Franchisee's business at any reasonable time without notice. Franchisor may examine, inspect or audit Franchisee's database and Business Records, which records will include, but will not be limited to: payroll records, ledgers, consignment agreements, sales reports, timecards, check stubs, bank deposits, bank statements, merchant account printouts, receipts, sales tax records and returns, insurance policies and other documents. Franchisor will bear the cost of the audit, provided however, if Franchisee fails to report as required or understates Gross Revenue by two percent (2%) or more for any reported time period, in which case Franchisee will pay the audit costs plus interest at eighteen percent (18%) per annum (or one and one half percent (1.5%) per month) for all understated Gross Revenues or the maximum rate allowed by the laws of the State in which Franchisee's business is located as specified in the Operations Manual.

Franchisee will immediately pay Franchisor all sums owed. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

In addition to the cost of the audit described above, Franchisee shall reimburse Franchisor for any and all costs and expenses relating to the inspection (including, without limitation, travel, lodging and wage expenses and reasonable accounting and legal costs), and, at Franchisor's discretion, submit audited financial statements prepared, at Franchisee's expense, by an independent certified public accountant satisfactory to Franchisor. If an inspection discloses an understatement in any payment to Franchisor of two percent (2%) or more, twice within any two (2) year period, such act or omission shall constitute grounds for immediate termination of this Agreement, as set forth in this Agreement. The foregoing remedies shall be in addition to any other remedies we may have pursuant to this Agreement and as provided at law and in equity.

10.3 Method of Payment. All payments Franchisee makes to Franchisor will be by any method Franchisor specifies, including cash, check, certified check, money order, credit card, automatic pre-authorized payment plan, Internet, or electronic funds transfer. All payments to Franchisor and dollar amounts stated in this Agreement shall be made in United States Dollars unless otherwise expressed. If a conversion of royalties or other payments from another currency is made, the conversion shall be made as of the date the payment is due, or the date the payment is actually made, whichever is more beneficial to Franchisor. Franchisee is responsible for any fees associated with payment methods other than cash or check.

10.4 Submission of Financial Statements. Franchisor or a designated vendor shall be provided twenty-four (24) hour electronic access to the Franchisee's financial statements in a form required by Franchisor. At its option, Franchisor may require Franchisee to provide financial statements directly to the Franchisor or a designated vendor. Such statements will be prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP") according to any standard established by Franchisor, by an independent accountant, and will be delivered to Franchisor within ninety (90) days after Franchisee's fiscal year end.

10.5 Disclosure of Financial Statements. Franchisee hereby grants us permission to release to Franchisee's lenders or prospective lenders, Franchisor's purchasers or prospective purchasers, any financial and operational information relating to Franchisee and/or the Franchised Business; however, we have no obligation to do so. Should Franchisor have acquired Franchisee's Business and intends to sell it to a prospective franchisee, Franchisor may show such buyer Franchisee's financial statements and related information.

Franchisee also authorizes us to make reasonable inquiries of Franchisee's bank, suppliers, landlord, and creditors concerning the Franchised Business and hereby directs such persons and companies to provide to us such information and copies of documents pertaining to the Franchised Business as we may request.

11. USES OF NAMES AND MARKS

11.1 Marks are Owned by Franchisor. Franchisor warrants with respect to the proprietary Marks that:

(a) Pursuant to a License Agreement between Franchisor and QC Holdings LLC, the Franchisor has been granted the right to use the Marks to establish QC Kinetix® franchises in the United States.

(b) Franchisor will take such steps as Franchisor deems reasonably necessary to preserve and protect the ownership and validity of such Marks; and

(c) Franchisor will use and permit Franchisee and other franchisees to use the Marks in compliance with the System and standards attendant thereto and contained in the Operations Manual as well as the Franchisor's policy statements, which underlie the goodwill associated with and symbolized by the Marks.

11.2 Franchisee is Licensed to Use the Marks. With respect to Franchisee's franchised use of the Marks pursuant to this Agreement, Franchisee agrees that:

(a) Franchisee shall use only the Marks as are approved in writing by Franchisor for Franchisee's use, and shall use them only in the manner authorized and permitted by Franchisor and that in any use whatsoever of the Marks of Franchisor that the Marks are identified as being registered to or owned by Franchisor;

(b) Franchisee shall use the Marks only in connection with the operation of the Franchised Business and in advertising for the Franchised Business conducted at or from the Franchisee's website and accepted Franchised Business location;

(c) Franchisee shall use and display, as Franchisor may require in the operation of the Franchised Business, and on all social media landing pages, a notice in the form approved by Franchisor indicating that Franchisee is a "Franchise of QC Franchise Group LLC" and that the Marks are used by Franchisee under such Franchise. Franchisee must indicate to third parties that it is "independently owned and operated" and that Franchisor owns the Marks and Franchisee uses them under a license;

(d) Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Franchised Business under the Mark "QC Kinetix®";

(e) Franchisee's right to use the Marks is limited to such usages as are authorized under this Agreement, and any unauthorized use shall constitute an infringement of Franchisor's rights and material breach of this Agreement;

(f) Franchisee must obtain Franchisor's approval for any use of any item of printed material of any kind bearing any of the Marks unless Franchisor supplied the item. Franchisor shall approve or deny Franchisee's request, which approval is in our sole discretion, within thirty (30) days of receipt of Franchisee's written request. If we fail to respond to Franchisee's request within said thirty (30) day period, Franchisee's request shall be deemed denied. Franchisee shall use such notices of Trademark registrations and copyrights as Franchisor specifies;

(g) Franchisee shall not use the Marks to incur any obligations or indebtedness on behalf of Franchisor;

(h) Franchisee shall not use the Marks or any part thereof as part of its corporate or other legal name;

(i) Except as provided in this Agreement, Franchisee shall not use the Marks or any part thereof in any form on the Internet, including but not limited to, addresses, domain names, URL's, website, links, metatags, locators and search techniques;

(j) Franchisee shall comply with Franchisor's instructions in filing and maintaining the requisite trade name or fictitious name registration, and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Marks or to maintain their continued validity and enforceability;

(k) In the event any litigation involving Marks is instituted or threatened against Franchisee, Franchisee shall promptly notify Franchisor and shall cooperate fully with Franchisor in defending such litigation. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the sole opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other interested party in the Marks. Other than what is stated in this Agreement, Franchisor is not obligated to protect Franchisee's right to use the Marks or protect Franchisee against claims of infringement or unfair competition with respect to them and may direct Franchisee not to use the Marks or to change the Marks at Franchisee's expense. The Franchisor will control any and all such litigation, arbitration, and mediation involving the Franchisor's Marks. The Franchisee has no authority to institute any litigation, file and arbitration, or institute any request for mediation regarding the Franchisor's Marks, nor does the Franchisee have any authority to enter into any settlement negotiations. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously;

(l) During the term of this Agreement and any renewal, Franchisee shall identify itself as the owner of the Franchised Business in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts, and contracts, as well as at such conspicuous locations on the premises as may designate in writing. The form and content of such identification shall comply with standards set forth in the Operations Manual; and

(m) Franchisee further agrees to follow all of the Franchisor's quality standards that are inherent in the Marks. Such quality standards are contained in the Manual, as well as various memos or policy statements issued by the Franchisor, and may be changed from time to time at the Franchisor's sole discretion.

11.3 Franchisee Will Not Challenge Franchisor's Rights in Its Use of Marks. Franchisee expressly understands and acknowledges that:

(a) As between the parties hereto, Franchisor is the owner of all right, title, and interest in and to the Marks and the goodwill associated with and symbolized by them;

(b) The Marks are valid and serve to identify the System and those who are franchised under the System;

(c) Franchisee shall not directly or indirectly contest the validity or the ownership of the Marks;

(d) Franchisee's use of the Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the Marks, except the non-exclusive Franchise granted herein;

(e) Any goodwill arising from Franchisee's use of the Marks in its Franchised Business under the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System or the Marks;

(f) Franchisor reserves the right to substitute different Marks for use in identifying the System, the Franchised Business and other franchised businesses operating thereunder;

(g) Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute, or add Marks. Franchisor cannot and does not make

any guaranty that a modification, discontinuance or otherwise will not be required for any reason. In such event, Franchisor has no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance, or other action, and/or with any dispute regarding the Marks. There is always a possibility that there might be one or more businesses using a name and/or marks similar to Franchisor with superior rights;

(h) Franchisee hereby agrees not to register or attempt to register Marks in Franchisee's name or that of any other firm, person or corporation;

(i) The right and license of the Marks granted to Franchisee is nonexclusive, and thus Franchisor has and retains the rights, among others:

(1) To use the Marks and itself in connection with selling and offering Services;

(2) To use the Marks to market on the Internet, including all use of websites, domain names, URL's, linking, advertising, and co-branding arrangements. Franchisee may not establish a presence on the Internet except as Franchisor may specify and only with Franchisor's prior written consent. Franchisor retains the right to approve any linking to or other use of Franchisor's website or any other website specific to our Services;

(3) To grant other franchises or licenses for the Marks, in addition to those already granted to existing franchisees; and

(j) To develop and establish other systems using similar Marks, or any other proprietary marks and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

(k) Franchisee understands and acknowledges that Franchisor has the unrestricted right to engage, directly or indirectly, through its employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the sale of Services and/or Software (if developed) bearing the Marks licensed or other names or marks, including without limitation, products included as part of the System. Franchisee shall not under any circumstances engage in any wholesale trade or sale of Software for resale and/or independently act as an exclusive distributor for any third-party vendor or secure any exclusive rights for any Software or non-System products or software without Franchisor's written consent.

11.4 Ownership of Intellectual Property. Franchisee acknowledges that as between you and us, we are the exclusive owner of the Intellectual Property, the Marks, all Confidential Information, all intellectual property associated with the Marks and the System, all manufacturer, vendor and supplier relationships; all employees and customer lists and all customer phone listings/addresses/URLs held by Franchisee. Franchisee agrees that Franchisee will not use these lists for any purpose other than in relation to the Franchised Business. Franchisee will, on demand, promptly deliver to us a complete list of Franchisee's customers and employees including information we may request related to such customers and employees. The use of any or all such intellectual property shall not create in Franchisee, or its Owners, if it is an Entity, title or interest in or to any of it except as expressly provided in this Agreement. Neither Franchisee, nor any of its Owners, or employees shall directly or indirectly assert any right, title or interest in or to any of the Marks or any other part of the Intellectual Property other than as provided for in this Agreement. Franchisee acknowledges that the Franchisor shall own all intellectual property rights to any materials provided to the Franchisee by the Franchisor or developed by the Franchisee pursuant to this Agreement. Franchisee agrees to execute all documents deemed reasonably necessary by the Franchisor to carry out such assignment. Such ownership rights shall be in all media, whether now known or hereinafter invented, by all means, methods,

and processes, including complete and entire interactive rights, and rights to derivative works. Franchisor shall be free to collect data from Franchisee, and its electronic information and share this data (except for protected health information of the patients) with other third parties as well as other franchisees in the system.

11.5 Pre-Existing Users. Franchisee acknowledges that there may be third-party pre-existing users or applicants/registrants of trademarks, trade names, or business names similar to the Marks. Franchisor and Franchisee shall investigate such use, applications, or registrations, if any, and Franchisor shall in its sole discretion decide on the appropriate action to be taken. Any unsuccessful challenge made by Franchisor shall not constitute a ground for the termination of this Agreement. In the event Franchisor determines in its sole judgment that challenging any such third party's use of the Marks will not likely be successful, or would not be economically feasible to achieve, or if Franchisee shall be required to cease using the Marks (or any of them) by court order, or as a result of any settlement of any such trademark claim by a prior registrant or any pre-existing user, or any other such trademark claim, or if Franchisor shall deem it necessary or appropriate to change the name of the Franchise in order to mitigate any potential exposure or damages arising under any trademark claim, Franchisee shall promptly change the name of its Franchise, and thereafter utilize an alternative name established by Franchisor, at Franchisees' sole expense. Franchisor shall not be liable for any losses or any consequential damages, incidental damage, punitive damages, exemplary damages, special damages, including lost future profits, resulting from or arising out of any trademark service mark, and/or unfair competition claim(s). The Franchisor shall have no obligation to reimburse the Franchisee for any costs, causes of action, damages, demands, expenses, fines, liabilities, or penalties, arising out of such a trademark, service mark, logo or trade name change.

12. CONFIDENTIALITY OF PROPRIETARY INFORMATION

12.1 Franchisee Will Learn Proprietary Matters. Franchisee acknowledges that it will obtain knowledge of proprietary matters, methods, techniques and business procedures of Franchisor that are necessary and essential to the operation of the Franchise, without which Franchisee could not effectively and efficiently operate such business, including, without limitation, knowledge regarding the System, specifications for the clinic, specifications for Services, Software, promotional programs, advertising and marketing materials; customer service standards and business strategies necessary for the operation of the Franchised Business and the Operations Manual. Franchisee further acknowledges that all Confidential Information was not known to Franchisee prior to execution of this Agreement and that the methods of Franchisor are unique and novel to the System. Franchisee acknowledges that Confidential Information shall also include:

- (a) Any person or entity, which has, been or becomes a Franchisee of the System and any investors therein;
- (b) Any person or entity which has, have been or becomes customers of QC Kinetix® Franchised Business;
- (c) The terms of and negotiations relating to past or current Franchise Agreements with respect to the System;
- (d) The operating procedures of the System, including without limitation: the design, layout and format, techniques and methods; contracts, forms and waivers; bookkeeping, financing and accounting systems and procedures, advertising, promotional and marketing methods, standards for hiring staff, training procedures, and lists of approved vendors and suppliers;

(e) The economic and financial characteristics of the System and franchisees, including without limitation: pricing policies, revenues, sales, training, profitability, earnings and losses and capital and debt structures;

(f) The Services offered to customers of QC Kinetix® Franchised Business, including, without limitation, the scope of Services performed, and Services refused; and

(g) All documentation of the information listed in Sections (a) through (f) above, including, without limitation, our training program and Operations Manual.

(h) During the term of this Agreement and for a period of five (5) years following the expiration or termination of this Agreement, Franchisee agrees not to divulge, directly or indirectly, any Confidential Information, without the prior written consent of Franchisor. Nothing contained herein shall be construed so as to require Franchisee to divulge any secret processes, techniques, formulas, or the like.

12.2 Franchisee's Employees Will Not Disclose Confidential Information. Franchisee must keep the methods of operations (confidential information found in the Manual and other documents) and Manual confidential and not disclose them except to Franchisee's employees, agents, and representatives, as they must have access to it in order to operate QC Kinetix® Franchised Business. Franchisee must follow all Franchisor's security procedures, which include the execution and delivery to Franchisor of approved nondisclosure or non-competition agreements from each such employee, agent or representative within one week after they are hired. These agreements state that such person shall not during the course of his/her employment, representation, or agency with Franchisee, or for a period of three (3) years thereafter, use, divulge, disclose or communicate, directly or indirectly, in any form or manner, to any person, firm or corporation or other Entity, any of the Confidential Information of Franchisor.

The Manual is, and remains, the exclusive property of the Franchisor. Franchisor will loan Franchisee one copy (hard or electronic) of the Manual for the term of this Agreement. Franchisee must return the Manual (and/or destroy any electronic versions of the Manual) to Franchisor at the termination or expiration of this Agreement for any reason, or at any other time at Franchisor's request. The Manual contains mandatory and suggested specifications for the Franchised Business, standards and operating procedures and further defines Franchisee's other obligations under this Agreement. Franchisor may change or add to the Manual to reflect changes in its image, specifications, and procedures and methods of operation, and will lend Franchisee copies of any changes or additions. However, Franchisor will not make any change that will change Franchisee's fundamental status and rights under this Agreement. Franchisee shall not copy any part of the Manual (except for designated training sections), either physically or electronically. If Franchisee's copy or the Manual are lost, destroyed or significantly damaged, Franchisee must replace the Manual at its own expense.

12.3 Relationship with Former Franchisees. Franchisee acknowledges that former franchisees (those whose franchise agreements have expired or have been terminated) or licensees are in a position to compete unfairly with Franchisee and/or other members of QC Kinetix® System and to cause great injury to the reputation of the System and the Marks. Franchisee therefore agrees as follows:

(a) Franchisee will not sell, loan, give or otherwise transfer or deliver to any former franchisees or licensees, or allow any former franchisee to copy or otherwise obtain, any Confidential Information; any advertising or promotional materials produced by Franchisor or which bear any of Franchisor's Marks; any other materials or publications of Franchisor, including, without limitation, the Operations Manual; any directory or roster of franchisees or approved vendors and suppliers, any other customer lists or mailing lists pertaining in any way to the System; or any other information about the System, business or Confidential Information which is not available to the public.

(b) Franchisee will not refer actual or prospective customers, manufacturers, vendors or suppliers to any former franchisee or licensee.

(c) Franchisee will not notify or advise any former franchisee or licensee of, or in any other way assist any former franchisee or licensee in learning about, the date, time and place of any meetings of franchisees.

(d) If Franchisee observes any former franchisee or licensee using any of the Marks in any way or utilizing a business facility (including any vehicles) for which the Marks and/or distinctive color scheme have not been completely obliterated, Franchisee shall immediately report such observations to Franchisor along with all details available to Franchisee.

(e) Franchisee shall in general have no dealings with former franchisees or licensees which Franchisee, under this Agreement, could not have with a person who has never been QC Kinetix® franchisee or licensee.

(f) The provisions of this Section 12.3 shall apply to Franchisee as soon as Franchisee is on notice of the expiration or termination of another franchise agreement or licensee. Franchisee shall be deemed to be on such notice when:

(1) Franchisee receives a new franchisee or licensee directory in which such franchisee or licensee does not appear; or

(2) Franchisee receives written notice from Franchisor that one or more particular franchisee or licensee has expired or has been terminated.

12.4 Injunctive Relief is Available to Franchisor. Franchisee acknowledges that any failure to comply with the requirements of this Section 12 will cause Franchisor irreparable injury, and Franchisor shall be entitled to obtain specific performance of, or an injunction against any violation of, such requirements; Franchisee waives any requirements for the posting of any bond(s) relating thereto. Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against, violation of requirements of this Section 12. The foregoing remedies shall be in addition to any other legal or equitable remedies, which Franchisor may have.

12.5 Franchisor's Patent Rights and Copyrights. Franchisor does not own rights in or to any patents that are material to the Franchise at this time. However, Franchisor claims copyright protection for the Operations Manual, Software, website and all promotions, marketing, sales, advertising, and operations literature. Such copyright ownership shall extend to all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including rights to interactive works and derivative works. Furthermore, Franchisor claims rights to certain trade secrets and Confidential Information as discussed above.

12.6 Franchisee Shall Not Contest the Franchisor's Ownership Right To Any Confidential Information, Trade Secrets, Patents or Copyrights. Franchisee expressly understands and acknowledges that:

(a) The Franchisor's Confidential Information, trade secrets, copyrights, and patent rights are valid;

(b) Franchisee shall not directly or indirectly contest the validity or the ownership of the Franchisor's Confidential Information, trade secrets, copyrights, and patents;

(c) Franchisee's use of the Franchisor's Confidential Information, trade secrets, copyrights, and patents does not give Franchisee any ownership interest or other interest in or to the Confidential Information, trade secrets, copyrights, and patents, except the non-exclusive Franchise granted herein;

(d) Any goodwill arising from Franchisee's use of the Confidential Information, trade secrets, copyrights, and patents in its Franchised Business under the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any licensed Confidential Information, trade secrets, copyrights, and patents;

(e) Franchisor reserves the right to substitute different Confidential Information, trade secrets, copyrights, and patents for use in operating and maintaining the System;

(f) Franchisee hereby agrees to comply, at Franchisee's expense, with any directions from us to discontinue, modify, substitute, or add any new Confidential Information, trade secrets, copyrights and patents. Franchisor cannot and does not make any guaranty that any modification or discontinuation of any aspect of the System or any other System related change will not be required. In such event, Franchisor has no liability to Franchisee. Franchisee agrees to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding any licensed Confidential Information, trade secrets, copyrights, and patents;

(g) Franchisee hereby agrees not to register or attempt to register any Confidential Information, trade secrets, copyrights or patents in Franchisee's name or that of any other firm, person or corporation; and

(h) The right and license of the Confidential Information, trade secrets, copyrights, and patents granted to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others:

(1) To use the trade secrets, Confidential Information, patents, and copyrights and itself in connection with selling and offering Services;

(2) To use the trade secrets, Confidential Information, copyrights, and patents to market on the Internet, including all use of websites, domain names, URL's, linking, advertising and co-branding arrangements;

(3) To grant other licenses for the trade secrets, Confidential Information, copyrights, and patents, in addition to those licenses already granted to existing franchisees and licensee; and

(4) To develop and establish other systems using similar trade secrets, Confidential Information, patents, and copyrights, and to grant licenses or franchises thereto at any location(s) whatsoever without providing any rights therein to Franchisee.

(i) Franchisee understands and acknowledges that Franchisor has the unrestricted right to engage, directly or indirectly, through its or their employees, representatives, licensees, assigns, agents and others, at wholesale, retail and otherwise, in the production, distribution, and sale of products bearing the trade secrets, Confidential Information, patents, and copyrights licensed, including without limitation, products and equipment included as part of the System.

13. TAXES, LICENSES, PERMITS AND LAWSUITS

13.1 Franchisee Must Notify Franchisor of Lawsuits. Franchisee shall notify Franchisor in writing within five (5) days of notice of the commencement of any action, suit, or proceeding against Franchisee, and of the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which arises out of, concerns, or may affect the operation or financial condition of the Franchised Business, including, without limitation, any criminal action or other proceedings brought by Franchisee against its employees, customers or other persons. The Franchisee shall give advance written notice of Franchisee's intent to institute legal action against third parties or us, specifying the basis for such proposed action, and shall grant us thirty (30) days from receipt of said notice to cure the alleged act upon which such legal action is to be based.

13.2 Franchisee Must Pay Taxes Promptly. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of any kind incurred by Franchisee in the conduct of the Franchised Business. Franchisee shall pay Franchisor an amount equal to any sales tax, gross receipts tax or similar tax imposed on Franchisor with respect to any payments to Franchisor required under this Agreement, unless tax is credited against income tax otherwise payable by Franchisor.

13.3 Franchisee May Contest Tax Assessments. In the event of any bona fide dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, in no event shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant, lien, or attachment by a creditor to occur against the premises of the Franchised Business, or any improvements thereon.

13.4 Licenses and Permits. Franchisee must maintain all required licenses, permits, and certifications necessary to operate your Franchise and other licenses applicable to the operation of a health care clinic. Franchisee shall check with local authorities, an attorney, or a business consultant to determine what licenses, permits, and certifications are necessary.

14. INDEMNIFICATION

Franchisee understands and agrees that nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name or the name of any of Franchisor's officers, owners, agents, directors, shareholders or employees. Franchisee further understands and agrees that Franchisor, and its officers, owners, agents, directors, shareholders and employees, shall in no event have or assume liability for, or be deemed liable as a result of, any such action, or by reason of any act or omission of Franchisee in its conduct of the Franchised Business or any claim or judgment arising there from against Franchisee.

For the purposes of this indemnification, the terms "**claim**," "**loss**" or "**obligation**" will include compensatory, exemplary or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing claims, losses or obligations.

Franchisee shall defend, indemnify and hold Franchisor and Franchisor's officers, owners, agents, directors, members, partners, shareholders and employees harmless from and against all fines, suits, proceedings, claims (including but not limited to, any safety and security claims, claims of injury, claims of

theft, claims of neglect, abuse, death, vicarious or other liability), demands, actions, losses, damages, costs, expenses, fees (including legal fees, disbursements and related expenses), penalties and/or any other liability of any kind or nature, however arising, growing out of or otherwise connected with and/or related to any act, error and/or omission of Franchisee (including Franchisee's ownership, operation and/or management of the Franchised Business) and/or any referral, service provider, supplier or other agent/independent contractor or employee of Franchisee including acts, errors or omissions committed or incurred, negligent or intentional acts in connection with Franchisee's operation of the Business and infringement, violation or alleged infringement or violation of any Name, Mark, patent or copyright or any misuse of the Confidential Information. This provision includes all claims as indicated above, of Franchisor, directly against Franchisee (without a third-party involvement) due to acts or omissions of Franchisee or Franchisor in which Franchisor suffers damages including but not limited to, harm to its goodwill and reputation.

Franchisor will have the right to control all litigation, including selection and management of counsel, and defend and/or settle any claim, and arbitration, against and/or including us and/or the Franchisor-related persons/entities, or affecting our and/or their interests with no obligation to you and without affecting our rights under this indemnity or otherwise. Franchisee may appoint separate independent counsel to represent Franchisee's interest in such suits, proceedings, claims, etc., all at Franchisee's expense. Franchisee's indemnification obligations shall survive the termination or expiration of this Agreement.

15. RESTRICTIVE COVENANTS ON FRANCHISEE

15.1 Covenants are Independent. The parties agree that each covenant herein shall be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held to be unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant was separately stated in and made a part of this Agreement.

15.2 Franchisee's Principals. The term "**Franchisee's Principals**" (sometimes referred to herein as "**Principals**") shall include, collectively and individually, Franchisee's spouse, if Franchisee is an Entity, its Owners, officers, directors and other operational personnel whom we designate as Franchisee's Principals and all holders of an ownership interest in any entity directly or indirectly controlling Franchisee, and any other person or entity controlling, controlled by or under common control with Franchisee. The initial Franchisee's Principals shall be listed on Schedule 2 of this Agreement.

15.3 Franchisee Will Not Compete Against Franchisor. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and Confidential Information. Franchisee acknowledges and agrees that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, employ or seek to employ any person who is at that time employed or was at any time during the prior twelve (12) months employed by us or by any other Franchisee or affiliate of ours, or otherwise directly or indirectly induce such person to leave his or her employment.

Franchisee further agrees that, except as otherwise approved in writing by us, Franchisee shall not, during the term of this Agreement and for a continuous uninterrupted period of two (2) years from the date of: (i) a transfer permitted under this Agreement; (ii) the expiration or termination of this Agreement (regardless of the cause for termination); or (iii) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Agreement, either directly or indirectly for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity, own, maintain, operate,

engage in, be employed by, or have any interest in any business offering non-clinical services related to the field of non-surgical regenerative medicine services using any aspect of the System, the overall QC Kinetix® business concept, with similar products and/or services of QC Kinetix® Franchised Business within a fifty (50) mile radius of the Franchised Business location designated hereunder, or within a fifty (50) mile radius of any other System franchisee in existence or planned as of the time of termination or expiration of this Agreement, as identified in the Franchise Disclosure Document in effect as of the date of expiration or termination of this Agreement.

The unenforceability of all or part of this covenant not to compete in any jurisdiction will not affect the enforceability of this covenant not to compete in other jurisdictions, or the enforceability of the remainder of this Agreement. This covenant not to compete is given in part in specific consideration for access to trade secrets provided as a part of Franchisor's training or ongoing support programs. In any jurisdiction in which the covenant contained in this Section 15.3 or any part of it is deemed not enforceable in whole or in part, Franchisee hereby grants Franchisor an option to purchase Franchisee's business or its assets on expiration or termination of this Agreement. Franchisor will exercise this option by giving thirty (30) days' written notice to Franchisee. On termination or expiration, Franchisee will deliver to Franchisor a list of these assets and their cost as well as receipts evidencing their cost. Franchisee must relinquish possession on receipt of payment, but no later than ninety (90) days after expiration or termination. Franchisee's other post termination obligations under this Agreement and by law remain in effect on termination or expiration of this Agreement.

15.4 Exception to Covenant Not to Compete. Section 15.3 hereof shall not apply to ownership by Franchisee or any of its Owners of less than a five percent (5%) beneficial interest in the outstanding equity securities of any Publicly Held Corporation. As used in this Agreement the term "**Publicly Held Corporation**" shall be deemed to refer to a corporation which has securities that has been registered under the Federal Securities Exchange Act of 1934.

15.5 Franchisee Will Not Divert Business. During the term of this Agreement and for a period of three (3) years following the expiration or termination of this Agreement, Franchisee covenants that it will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

(a) Solicit, service, sell or attempt to divert business directly or indirectly to any competitor by direct or indirect inducement or otherwise, or any customers of its Franchised Business or any other Franchisee including company-owned stores with which or with whom Franchisee has had contact during the term of this Agreement to any competitor by direct or indirect inducement or otherwise; or

(b) Do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System or both; or

(c) Induce, directly or indirectly, any person who is at that time employed by Franchisor, to leave his or her employment. This also applies to any person (regardless of position) who was at any time during the prior twelve (12) months employed by Franchisor, company-owned business or by any other franchisee of Franchisor. The only exception is if Franchisee receives written consent by Franchisor or any other franchisee and works out some type of an arrangement to compensate the former employer for reasonable costs and expenses related to replacing the person.

15.6 Franchisor Is Entitled to Injunctive Relief. In addition to any and all other remedies and damages to which it is entitled, in order to protect its Names, Marks, Services, Confidential Information, proprietary materials and rights, and goodwill, Franchisor may seek a permanent injunction and the preliminary or temporary equitable relief Franchisor deems necessary, to restrain the violation of this

Agreement by Franchisee or any persons, parties, and entities acting for Franchisee. Franchisee agrees that Franchisor may obtain the injunctive relief and enter it in any court or arbitration forum that Franchisor deems appropriate.

In recognition of the difficulty in determining on an expedited basis the value of, and the necessity of Franchisor to avoid irreparable harm and to protect, Franchisor's Marks, Services, Confidential Information, programs, methods of operation, copyrighted materials, patents, trade secrets, proprietary materials and rights, and goodwill, Franchisee waives, to the extent permitted by law, the right to interpose the defense that Franchisor has an adequate remedy at law. Franchisee further waives any requirement that Franchisor post a bond or other security, to the extent permitted by law.

15.7 Covenants Are Enforceable Independent of Claims. Franchisee expressly agrees that the existence of any claim it may have against Franchisor, whether arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants of this Section 15. Franchisee further agrees that Franchisor shall be entitled to set off any amounts owed by Franchisor to Franchisee against any loss or damage to Franchisor resulting from Franchisee's breach of this Section 15.

15.8 No Right of Set-Off. Franchisee expressly agrees that the existence of any claims it may have against us, whether arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Agreement, and there shall be no set off for Franchisee's claim. Franchisee agrees to pay all damages, costs and expenses (including reasonable attorney's fees) incurred by us in connection with the enforcement of this Agreement.

15.9 Disclosure of Contact Information in FDD. Franchisee acknowledges that its contact information will be included in our Franchise Disclosure Document in the future, as required by South Carolina and other state agencies and the Federal Trade Commission, and that such inclusion may result in prospective franchisees contacting Franchisee.

16. TRAINING AND ASSISTANCE

The Franchisor shall provide the Franchisee with the following training and assistance:

16.1 The Initial Training Program. Franchisee, or if you are an Entity, your Manager, are required to participate in and successfully complete an initial training program ("**Initial Training Program**"). Franchisor will provide the Initial Training Program at its headquarters or another location of its choice. Initial training will take place after Franchisee pays the Initial Franchisee Fee, but before Franchisee opens the Franchised Business. The Initial Training Program shall be conducted over a five (5) day period, which may, in the future be extended to ten (10) days, at a location designated by Franchisor. Franchisor will provide the Initial Training Program for up to two (2) individuals, who must be the Franchisee and the Manager (as applicable). Additional owners, managers, or employees of the Franchisee may attend the Initial Training Program at an additional cost of \$1,000 per person, subject to change, from time-to-time as set forth in the Manual. All training must be completed no later than sixty (60) days before the date the Franchisee anticipates opening the Business. Franchisee will, however, be responsible for travel, accommodation and other costs for all its attendees.

In addition, each medical provider providing medical services must successfully attend and complete Provider Training, provided by us, or an approved supplier before engaging in providing medical services. Franchisee must attend and satisfactorily complete training before opening the Franchised Business and the medical providers must complete the Provider Training prior to providing services to patients. If Franchisee fails to timely complete the Initial Training Program to Franchisor's satisfaction, Franchisor may terminate this Agreement.

16.2 Additional Training. Franchisor may reasonably require Franchisee or Manager to receive or attend and complete to Franchisor's satisfaction additional or advanced training from time to time. Franchisee may be required to pay for such training for a training fee which is currently \$500 per person per day, subject to change as set forth in the Manual, from time to time. Franchisee must also pay travel, food, and accommodations and all other related expenses. Franchisor will attempt to use distance learning techniques where possible, to minimize these costs.

Depending on availability, Franchisor may provide additional training to Franchisee for Franchisee's Owners at Franchisee's request. Franchisee may be required to pay Franchisor the charges that Franchisor reasonably determines. Franchisee will be responsible for travel, room and board and other expenses of trainees.

Franchisor offers training resources to assist franchisees at their business location. Franchisee shall give Franchisor not less than thirty (30) days' notice of the dates and times when Franchisee is available for training. Training dates must be mutually agreed upon by Franchisee and Franchisor.

Franchisor shall also offer:

(a) additional training resources to the Franchisee to be determined by Franchisor, for the operation, advertising and promotion of the Franchised Business, including refresher training programs, seminars, workshops, annual conference and information available through the franchise website for the benefit of the Franchisee and the Franchisee's employees. Franchisor may charge a reasonable fee for additional training if deemed appropriate (distinct from Continuing Education) but not to exceed a pro-rated amount of the advanced/additional training fee. Any and all traveling, living and other expenses incurred by the Franchisee or Franchisee's representatives or employees attending Franchisor's training shall be paid by Franchisee.

(b) an annual conference at such place as shall be designated by it for all Franchisees but initially will most likely be the Franchisor's headquarters. A registration fee for each participant may be required as set forth in the Manual, from time-to-time, but in any event no less than \$500 per person and our expenses and Franchisee will be responsible for costs associated with attending the conference such as travel, room and board. We reserve the right to increase the fee a reasonable amount based on reasonable criteria.

(c) Continuing Education sessions at locations designated by it but most likely at our headquarters. Continuing Education sessions may have a registration charge of \$300 per day per person, which is subject to change, in our discretion. The Franchisee is also responsible for costs associated with attending the meetings such as travel, room and board. The programs will normally not exceed one (1) day (up to five (5) days per year) and Franchisor expects to have quarterly programs subject to special need. The content will cover particular aspects of the franchise including but not limited to: new services, operational and customer service standards, software developments, administration and so forth. Franchisor reserves the right to increase the per day fee a reasonable amount based on reasonable criteria.

Franchisor will provide ongoing guidance in the operation of Franchisee's Franchised Business and provide assistance to resolve operational challenges Franchisee may encounter outside the scope of the Manual. This guidance can be furnished in whatever manner we consider appropriate in our Business Judgment, including electronically, free of charge, to answer questions from Franchisee and its staff (responses to be provided as promptly as possible during regular business hours in the Eastern Time zone). Guidance may also be furnished in writing, telephonically, through training programs and/or on-site consultations, web based computer training, among other methods. On-site consultations are subject to

additional training fees (as mentioned above) in addition to any and all traveling, living and/or other expenses incurred by the Franchisor and shall be paid by Franchisee.

All obligations of Franchisor under this Agreement shall benefit only the Franchisee, and no other party is entitled to rely on, enforce, benefit from or obtain relief for breach of such obligations, either directly or by subrogation.

16.3 Website. Franchisor will provide to Franchisee QC Kinetix® URL housed within the corporate website that may include interactive functionality and portals online for additional training, advertising, operational and support materials. Franchisee may customize parts of the website; however, the look is to remain consistent as specified in the Operations Manual. Franchisee agrees and acknowledges that maintenance and any changes, edits or updates to the website and/or any Website promotions over the Internet must be performed by Franchisor, its affiliates and/or approved vendors. Upon approval of Franchisee request, which must be submitted in writing, Franchisee is responsible for the cost of such changes. Franchisee may neither establish nor use any Website without Franchisor's prior written approval and if such approval is granted Franchisee must comply with our requirements regarding discussing, advertising or disseminating any information on a website, regarding the Business as described in this Agreement. Such approval may be revoked at any time by Franchisor in its sole and absolute discretion. The Franchisor shall own all copyright and other intellectual property rights to the website, as well as the contents of the corporate website or any other website upon expiration or termination of this Agreement as described in this Agreement. This shall include ownership rights in all media, whether now known or hereinafter invented, by all means, methods, and processes, whether now known or hereinafter invented, including interactive rights and rights to derivative works.

16.4 Site Selection. The Franchisee has the responsibility for selecting a site for the Franchised Business. The Franchisor will review and approve or disapprove the location of the Franchised Business and will not unreasonably withhold its approval. Franchisor shall have the right, but not the obligation, to inspect the business location prior to opening.

The Franchisor does not represent that Franchisor has any special expertise in selecting sites by their approval. Franchisor approval of a site is not a representation or warranty that the Franchised Business will be profitable or that Franchisee's sales will attain any predetermined levels. Approval is intended only to indicate that the proposed site meets our minimum criteria for identifying sites. Franchisee agrees that Franchisor approval or disapproval of a proposed site does not impose any liability on Franchisor.

16.5 Layout and Design.

Franchisor will assist the Franchisee in the review of the layout and design of the Franchised Business prior to the Franchisee signing a lease or sublease. The costs of leasehold improvements, design, equipment, furniture, fixtures, computers, sound system, security system, signs, and décor for finishing out the Franchised Business are the responsibility of the Franchisee. The Franchisee is responsible for all lease negotiations.

Franchisor will make available, at no charge to Franchisee, and will advise Franchisee with regards to architectural plans, design plans and floor plans, and mandatory specifications for the construction and layout of the Franchised Business which includes the exterior and interior design and the design of each of the Franchised Businesses. Franchisee acknowledges that such specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the ADA or similar rules governing public accommodations or commercial facilities for persons with disabilities). Franchisee must adhere to all local zoning ordinances, regulations, fire, health and building codes, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee shall adapt, at Franchisee's expense, the standard specifications to the business location, subject

to Franchisor's approval, which will not be unreasonably withheld, provided that such plans and specifications conform to Franchisor's general criteria.

Franchisee understands and acknowledges that Franchisor has the right to modify the architectural plans and specifications as Franchisor deems appropriate, periodically (however Franchisor will not modify the architectural plans and specifications for the Franchised Business developed pursuant to this Agreement once those architectural plans and specifications have been approved by Franchisor and given to Franchisee).

16.6 No Warranties Other than in Writing. With respect to any computers, software, products, supplies and/or services provided by us or our affiliates and/or any person/company referred/approved by us or our affiliates, other than specific written warranties expressly provided in connection with such items, such items are provided without any warranties, express or implied, the warranties of merchantability, quality of such items, accuracy of informational content, system integration and suitability for a particular purpose being expressly disclaimed. Franchisor makes no warranties regarding any open-source code contained in any software that the Franchisor provides to the Franchisee. Franchisor does not warrant that any such software shall be free of bugs, viruses, worms, or Trojan horses.

Franchisor is not liable for any guarantee or warranty that Franchisee or any Owners, managers, agents or employees make to a customer or third party. Franchisee will fully comply with any Franchisor customer service program. Franchisee will not misrepresent or omit or fail to state any warranty or guarantee if such program is implemented.

16.7 Operations Manual. Franchisor will continue its efforts to improve the methods of operations. Franchisor will lend Franchisee the confidential Operations Manual for the initial Franchisee training session and if Franchisee satisfactorily completes training, for the term of this Agreement. If the copy of the Operations Manual loaned to Franchisee is lost, stolen or destroyed before Franchisee returns it to Franchisor, Franchisee must replace such Manual at its own expense.

Franchisee shall at all times treat the Operations Manual and any of our written directives, any business plans and specifications, and any other manuals created for or approved for use in the operation of QC Kinetix® Franchised Business, and any supplements thereto, and the information contained therein, in trust and as Confidential Information, as well as the trade secrets of the Franchisor, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

The Operations Manual, written directives, other manuals and materials, and any other confidential communications provided or approved by us, shall at all times remain the sole property of Franchisor and shall at all times be kept and maintained in a secure place at the Franchised Business premises.

Franchisor may, from time to time, revise the contents of the Operations Manual and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business, and Franchisee expressly agrees that each new or changed standard shall be deemed effective upon receipt by Franchisee or as specified in such standard.

Any suggestions the Franchisee may have concerning the improvement of our national and/or of Franchisee website, facilities, Services, programs, service format, advertising, promotional and marketing material are encouraged and shall be considered by us when adopting or modifying the standards, specifications and procedures for the System.

16.8 Selecting Vendors.

Franchisor shall provide Franchisee with a list of approved vendors that may include or be limited to us or our affiliates for equipment, supplies, computers software, sound systems, security system, furnishings, fixtures, signage, membership billing services, merchant services, advertising, promotional and marketing materials and any other related equipment, product, supply or service necessary for the operation of the Franchised Business. Franchisee may submit in writing alternate vendors or suppliers to Franchisor for approval.

16.9 Availability of Equipment, Products and Supplies.

We will use commercially reasonable efforts to ensure that authorized vendors and suppliers, which may include or be limited to us and our affiliates, maintain a reasonable supply of equipment, supplies, computers, software, security system, furniture, fixtures, advertising, promotional and marketing materials for purchase by Franchisee. We require that the Franchisee purchase such items from us, our affiliates or approved vendors and/or suppliers. We will provide Franchisee with a list of written specifications for such items along with a list of our approved vendors and Franchisee is responsible for acquiring all such items as they are necessary for the operation of the Franchised Business. All items that are provided by us will be competitively priced, taking into account equivalent quality and other reasonable considerations.

Franchisor reserves the right to establish lower suggested retail prices on certain Services from time to time based on competition prevalent within the cell regeneration industry. Franchisor shall publish such requirements in the Operations Manual and such requirements may be amended from time to time by the Franchisor in the Franchisor's sole discretion.

Franchisor reserves the right to implement a centralized purchasing system for Franchisees and to negotiate prices and terms with vendors and suppliers and to receive rebates or other financial incentives from such purchases by Franchisees. Franchisor may utilize such rebated funds in any manner it chooses in Franchisor's sole discretion.

16.10 Advertising and Promotion. The Franchisor shall develop and provide creative materials that could be used for local and regional advertising and make such advertising and promotional materials available to its Franchisees for publication or distribution in the Franchisee's market area at Franchisee's own expense. The Franchisor will provide specific guidelines for advertising, marketing and promotions initiated by individual Franchisees and shall reserve the right to disapprove any advertising, marketing and promotions, which, in the Franchisor's opinion, is not in accordance with these guidelines. However, no such approval shall be unreasonably withheld or denied. Immediately upon notification to do so, Franchisee shall discontinue any advertising that would, in the Franchisor's opinion, be detrimental to any franchisee or any part of the System or the Franchise.

16.11 Suggested Pricing for Services. Franchisor will provide Franchisee with guidance and suggested pricing for Services offered by its Franchisees. Franchisee shall have the right to offer Services at any price Franchisee may determine, except that we reserve the right, to establish minimum and maximum pricing for any given Service nationwide to the extent allowed by federal and state laws. Suggested pricing for Services may vary from region to region to the extent necessary in order to reflect differences in costs and other factors applicable to such regions. If Franchisee elects to offer any Service at any price recommended by Franchisor, Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering such Services at the recommended prices will enhance Franchisee's sales or profits.

Franchisor will provide to Franchisee a sample set of forms including policies, waivers, customer agreements, standard brochures, promotional and marketing materials in addition to various operational forms

for use in the Franchised Business. Franchisor does not warrant the completeness, legality or enforceability of any agreements or forms. Franchisee must retain its own counsel to review and revise such agreements and forms to comply with applicable federal and state laws and regulations. At Franchisor's discretion, any and all forms used by Franchisee shall be subject to Franchisor's review and approval and Franchisor's decision of such approval will be provided within thirty (30) days after such forms are received by Franchisor.

Franchisor will continue to research and develop new Services, programs and software as Franchisor deems appropriate in its sole discretion. Franchisor may conduct market research and testing to determine consumer trends and salability of new Services and programs. If Franchisor chooses Franchisee, Franchisee will participate in a market research program to test marketing new Services and programs in the Franchised Business and provide us with timely reports and other relevant information regarding that market research. If Franchisee participates in any test marketing, Franchisee agrees to purchase, at Franchisee's expense, a reasonable quantity of Services being tested and to effectively promote and make a good faith effort to use and/or sell them.

Franchisee shall participate in and comply with all sales and promotional programs and/or product promotions disseminated by us periodically.

16.12 Business Planning Assistance. After Franchisee signs this Agreement, Franchisor may review and comment on any business plan and pro forma financial projections Franchisee prepares. Franchisor does not represent that Franchisor has any special expertise in reviewing or developing business plans. Franchisor's review and commentary of a business plan or financial pro forma is not a representation or warranty that the Franchisee's business will be profitable or that Franchisee's sales, volume, or revenues will attain any pre-determined levels. Franchisee acknowledges that it is solely responsible for preparing the entire business plan and its contents, and therefore no such business plan is an earnings claim or financial performance representation on the Franchisor's part. Franchisor's review and commentary is intended only to provide information sharing to Franchisee and Franchisee agrees that such review and commentary does not impose any liability on Franchisor.

17. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole and absolute discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any Franchisee based upon the peculiarities of a particular Franchised Business or circumstance, physical characteristics, freeway access, business potential, density of population or trade area, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of such Franchisee's business. Franchisee shall not have any right to object to a variation from standard specifications and practices granted to any other Franchisee and shall not be entitled to require Franchisor to grant to Franchisee a like or similar variation, unless the laws of the Franchisee's state expressly require the Franchisor to grant such a similar variation.

Franchisee acknowledges that when we use the phrases "**sole and absolute discretion**," "**sole discretion**" and/or "**Business Judgment**," whether in this Agreement or another context, Franchisee and we agree that we have the wholly unrestricted right to make decisions and/or take (or refrain from taking) actions, except that we will not do so arbitrarily. We shall use our judgment in exercising such discretion based on our assessment of the interests we consider appropriate and will not be required to consider Franchisee's individual interests or the interests of any other franchisee(s). Franchisee, we and all other franchisees have a collective interest in working within a franchise system with the flexibility to adjust to business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. Therefore, Franchisee and Franchisor agree that the ultimate decision-making

responsibility for the System must be vested in us. So long as we act in material compliance with the requirements of this Agreement, we will have no liability for the exercise of our discretion in accordance with the provisions of this Agreement.

18. **RELOCATION, ASSIGNMENT, TRANSFER, SALE OR REPURCHASE OF FRANCHISED BUSINESS**

18.1 **Relocation.** Any relocation of the Franchised Business: (a) shall be to a location within the Territory (unless waived by us), (b) requires our prior written consent, which we may grant, condition or withhold in our Business Judgment (and may be withheld, in any case, if you are not in good standing), (c) will be at your sole expense, (d) requires payment of the relocation fee, and (e) will require that you (and each Owner if an Entity) sign a general release.

18.2 **Requirements for Transfer by Franchisee.** Franchisee will not voluntarily or involuntarily transfer or encumber any interest in or ownership or control of Franchisee, the Franchised Business, its assets or this Agreement (however Franchisee is allowed to transfer up to twenty percent (20%) interest or ownership to a wholly owned entity as described below), except in the ordinary course, of the Franchised Business, or make any lease or sublease of any property Franchisee is leasing or subleasing in connection with the Franchised Business, without Franchisor's prior written consent. Any such attempted transfer of any interest without Franchisor's prior written consent will be a default under the terms of this Agreement and will be voidable by Franchisor. In granting any such consent, the Franchisor may impose reasonable conditions, including, without limitation, the following:

(a) Franchisee must be in full compliance with the terms of this Franchise Agreement, including being paid in full on all fees due and having settled all outstanding accounts with Franchisor, Franchisor's affiliates and all suppliers;

(b) The proposed transferee (and its Owners, managers, directors, and officers, if an Entity) must meet the then-applicable standards of Franchisor;

(c) The proposed transferee (and its Owners if an Entity, managers, directors, and officers, if an Entity) must not operate a franchise, license another or operate businesses offering products and services similar to those offered by QC Kinetix® Franchised Business without Franchisor's permission;

(d) Franchisor shall charge the following transfer fee: fifteen thousand (\$15,000) if transferred to an individual or entity that is new to the QC Kinetix® System, or seven thousand five hundred (\$7,500) if transferred to a current QC Kinetix® Franchisee approved by us;

(e) If the Franchisee is transferring ownership interests between existing Owners that have already been approved by us, or if Franchisee is adding a new Owner that does not change the majority ownership of the Franchisee if Franchisee is an Entity, Franchisor shall charge a transfer fee of \$1,500 for this transaction;

(f) Transferee must pay for and successfully complete the training programs then required of new Franchisees at a cost, which is currently \$500 per person per day and our expenses. The training cost may be increased in accordance with the Manual as it is updated from time-to-time;

(g) Franchisee shall have substantially complied with all of the terms and provisions of this Agreement, any amendment hereof or successor hereto, or any other agreements between the Franchisee and our subsidiaries or affiliates and, at the time of transfer, shall not be in default;

(h) Franchisee shall have executed a general release under seal, in a form satisfactory to us, of any and all claims against us and our officers, managers, members, and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances;

(i) The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall enter into a written assumption agreement, in a form satisfactory to us, assuming and agreeing to discharge all of Franchisee's obligations, known by transferee after reasonable inquiry, under this Agreement and/or any new franchise agreement, hereinafter provided;

(j) The transferee must meet Franchisor's subjective and objective standards, including all quality standards, experience, talent, skills, educational, managerial, business and financial capacity; has the aptitude and ability to operate QC Kinetix® Franchised Business; and has adequate financial resources and capital to operate the Franchised Business;

(k) The transferee (and, if the transferee is other than an individual, such principals and/or owners of a beneficial interest in the transferee as we may request) shall execute and agree to be bound by the then-current form of this Agreement, which form may contain provisions that materially alter the rights or obligations under this Agreement. Alternatively, we may in our sole discretion require the transferee to sign a standard form franchise agreement then being used by us, but for a term ending on the expiration date of this Agreement and with such renewal term, if any, as may be provided by this Agreement. In addition to the then-current franchise agreement being used by us, the transferee shall sign all other ancillary agreements as we may require for the Franchised Business, which agreements shall supersede this Agreement in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, a higher Initial Franchise Fee, Royalty Fee, renewal rights and advertising contribution;

(l) The transferee, at its expense, shall upgrade the Franchised Business to conform to the then-current standards and specifications of the System and shall complete the upgrading and other requirements within the time specified by us;

(m) Franchisee shall remain liable for all of the obligations to us in connection with the Business incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

(n) Franchisee must obtain and submit satisfactory evidence of transfer or consent of lenders, lessors and governmental authorities for all material permits, approvals and licenses;

(o) Franchisee may transfer up to twenty percent (20%) of its shares or other ownership interests (in a single transaction or a series of related or unrelated transactions, but in any event, Franchisee must at all times retain at least an eighty percent (80%) equity interest in its Entity) to any person or entity without violating this provision, provided that in connection with any such transfer the transferee executes the same Guarantee and other agreements which would be required upon execution of this Agreement by Franchisee, if such transferee has then been the owner of such percentage of Franchisee's shares or other ownership interests. Franchisee's transfer of an ownership interest without complying with the foregoing, or transfers of more than twenty percent (20%) ownership in the Franchisee's entity, in one or more transfers, without our prior written approval is a material breach of this Agreement;

(p) The transferee shall agree to a sublease or to a transfer and assignment, and assumption of the lease of the Franchised Business from the original Franchisee and shall obtain the landlord's approval if required prior to any transfer or sublease, if applicable;

(q) The transfer must be completed in compliance with the terms of any applicable leases and other agreements and with all applicable laws, including but not limited to licensing and operations-related laws and/or laws governing franchise sales;

(r) Franchisee agrees that we may (but are not required to) discuss with you and/or the proposed transferee any matters related to any transfer at any time which we consider to be appropriate in our Business Judgment without liability (including our opinion of the terms of sale, performance of the Franchise, etc.). Franchisee expressly consents to any such discussions by us and we may contact any proposed transferee directly regarding such matters or otherwise;

(s) Neither Franchisee nor any transferee shall rely on us to assist in the evaluation of the terms of any proposed transfer. Franchisee acknowledges and agrees that an approval of a proposed transfer shall not be deemed to an approval of the terms, nor any indication as to any likelihood of success or economic viability;

(t) Franchisee and its Owners and/or Principals will agree not to compete after the transfer in accordance with restrictions acceptable to us and substantially similar to those described in this Agreement; and

(u) Franchisee and its Owners and/or Principals will not directly or indirectly at any time or in any manner (except with respect to other QC Kinetix® Franchised Businesses that Franchisee or its Principals own and operate) identify itself or any business as a current or former QC Kinetix® Franchised Business or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of QC Kinetix® Franchised Business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggest or indicates a connection or association with us.

In addition, the Franchisee must submit copies of the draft Asset Purchase Agreement or Stock (Membership Unit) (Partnership Unit) Purchase Agreement, all draft promissory notes, and security agreements, with the transferee, regardless of whether they are Franchisee financed or lender financed. In addition to all other grounds for rejection, the Franchisor has the right to reject any proposed purchase of the assets of the Franchised Business or the stock, membership units, or partnership units of the Franchised Business on the grounds that the proposed Franchisee has in the sole opinion of the Franchisor taken on too much debt.

18.3 Transfer by Franchisor. Franchisor has an unrestricted right to transfer or assign its rights or obligations under this Agreement to any transferee or legal successor of Franchisor and will give Franchisee thirty (30) days' written notice of Franchisor's decision to exercise Franchisor's right.

18.4 Transfer Upon Death or Mental Incapacity. Upon the death or mental incapacity of any person with an interest in QC Kinetix® Franchised Business, the executor, administrator, or personal representative of that person must transfer such interest to a third party approved by Franchisor within six (6) months after death or mental incapacity. These transfers, including, without limitation, transfers by devise or inheritance, will be subject to the same restrictions and conditions as any inter vivos transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions of this Agreement, the personal representative of the deceased Franchisee shall have a reasonable time to dispose of the deceased's interest in the Franchised Business, which disposition will be

subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement.

Upon the death of the Principal, or in the event of any temporary or permanent mental or physical disability of the Principal or an Owner, a manager shall be employed for the operation of the Franchised Business who has successfully completed Franchisor's training courses to operate the Franchised Business on behalf of the Franchisee. If after the death or disability of the Principal, the Franchised Business is not being managed by such trained manager, Franchisor is authorized to appoint a manager to maintain the operation of the Franchised Business until an approved transferee or manager will be able to assume the management and operation of the Franchised Business, but no such operation and management of the Franchised Business will continue for more than ninety (90) days without the approval of the personal representative of the Principal (renewable as necessary for up to one (1) year) and Franchisor will periodically discuss the status of the Business with the personal representative of the Principal; such manager shall be deemed an employee of the Franchisee. All funds from the operation of the Franchised Business during the period of management by such appointed or approved manager shall be kept in a separate fund and all expenses of the Franchised Business, including compensation of such manager, other costs and travel and living expenses of such appointed or approved manager (the "**Management Expenses**"), shall be charged to such fund. As compensation for the management services provided, in addition to any other fees due, Franchisor shall charge such fund the full amount of the direct expenses incurred by Franchisor during such period of management for and on behalf of Franchisee, provided that Franchisor shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee, the Principal or personal representative of the Principal, the Entity or any person or entity having an interest therein for any debts, losses or obligations incurred by the Franchised Business, or to any creditor of Franchisee or the Principal during any period in which it is managed by a Franchisor-appointed or approved manager.

Within thirty (30) days after any transfer to Franchisee's heirs or successors or the heirs or successors of Franchisee's Owners, the heirs or successors must notify Franchisor in writing and make application for approval of such transfer. The application for such transfer is subject to the same conditions, procedures and costs as any other transfer, except that there will be no transfer fee.

18.5 Sale of Franchised Business / Franchisor's Right of First Refusal. If Franchisee (or its Owners) desire to sell QC Kinetix® Franchised Business, then within ten (10) days after receipt by Franchisee (or its heirs, estate, guardian, trustee or assigns) of a bona fide offer acceptable to Franchisee to buy the Franchised Business, Franchisee will notify Franchisor of the offer in writing, enclosing a signed copy of the offer. Franchisor or its assignee may then purchase (exercise its right of first refusal as described herein) and acquire the Franchised Business and Franchisee's rights under this Agreement at the price and on the same terms and conditions as offered to Franchisee. Franchisor may substitute cash for any other form of consideration contained in the offer and, at Franchisor's option, may pay the entire purchase price at closing. Franchisor may exercise this right to purchase in writing within thirty (30) days after receiving Franchisee's notice.

If Franchisor does not exercise its right to purchase within thirty (30) days, Franchisee may thereafter sell the Franchised Business to a third party, but not at a lower price or on more favorable terms than disclosed to Franchisor in writing. The sale is subject to Franchisor's prior written approval as specified in this Agreement. If Franchisee does not sell the Franchised Business to the proposed purchaser within ninety (90) days from the date it is offered to Franchisor, then Franchisee must again extend the first right of refusal to Franchisor before transfer to a third party.

To enable Franchisor to determine whether it will exercise its option, Franchisee or its Owners, shall provide such information and documentation, including financial statements, as Franchisor may require (as noted below). If Franchisor elects to purchase said interest, closing on such purchase must occur within ninety

(90) days from the date of notice to the seller of the election to purchase said interest by Franchisor. Failure of Franchisor to exercise the option afforded by this Section 18.5 shall not constitute a waiver of any other provision of this Agreement. Any later change in the terms of any offer prior to closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer.

We may, by delivering written notice to Franchisee or its Owners within thirty (30) days after we receive both an exact copy of the offer and the Preliminary Due Diligence Package (the date on which we have received the exact copy of the offer and the Preliminary Due Diligence Package is called the “**Trigger Date**”), notify Franchisee of our non-binding preliminary intent to purchase or not to purchase the interest proposed to be sold. The “**Preliminary Due Diligence Package**” is information and copies of documents (where applicable) that Franchisee supplies to Franchisor which consists of Franchisee’s QC Kinetix® financial statements (including monthly revenue information) for the preceding three (3) years, a copy of QC Kinetix® current lease or sublease, information about the number and compensation of employees working at QC Kinetix® Business, customer records and the Franchisee’s merchant account printouts for the past three (3) years, the Franchisee’s bank deposits for the past three (3) years, and a description of competing businesses offering similar Services operating within the Territory. If we notify Franchisee within thirty (30) days after the Trigger Date (the “**First Notice Deadline**”) that we are preliminarily interested in exercising our right of first refusal, we will have an additional thirty (30) days after the First Notice Deadline both to conduct our due diligence and then to notify you of either our binding intent to exercise our right of first refusal or our decision not to exercise this right. This additional period is called the “**Due Diligence Deadline.**” If we elect to purchase the interest proposed to be sold for the price and on the terms and conditions contained in the offer:

(a) We may substitute cash for any other form of payment proposed in the offer (such as ownership interests in a privately held entity);

(b) Our credit will be deemed equal to the credit of any proposed buyer, meaning that, if the proposed consideration includes promissory notes, we may provide promissory notes with the same terms as those offered by the proposed buyer, except as to subordination. Regarding subordination, you acknowledge and agree that our obligations under the promissory notes then outstanding to any and all lenders, although senior to the equity rights of our owners will also be senior to the promissory notes given to you;

(c) We will have an additional thirty (30) days after the Due Diligence Deadline to close; and

(d) Franchisor must receive, and Franchisee agrees to provide, all customary representations and warranties given a seller of assets of a similar business or the ownership interests in a similar legal entity, as applicable, including, without limitation, representations and warranties regarding:

(1) Ownership and condition of and title to ownership interests;

(2) Liens and encumbrances relating to ownership interests and/or assets;

(3) Validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased;

(4) All products, supplies, computers, software and vehicles (if applicable) are in good working condition and suitable for use;

(5) No litigation or administrative proceedings pending against the Franchisee, or any of its officers, directors, or Owners arising out of the Franchisee's business;

(6) There are no notices from any federal, state, or local governmental authority to make any changes to the Franchised Business or that negatively affect it;

(7) The Franchisee has the authority to sell the assets of its business, including a copy of all director and/or Owner resolutions;

(8) The Franchisee will comply with the Bulk Sales Act, if it is required under the laws of the Franchisee's state;

(9) There will be no material adverse change in the operation of the Franchisee's business between the date of signature of any purchase agreement, and the date of settlement;

(10) There are no tax or employee claims or issues; and

(11) The Franchisee will not enter into any transaction between the date of signature and the date of settlement other than in the ordinary course of business.

If Franchisee does not complete the sale to the proposed buyer within ninety (90) days after Franchisor notifies Franchisee that Franchisor does not intend to exercise its right of first refusal (whether or not the First Notice Deadline or the Due Diligence Deadline has expired), or if there is a material change in the terms of the sale (which Franchisee must communicate promptly to Franchisor), Franchisor will have an additional right to accept the sale during the thirty (30) day period following either the expiration of that ninety (90) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at Franchisor's option. If Franchisee does not complete the sale to the proposed buyer within an additional ninety (90) days, then any proposed sale or transfer thereafter once again must comply with all of the provisions of this Agreement as though there had not previously been a proposed sale or transfer.

In addition to its other obligations, such as obtaining the prior written approval of Franchisor, if Franchisee sells or offers to sell ownership interests, the sale of which is regulated by any applicable law, Franchisee must: (i) fully comply with all applicable laws, (ii) disclose to offerees and purchasers that neither Franchisor nor its employees, affiliates or agents are an issuer or underwriter, or are in any way liable or responsible for the offering, (iii) ensure that Franchisor has a reasonable time to review any reference to Franchisor or its franchisees in any prospectus or offering documents before their distribution or use, (iv) pay Franchisor actual legal costs incurred for its review, (v) indemnify Franchisor, its officers, owners, directors, employees, affiliates, and agents from any liability, cost, damage, claim, and expense and from any and all obligations to any person, entity or governmental agencies arising out of or relating to the offer, sale or continuing investment, (vi) sign such further indemnities and provide such further assurances as Franchisor may reasonably require and (vii) disclose the Franchisor's ownership rights to all trademarks, service marks, trade names, logos, trade secrets, copyrights, and patents.

If any provision of this Agreement is inconsistent with a valid applicable law, the provision will be deemed amended to conform to the minimum standards required. Franchisor and Franchisee may execute an addendum setting forth certain of these amendments applicable in certain jurisdictions, so long as and to the extent that, then applicable laws referred to in the addenda remain in effect.

18.6 Resale Assistance of Franchised Business. Franchisee may, at any time, request Franchisor's assistance in locating a buyer for the Franchised Business. Franchisor may, at Franchisor's

option, provide such assistance in accordance with the policies and procedures as set forth in the Operations Manual. Franchisor reserves the right to charge Franchisee a fee (“**Resale Fee**”) to cover Franchisor’s reasonable costs and expenses (including the time committed by Franchisor’s employees) incurred in providing such assistance. If Franchisor elects to assist Franchisee in finding a buyer for the Franchised Business in any way, Franchisor makes no promises or commitments to Franchisee that a buyer will be located or that anyone will be willing to purchase the Franchised Business at a price acceptable to Franchisee. Franchisor reserves the right to reject any proposed sale based on Franchisor’s determination, in Franchisor’s sole discretion, that the purchase price or purchase terms agreed to between Franchisee and any prospective buyer is excessive or will not enable the buyer to succeed as a franchisee in the System, and by requesting Franchisor’s assistance Franchisee waives any liability claims it may have against Franchisor for such rejection.

19. TERMINATION OF FRANCHISE

19.1 Impact of Statutes Upon Franchise Agreement. Some state laws provide certain rights to franchisees located in a particular state, including: (1) limitations on Franchisor’s ability to terminate a franchise except for good cause; (2) restrictions on Franchisor’s ability to deny renewal of a franchise; (3) circumstances under which Franchisor may be required to purchase certain inventory of franchisees when a franchise is terminated or not renewed in violation of the statute; and (4) provisions relating to arbitration. To the extent that the provisions of this Franchise Agreement are inconsistent with the terms of such state laws, the terms of the applicable state laws may control in those states.

Termination or modification of a lease or contract upon the bankruptcy of one of the parties may be unenforceable under the Bankruptcy Act of 1978, Title II, U.S. Code, as amended.

19.2 Termination by Franchisor. Franchisor may terminate the franchise prior to expiration of its Term or extended term as follows, and any such premature termination shall be deemed "With Cause":

a. Without Right to Cure: Franchisor may terminate the franchise and all rights granted to Franchisee thereunder without affording Franchisee any opportunity to cure the breach/default and effective immediately upon Franchisor notifying Franchisee in writing thereof, if Franchisee or any of its Owners does any of the following:

(1) Fails to pay any required sums contemplated by this Agreement or any other agreement between Franchisee and Franchisor and/or their respective affiliates.

(2) Fails to pay a designated/approved vendor, who provides products or services to the Franchise System, and/or their respective affiliates. Franchisor is entitled to direct an unpaid designated/approved vendor to cease providing products and services to Franchisee, to protect the System.

(3) Fails to continuously employ a fully trained employee Manager (as defined in Section 1.6 of this Agreement) who has successfully passed initial, and all ongoing training offered by Franchisor and who is present during operational hours, at least 50% of the time.

(4) Fails to comply with and/or breaches this Agreement three (3) or more times within any period of twelve (12) consecutive months;

(5) Fails to agree on a Territory (if a Territory was not agreed upon before signing this Agreement), fails to secure a lease and/or fails to open QC Kinetix® Franchised Business within the time limits as provided in this Agreement above;

- (6) Fails to attend and satisfactorily complete the Initial Training Program within fifteen (15) days prior to the date Franchisee anticipates opening the Business;
- (7) Fails to use medical providers who have not first completed Provider Training.
- (8) Attends the Initial Training Program and Franchisor determines, in its sole discretion, that the Franchisee, or its Manager, has failed the Initial Training Program and is deemed not qualified to manage QC Kinetix® Franchised Business;
- (9) Abandons, surrenders, or transfers control of the operation of the Franchised Business to a third party without our permission or fails to continuously and actively operate the Franchised Business for three (3) consecutive, regularly conducted clinic days unless precluded from doing so by damage to the premises of the Franchised Business or other Force Majeure, as defined in this Agreement, or, Franchisor's written permission, or other events beyond Franchisee's reasonable control;
- (10) Fails or refuses, on more than three (3) occasions during the Term of this Agreement, to submit when due any financial statement, tax return or schedule or to pay when due Royalty Fees, or any other payments due Franchisor or its affiliate;
- (11) Operates the Franchised Business in a manner that presents a safety, health or environmental hazard to customers, violates any federal, state, or local law, rule, regulation or ordinance (which includes failure to hire, qualify and train employees as per our guidelines and standards as specified in the Operations Manual);
- (12) Is unable to provide Services associated with the System, or if any business or professional license required by law is suspended or revoked, or otherwise not maintained continuously and actively in full force and effect, and in good standing;
- (13) Fails, for a period of fifteen (15) days (or such lesser period as required by applicable law) after notification of violation or non-compliance by us or any appropriate authority, to comply with any federal, state or local law, ordinance or regulation applicable to the operation of QC Kinetix® Franchised Business;
- (14) Violates any environmental, health, safety or sanitation law, ordinance or regulation, or operates the Franchised Business (including operating any vehicles) in an unsafe manner; and does not begin to cure the violation immediately and to correct the violation within seventy-two (72) hours after Franchisee receives notice from us or another party unless shorter period for cure provided in this Agreement;
- (15) Makes a material misrepresentation or omission on the application for the franchise;
- (16) Transfers, assigns or sub-franchises this Agreement without having the prior written consent of Franchisor, as set forth herein;
- (17) Discloses or divulges, to any unauthorized person, the contents of the Operations Manual, training materials or any other Confidential Information provided to Franchisee by Franchisor;
- (18) Fails to: adhere to Franchisor's approved designers and types of Services that Franchisee is authorized to sell; merchandise all Services according to Franchisor's standards and specifications or adhere to any additions, modifications or changes to such standards and specifications;

(19) Fails to comply with modifications to System standards as required by us within a 120-day period from the time of written notice of such modification by Franchisor;

(20) Fails to purchase, maintain, service, repair and comply with any changes to Franchisor's computer, and software requirements as described in this Agreement;

(21) Engages in any other activity, which has a material adverse effect on Franchisor or the Marks;

(22) Makes or allows any unauthorized use or copy of our Confidential Information, and/or Software (if developed) or seeks to challenge our ownership rights in the System, including our Confidential Information, and/or Software;

(23) Engages in any activity to translate, reverse engineer, reverse compile, disassemble or create derivative works based on our Confidential Information, and/or Software (if developed);

(24) Manufactures or produces any product that is similar to, or competes with any of our Services, or third-party products offered or used in the Franchised Business without the advanced written consent of the Franchisor;

(25) Engages in activity to provide, act as an exclusive provider of or secure exclusive rights to provide any Services without our written consent;

(26) Engages in activity to sublicense, rent, lease, sell, distribute or otherwise transfer our Confidential Information and/or Software or any portion thereof, or any rights therein, to any person or entity;

(27) Exhibits a reckless disregard for the physical or mental well-being of employees, customers, Franchisor or its representatives, or the public at large, including battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse or other forms of threatening or unacceptable behavior as determined in our sole and absolute discretion;

(28) Fails to procure and maintain all required insurance coverage (including any lapses, alterations, or cancellations to the insurance policies) as required in this Agreement;

(29) Fails or refuses to: (i) cease using and/or remove any items from the Franchised Business deemed to constitute a violation of this Agreement by Franchisor; (ii) sell or offer Services according to Franchisor's standards and specifications; and/or (iii) purchase supplies, software, advertising and marketing materials from Franchisor, its affiliates or approved vendors and suppliers;

(30) Engages in Target Marketing to solicit and obtain customers by any type of advertising or marketing outside Franchisee's assigned Territory; or following Franchisee's receipt of written notice from Franchisor, Franchisee fails to cease soliciting to customers located outside Franchisee's Territory;

(31) Uses the Marks or any part thereof in any form on the Internet, including but not limited to, addresses, domain names, URLs, websites, links, metatags, locators, search techniques and co-branding arrangements without Franchisor's prior written consent;

(32) Is convicted of a felony or has pleaded nolo contendere to a felony, is arrested or convicted on charges relating in any way to the possession or use of illegal drugs, controlled substances or steroids or is charged and convicted of a crime of moral turpitude;

(33) Engages in unfair business practices or unethical conduct;

(34) Fails to discharge within a reasonable time, any valid lien placed against the property of the Franchised Business;

(35) Makes an assignment for the benefit of creditors or an admission of the Franchisee's inability to pay its obligations as they become due;

(36) Files a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, disposition, adjustment, liquidation, dissolution or similar release under any law, or admitting or failing to contest the material allegations of any such pleading filed against Franchisee, or is adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of the assets of the Franchisee or the Franchised Business, or the claims of creditors of Franchisee or the Franchised Business are abated or subject to a moratorium under any laws;

(37) If a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee;

(38) If a receiver or other custodian (permanent or temporary) of the Franchised Business, Franchisee, or Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction or by private instrument or otherwise;

(39) If proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee;

(40) If a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedes bond is filed); or if Franchisee is dissolved or extinguished;

(41) If execution is levied against Franchisee's Franchised Business or property or against any ownership interest in Franchisee;

(42) If any real or personal property of Franchisee's Franchised Business shall be sold after levy by any sheriff, marshal, or constable;

(43) If Franchisee maintains false books or records, or submits any false reports to Franchisor;

(44) If any inspection of Franchisee's records discloses an under-statement of payments due to Franchisor of two percent (2%) or more, two (2) or more times in any two (2) year period;

(45) If Franchisee is charged an insufficient funds fee on three (3) or more occasions within any twelve (12) month period;

(46) If Franchisee's business has six (6) or more material customer complaints reported to a governmental entity or other public forum (material complaints are determined in Franchisor's sole and absolute discretion) with respect to the Business in any twelve (12) month period;

- (47) Franchisee's failure to pay the unattendance fee for missing a national convention/conference or missing two consecutive annual conference/convention;
- (48) Franchisee grants a pledge or security interest in the Franchise Agreement;
- (49) Franchisee does not spend the minimum required amount for Local Advertising, for any monthly period;
- (50) Franchisee fails to retain a doctor to supervise the medical providers; or,
- (51) Franchisee uses any type of call center or scheduling methodology other than that provided through the Franchisor.

b. With Right to Cure: Other than for a material breach/default set forth above in section 19.2.a, Franchisor may immediately terminate the franchise if, after giving Franchisee written notice of any other material breach/default, Franchisee fails within thirty (30) days, or such longer period as applicable law may require, to cure the breach/default to Franchisor's satisfaction as evidenced by Franchisor's written notice of satisfactory cure. *Provided, however*, that (i) Franchisor may require that any breach/default relating to any violation of health or safety laws must be cured within seventy-two (72) hours of notice or such shorter period prescribed by law, (ii) any breach/default for failure to pay any monetary amount must be cured within five (5) days of written notice, and (iii) no opportunity to cure need be given to Franchisee if Franchisor, in its sole discretion, determines that the breach/default cannot be cured or that Franchisee likely will not cure the breach/default within the thirty-day period.

19.3 Termination by Franchisee. Franchisee may not terminate the franchise prior to expiration of its Term or extended term unless permitted under applicable law, and any such premature termination shall be deemed "Without Cause".

20. FRANCHISEE'S OBLIGATIONS UPON TERMINATION OR EXPIRATION

20.1 Franchisee Shall Cease Using Marks. Franchisee further agrees that, upon termination or expiration of this Agreement, Franchisee shall immediately and permanently cease to use, by advertising, or any manner whatsoever, any Confidential Information, methods, trade secrets, procedures, descriptions of Services associated with Franchisor and the Marks and any proprietary marks and distinctive forms, slogans, symbols, signs, logos or devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signage (including on vehicles if applicable), advertising materials, stationery, forms and any other articles, which display the Marks. Franchisee shall make or cause to be made, at its expense, changes directed by us in signage, building and structures so as to effectively distinguish the surviving business entity, if any, from its former appearance as QC Kinetix® Franchised Business, and from other existing QC Kinetix® stores. Franchisee shall comply with the covenant not to compete and the agreement to maintain the confidentiality of proprietary information, as well as return all information that is considered to be Confidential Information under the terms and conditions of this Agreement back to the Franchisor.

20.2 Franchisee Shall Cease Operating Business. Franchisee shall immediately cease to operate QC Kinetix® Franchised Business under this Agreement after all previously scheduled care, which has been paid for in advance, has been delivered to clients. Thereafter, Franchisee shall not directly or indirectly, represent itself to the public or hold itself out as a present or former Franchisee of Franchisor.

20.3 Franchisee May Not Adopt Confusingly Similar Marks. Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or in the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks, and further agrees not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor or a former association or connection with Franchisor.

20.4 Franchisee Shall Cancel Assumed Names and Transfer Phone Numbers. Franchisee further agrees that upon termination or expiration of this Agreement, Franchisee shall take all action necessary to cancel all assumed names or equivalent registrations relating to its use of any or all of the Marks. Franchisee shall take all actions necessary to transfer all phone numbers, addresses, domain names, listings and location contacts for the Franchised Business to Franchisor or its designee, including but not limited to authorizing all telephone, Internet, email, electronic network, directory and listing entities to effectuate the same.

20.5 Franchisee Shall Transfer or Terminate Domain Name and Websites. Upon termination or expiration of this Agreement, Franchisee agrees that Franchisor will have the absolute right to notify InterNIC, ICANN and all other Internet authorities of the termination or expiration of Franchisee's right to use all domain names, websites and other search engines for the Franchised Business and to authorize the above and other search engines to transfer to us or our designee all domain names, websites and search engines associated with the Franchised Business. Franchisee acknowledges and agrees that we have the absolute right to, and interest in, all domain names, websites and search engines related to the Franchised Business and that we have the full right and authority to direct the above Internet authorities and all search engines to transfer Franchisee's domain names, websites and search engines to us or our designee if this Agreement expires or is terminated for any reason. Franchisee further acknowledges that this Agreement will constitute a release by Franchisee of the above Internet authorities from any and all claims, liabilities, actions and damages that you may, at any time, have the right to allege against them in connection with this provision.

20.6 Franchisee Must Return Operations Manual and Other Materials. Franchisee further agrees that upon termination or expiration of this Agreement, it will immediately return to Franchisor all copies of the Operations Manual, training materials and any other materials, which have been loaned to Franchisee by Franchisor. Franchisee further agrees to turn over to Franchisor all items containing any of the Marks, and all customer lists and contracts for the Franchised Business.

20.7 Franchisor May Purchase Assets. Franchisor shall have the right of first refusal to purchase or assume Franchisee's interest in the Franchised Business or in its assets on the same terms as those contained in a bona fide offer from a third party. "Assets" means leasehold improvements, computers, furnishings, fixtures, equipment, signage, products, inventory (such as non-perishable products, materials, and supplies in addition to all advertising and marketing materials), vehicles (if applicable) and the lease or sublease for the Franchised Business. This right is governed by time limits and procedures described in this Agreement with respect to Franchisor's right of refusal in the event of an assignment. If Franchisor exercises its right of first refusal, Franchisee must transfer Franchisee's interest in the Franchised Business and in the Assets.

If Franchisee is selling its Assets, Franchisor shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase any or all Assets and items bearing Franchisor's Marks, at fair market value (less the amount of any outstanding liens or encumbrances). The cost shall be determined based upon a five (5) year straight-line- depreciation of Franchisee's original costs. For any Asset that is five (5) or more years old, the parties agree that fair market

value shall be deemed to be ten percent (10%) of the Asset's original cost; and for any items that display the Marks, the fair market value is agreed to be zero. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee.

20.8. Franchisee Must Pay Monies Owed to Franchisor. Franchisee shall pay to Franchisor or its affiliates, within fifteen (15) days after the effective date of termination or expiration of this Agreement, such Royalty Fees, Brand Development Fund contributions, Call Center Fees, other advertising fees, payments or any other sums owed to Franchisor or its affiliates by Franchisee, which are then unpaid. In addition, the Franchisee must pay Franchisor the minimum royalty, Call Center Fees and the Fees for technology related goods and services, through the contractual expiration date of the Franchise Agreement, notwithstanding the earlier termination of this Agreement. This payment compensates Franchisor for the minimum expectation of its bargain and the opportunity cost of eliminating all other potential franchisees from operating in the Territory. This amount shall be paid in a lump sum to Franchisor on the termination date. Any unpaid amounts shall bear interest at the highest rate permitted by law, in the state in which the Franchised Business is located. Franchisee agrees that such payment is not a penalty but rather liquidated damages due to the impossibility of determining actual damages, and that liquidated damages represent a fair, reasonable and appropriate estimate thereof. Franchisee shall pay to Franchisor or its affiliates all damages, costs, and expenses, including reasonable attorney's fees, incurred by Franchisor in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.

Except as otherwise provided in this Agreement, Franchisee shall retain whatever interest it may have in the Assets of the Franchised Business.

21. ENFORCEMENT

21.1 Franchisee May Not Withhold Payments Due Franchisor. Franchisee agrees that Franchisee will not withhold payments of any Royalty Fees, Brand Development Fees or any other amounts of money owed to Franchisor for any reason, on grounds of alleged nonperformance by Franchisor of any obligation. All such claims by Franchisee shall, if not otherwise resolved by Franchisor and Franchisee, be submitted to mediation and/or arbitration as provided in this Agreement. The Franchisee has no right of offset, or set off to any amounts due and owing to the Franchisor.

21.2 Severability and Substitution of Valid Provisions. All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or requires the taking of some other action not required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements.

21.3 Mediation. Before either party may initiate any action regarding any dispute, claim or controversy arising out of or relating to this Agreement, or the breach, termination, enforcement, interpretation or validity thereof, or any dispute, claim or controversy arising out of or relating to any non-exclusive right or remedy a party believes it has, the parties must first attempt to resolve the dispute through mediation conducted in accordance with the Commercial Mediation Procedures of the American Arbitration Association, or such other rules as the parties may mutually agree. Mediation shall be conducted in the state and county in where QC Kinetix has its headquarters at the time of the mediation (currently, Mecklenburg, North Carolina), and shall be conducted and completed within ninety (90) days following the date either party first gives notice of mediation unless otherwise agreed in writing by the parties. The parties will share equally the fees and costs of the mediator. The mediator shall be disqualified as a witness, expert or counsel for either party with respect to the dispute and any related matter. Mediation is a compromise negotiation and shall

constitute privileged communications under North Carolina and other applicable laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. If a party fails to reasonably cooperate in scheduling and completing a mediation within ninety (90) days after giving or receiving notice thereof, such party shall be precluded from and not entitled to recover costs, expenses, and/or prevailing attorneys' fees in any subsequent legal proceeding. Despite the parties' agreement to mediate, the parties each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that the parties must contemporaneously submit the dispute, controversy or claim for mediation as provided in this Section. Mediation shall be held at the same venue as for arbitration as described in Section 21.4.

21.4 Arbitration. Except as Franchisor elects to enforce this Agreement by judicial process, injunction, or specific performance (as provided below), all disputes and claims relating to any provision hereof, any specification, standard or operating procedure, or any other obligation of Franchisee prescribed by Franchisor, or any obligation of Franchisor, or the breach thereof (including, without limitation, any specification, standard or operating procedure or any other obligation of Franchisee or Franchisor, which is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by mandatory binding arbitration which shall be held in the County where the Franchisor headquarters are then located, which is currently Mecklenburg County, North Carolina. Arbitration must be in accordance with the then current Commercial Rules of the American Arbitration Association ("AAA") and, where applicable, the provision of the Federal Arbitration Act, i.e. 9 USC §1, et al; and provided that at the option of the Franchisor or the Franchisee that the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association which could include an attorney with twenty (20) years or more franchise experience. The actual selection of the arbitrator from the list will be in accordance with the procedures for selecting an arbitrator under the Commercial Rules of the AAA. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. The parties further agree that arbitration will be conducted on an individual and not a class-wide or multiple plaintiff basis.

The party discovering an arbitrable claim will have one (1) year from the date of discovery but not to exceed two (2) years from the date the claim occurred, in which to settle the claim or to commence arbitration on it. Otherwise, the claim or demand will be deemed abandoned and shall be barred. The arbitrator shall allow discovery in accordance with the North Carolina Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Unless specifically provided for by applicable statute, no punitive or exemplary damages shall be awarded against the Franchisor, or entities related to it, in an arbitration proceeding or otherwise, and are hereby waived. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of the Franchisor or Franchisee. During the pendency of any arbitration proceeding hereunder, Franchisee and Franchisor shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement. Arbitration fees shall be shared equally, and the prevailing party shall be entitled to their attorney fees, provided should there be no prevailing party each party shall pay their own attorney fees.

This arbitration provision shall not apply to any of the following disputes or controversies: any action for injunctive or other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as Franchisor deems to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations to Franchisor and/or to protect the Marks or any claim or dispute involving or

contesting the validity of any of the Marks, or any claim or dispute involving any of the Confidential Information, trade secrets, or copyrights provided by the Franchisor to the Franchisee under this Agreement.

21.5 Rights of Parties are Cumulative. The rights of Franchisor and Franchisee are cumulative, and the exercise or enforcement by Franchisor or Franchisee of any right or remedy shall not preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder which Franchisor or Franchisee is entitled by law to enforce by the provisions of this Agreement or of the Operations Manual.

21.6 Judicial Enforcement, Injunction and Specific Performance. Franchisor shall have the right to enforce by judicial process its right to terminate this Agreement for the causes enumerated in of this Agreement, to collect any amounts owed to Franchisor for any unpaid Royalty Fees, Brand Development Fees, or other unpaid fees or charges due hereunder, arising out of the business conducted by Franchisee pursuant hereto, and to pursue any rights it may have under any leases, subleases, sales, purchases, or security agreements or other agreements with Franchisee. Franchisor shall be entitled, without bond, to the entry of temporary or permanent injunctions and orders of specific performance enforcing any of the provisions of this Agreement. If Franchisor secures any such injunction or orders of specific performance, Franchisee agrees to pay to Franchisor an amount equal to the aggregate costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation, court costs, and other litigation expenses, travel and living expenses, and any damages incurred by Franchisor as a result of the breach of any provision of this Agreement.

21.7 North Carolina Law Applies. Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. § 1051 *et seq.*) or the U.S. Arbitration Act, this Agreement shall be governed by the laws of the State of North Carolina, and venue for arbitration or litigation shall lie in the County where the Franchisor's headquarters are then located, which is presently Mecklenburg County, North Carolina, or in the applicable United States District Court which has jurisdiction for the then existing location of the Franchisor's headquarters.

21.8 Attorney Fees. In the event that either party incurs any expenses (including but not limited to reasonable attorneys' fees and reasonable expert witness fees) in enforcing the provisions of this Agreement by arbitration or legal action, the prevailing party shall be entitled to recover such expenses directly from the other.

21.9 Binding Effect. This Agreement is binding upon the parties hereto and their respective permitted assigns and successors in interest.

21.10 There are no Unwritten Agreements; Operations Manual(s) are Subject to Change. This instrument contains the entire Agreement between the parties relating to the rights herein granted and the obligations herein assumed. However, the Franchisee does not waive reliance upon any warranties or representations made to it by the Franchisor in the Franchise Disclosure Document or the Franchise Agreement. Any oral representations or modifications concerning this Agreement shall be of no force or effect unless a subsequent modification in writing is signed by the parties hereto. The Operations Manual may be amended at any time by Franchisor, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.

21.11 Entire Agreement/Integration. This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. Except for those acts permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and

executed by their authorized officers or agents in writing. The Operations Manual may be amended at any time by Franchisor, and Franchisee shall adapt its methods or procedures to comply with the requirements thereof.

21.12 Force Majeure. If Franchisor shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, pandemics, or other causes beyond our reasonable control through no fault of our own, then performance of such act shall be excused for the period of the delay.

22. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, shall be deemed to have been given at the date and time of receipt or rejected delivery.

23. FURTHER REPRESENTATIONS AND WARRANTIES BY THE FRANCHISEE

Franchisee acknowledges and warrants that it has received a complete and final copy of this Agreement, Franchise Disclosure Document and applicable exhibits, in a timely fashion as required; and that before signing this Agreement, Franchisee was given ample opportunity to review and examine Franchisor's Disclosure Document and was furnished with copies of the documents. **NO ORAL, WRITTEN OR VISUAL CLAIM OR STATEMENT THAT CONTRADICTS THE FRANCHISE DISCLOSURE DOCUMENT WAS MADE.**

FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE AND ALL OF ITS OWNERS, HAVE BEEN ADVISED TO HAVE THIS AGREEMENT AND ALL OTHER DOCUMENTS REVIEWED BY AN ATTORNEY AND THAT FRANCHISEE AND ITS OWNERS HAVE READ, UNDERSTOOD, HAD AN OPPORTUNITY TO DISCUSS AND AGREED TO EACH PROVISION OF THIS AGREEMENT. THE FRANCHISEE AND ITS OWNERS AGREE THAT THERE HAS BEEN NO PRESSURE OR COMPULSION BY FRANCHISOR OR ITS AGENTS TO SIGN THIS AGREEMENT.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY FRANCHISEE AND ITS OWNERS IS SPECULATIVE AND WILL BE DEPENDENT ON PERSONAL EFFORTS AND SUCCESS IS NOT GUARANTEED. FRANCHISEE AND ITS OWNERS ACKNOWLEDGE AND REPRESENT THAT IT HAS ENTERED INTO THIS AGREEMENT AND MADE AN INVESTMENT ONLY AFTER MAKING AN INDEPENDENT INVESTIGATION OF THE OPPORTUNITY, INCLUDING HAVING RECEIVED A LIST WITH THE FRANCHISE DISCLOSURE DOCUMENT OF OTHER CURRENTLY AND PREVIOUSLY OPERATED QC KINETIX® FRANCHISES.

24. **COUNTERPARTS**

This Agreement and any amendments or supplements hereto may be executed in two or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. Electronic forms of execution are approved. This Agreement shall become effective upon the execution of a counterpart hereof by both of the parties hereto.

25. **TIME IS OF THE ESSENCE**

Time is of the essence. The parties to this Agreement hereby agree that time is of the essence with respect to each of their respective duties and obligations under this Agreement.

26. **APPROVALS AND WAIVERS**

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefore, and such approval or consent shall be obtained in writing.

Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee or in connection with any consent, or by reason of any neglect, delay, or denial of any request thereof.

No failure of Franchisor to exercise any power reserved to it by this Agreement or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Waiver by Franchisor of any particular default or breach by Franchisee shall not affect or impair Franchisor's rights with respect to any later default or breach of the same, similar or different nature, nor shall any delay, forbearance, or omission, breach or default by Franchisor to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

27. **AUTHORITY**

Franchisee or, if Franchisee is a corporation, limited liability company or partnership, the individuals executing this Agreement on behalf of such corporation, limited liability company or partnership, warrant to Franchisor, both individually and in their capacities as Owners, partners, members, shareholders, directors and officers, that all of them as the case may be, have read and approved this Agreement, including the restrictions which this Agreement places upon their right to transfer their respective interests in such entity as set forth in Section 18 of this Agreement.

{The signatures appear on the following page}

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Franchise Agreement in duplicate on this date _____.

FRANCHISOR:

QC Franchise Group LLC

Address for Notices:

Signed: _____

QC Franchise Group LLC,
227 W. Trade Street
Suite 2160
Charlotte, NC 28202
Phone: 800-269-1421
Attn: Scott Hoots

Name: _____

Title: _____

Dated: _____

FRANCHISEE:

Address for Notices:

Signed: _____

Name: _____

Date: _____

Telephone:

Signed: _____

Fax:

Name: _____

Attn:

Date: _____

Signed: _____

Name: _____

Dated: _____



SCHEDULE 1
QC FRANCHISE GROUP LLC
FRANCHISE AGREEMENT: INDIVIDUAL GUARANTY

This Guaranty is a Schedule to the Franchise Agreement between QC Franchise Group LLC (“**Franchisor**”) and _____ (“**Franchisee**”) dated _____.

1. The undersigned agree, individually and on behalf of his or her marital community, to personally and unconditionally guarantee the performance of Franchisee under the Franchise Agreement entered into between the Franchisor and Franchisee (the “**Agreement**”) and to perform all obligations under this Agreement on default by Franchisee. The undersigned further agree to pay any judgment or award against Franchisee obtained by Franchisor. Guarantors are also bound by covenants of the Agreement that by their nature or terms survive the expiration or termination of the Agreement, including but not limited to non-competition, indemnity and non-disclosure provisions.
2. Guarantors have consulted legal counsel of their own choosing as to their responsibilities and liabilities under this Guaranty.
3. Each Guarantor waives:
 - (a) Acceptance by Franchisor;
 - (b) Notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed;
 - (c) Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed, except as may be required by the Agreement; and
 - (d) Any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability.
4. Guarantors further hereby consent and agree that:
 - (a) Each will individually comply with the provisions and all subsections of the Agreements and associated documents;
 - (b) Each will render any payment or performance required under this Guaranty on demand, if Franchisee fails or refuses punctually to do so;

- (c) Each Guarantor's liability under this undertaking shall be direct, immediate, joint and several with each other Guarantor, and independent of the liability of Franchisee, other guarantors, and the other owners of the Franchisee, and such liability is not affected by any extension of time, acceptance or part performance, release of claims, or other compromise that Franchisor may grant;
 - (d) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by an abandonment of the Agreement by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by impairment, modification, change, release or limitation of the liability of the Franchisee or its estate in bankruptcy or any remedy for enforcement resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;
 - (e) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee or any other persons. Guarantor hereby waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and
 - (f) Guarantor agrees to pay all reasonable attorneys' fees and costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in the enforcing this undertaking against Guarantor.
5. Guarantor agrees to be personally bound by the arbitration obligations under Section 21.4 of the Agreement, including without limitation, the obligation to submit to binding arbitration the claims described in Section 21.4 of the Agreement in accordance with its terms.

{Signature appears on following page}

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

Dated on _____.

(Set forth the name, address and percentage ownership of each owner of Franchisee, their spouse and their percentage ownership, if applicable):

NAME	ADDRESS	PERCENTAGE
_____ Signed	_____ _____ _____	_____
_____ Printed		
_____ Signed	_____ _____ _____	_____
_____ Printed		
_____ Signed	_____ _____ _____	_____
_____ Printed		
_____ Signed	_____ _____ _____	_____
_____ Printed		



SCHEDULE 2
QC FRANCHISE GROUP LLC
DECLARATION OF OWNERSHIP

- A. The following is a list of all managing partners, partners, members, managers, shareholders or other Owners or investors in Franchisee, including all investors who own or hold direct or indirect interest in Franchisee and a description of the nature of their interest.

<u>Name</u>	<u>Percentage of Ownership/Nature of Interest</u>
-------------	---

- B. In addition to the persons listed in paragraph A., the following is a list of all Franchisee's Principals described in and designated pursuant to the Franchise Agreement. Unless designated as a controlling Principal, each of Franchisee's Principals shall execute the Confidentiality Agreement in the form set forth in Schedule 4 to the Franchise Agreement.



SCHEDULE 3
QC FRANCHISE GROUP LLC
PROTECTED TERRITORY

The scope of the Territory is set forth below in a table and on the next page in the form of a shaded map.



SCHEDULE 4
QC FRANCHISE GROUP LLC
CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Agreement is made and entered into _____, between QC Franchise Group LLC, a South Carolina limited liability company (hereinafter referred to as “Franchisor”), _____ (hereinafter referred to as “You”).

RECITALS:

WHEREAS, Franchisor has acquired the right to develop a unique system (the “System”) for the development and operation of businesses under the name and mark “QC Kinetix® (“Business”); and

WHEREAS, the System includes but is not limited to certain trade names, service marks, trademarks, symbols, logos, emblems, and indicia of origin, including, but not limited to the mark QC Kinetix® and such other trade names, service marks, and trademarks as Franchisor may develop in the future to identify for the public the source of services and products marketed under such marks and under the System and representing the System’s high standards of quality, appearance and service standards; specifications for Services (as defined in the Franchise Agreement) including lists of approved service providers, purchasing strategies, merchandising methods and techniques, inventory management systems, manufacturer, vendor and supplier relationships; cost and pricing strategies, promotional programs, procedures for safety and quality control, build-out specifications, décor and signage, exterior and interior design, décor and color scheme; operational procedures, customer service standards, employee hiring and retention programs, advertising and marketing materials, bookkeeping, financing and accounting methods all of which may be changed, improved and further developed by Franchisor from time to time and are used by Franchisor in the operation of the System (“Trade Secrets ”); and

WHEREAS, the Trade Secrets provide economic advantages to Franchisor and are not generally known to and are not readily ascertainable by proper means by Franchisor competitors who could obtain economic value from knowledge and use of the Trade Secrets; and

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of the Trade Secrets; and

WHEREAS, Franchisor has granted You a limited right to manage and participate in the operation of a Business using the System and the Trade Secrets for the period defined in the Franchise Agreement made and entered into _____ (“Franchise Agreement”) between You and Franchisor; and

WHEREAS, You and Franchisor have agreed in the Franchise Agreement on the importance to Franchisor and to You and other licensed users of the System of restricting use, access and dissemination of the Trade Secrets; and

WHEREAS, it will be necessary for certain of You to have access to and to use some or all of the Trade Secrets in the management and operation of your Business using the System; and

WHEREAS, You have agreed to obtain from your staff written agreements protecting the Trade Secrets and the System against unfair competition; and

WHEREAS, each member of your staff wishes to remain, or wishes to become a staff member; and

WHEREAS, You will receive and use the Trade Secrets in the course of operating your Business;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Franchisor shall disclose to You some or all of the Trade Secrets relating to the System.
2. You shall receive the Trade Secrets in confidence, maintain them in confidence and use them only in connection with the management and/or operation of your of Business using the System for so long as You are licensed by Franchisor to use the System.
3. You shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets without Franchisor's express written permission.
4. You shall not at any time disclose or permit the disclosure of the Trade Secrets except to your staff members and then only to the limited extent necessary to train or assist your staff members in the management or operation of your Business using the System.
5. That all information and materials, including without limitation, build out drawings, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed the Trade Secrets for the purposes of this Agreement.
6. You shall surrender the confidential Franchise Operations and Procedures Manual and such other manuals and written materials as Franchisor shall have developed ("**Manual**") described in the Franchise Agreement and any other material containing some or all of the Trade Secrets to You or Franchisor, upon request, or upon termination of employment by You, or upon conclusion of the use for which the Manual or other information or material may have been furnished to your staff.
7. You shall not, directly or indirectly, commit any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets and the System, or the Marks.
8. The Manual is loaned by Franchisor to You for limited purposes only and remain the property of Franchisor and may not be reproduced, in whole or in part, without Franchisor written consent.
9. In further consideration for the disclosure to You of the Trade Secrets and to protect the uniqueness of the System, You agree that for three (3) years following the earlier of the expiration, termination or transfer of all of your interest in the Franchise Agreement You will not, without the prior written consent of Franchisor:
 - a. Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Business to any competitor.
 - b. Employ or seek to employ any person who is at the time employed by Franchisor or any franchisee or developer of Franchisor's, or otherwise directly or indirectly induce such persons to leave that person's employment.

- c. Directly or indirectly, for yourself or through, on behalf of or in conjunction with any person, partnership or corporation, own, maintain, operate, engage in or have any financial or beneficial interest in (including interest in corporations, limited liability companies, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business which is the same as or similar to the Business including, but not limited to, any other business offering products and services that are similar to the Services (as defined in the Franchise Agreement) to QC Kinetix® franchised or company-owned store which business is, or is intended to be, located within a 25-mile radius of the location approved in the Franchise Agreement or of any Business in existence or under construction as of the earlier of: (i) the expiration or termination of, or the transfer of all or your interest in, the Franchise Agreement; or (ii) the time Employee ceases to be employed by You, as applicable.

10. You undertake to use your best efforts to ensure that your staff acts as required by this Agreement.

11. You agree that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce this Agreement and shall be entitled, in addition to any other remedies which are available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

12. You agree to pay all expenses (including court costs and reasonable legal fees) incurred by Franchisor and You in enforcing this Agreement.

13. Any failure by Franchisor or You to object or to take action with respect to any breach of this Agreement by You shall not operate or be construed as a waiver of or consent to that breach or any later breach by You.

14. Notwithstanding the foregoing, Franchisee shall be immediately released from the provisions of this Agreement and may own an interest in, manage, operate or provide services to any competitive business in the noted areas after the expiration or termination of this Agreement by purchasing the Non-Compete Buy-Out. Franchisor and Franchisee expressly acknowledge and agree that the Buy-Out is fifty percent (50%) of the Gross Revenues generated from the Business within the twelve (12) months immediately preceding the effective date of the expiration or termination of this Agreement. Franchisee shall pay, and Franchisor shall accept, the Buy-Out as adequate consideration if Franchisee should desire to be released from the Non-Compete.

15. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF NORTH CAROLINA. THE PARTIES AGREE THAT ANY ACTION BROUGHT BY ANY PARTY AGAINST ANOTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT IN NORTH CAROLINA IN THE JUDICIAL DISTRICT IN WHICH FRANCHISOR THEN HAS ITS PRINCIPAL PLACE OF BUSINESS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF, YOU OR FRANCHISOR MAY BRING SUCH ACTION IN ANY COURT IN THE STATE WHICH HAS JURISDICTION. THE PARTIES HEREBY WAIVE ALL DEFENSES OF LACK OF PERSONAL JURISDICTION OR IMPROPER VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION.

16. The parties agree that each of the above covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having a valid jurisdiction in an unappealed final decision to which Franchisor is a party, You expressly agree to be bound by any lesser covenant subsumed within the terms of

such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

17. This Agreement contains the entire agreement of the parties regarding the subject matter herein. This Agreement may be modified only by a duly authorized amendment executed by all parties.

18. All notices and demands required to be given herein shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid or facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties.

If directed to Franchisor, the notice shall be addressed to:

QC Franchise Group LLC,
Attn: Scott Hoots
Phone: 800-269-1421
227 W. Trade Street
Suite 2160
Charlotte, NC 28202

If directed to You, the notice shall be addressed to:

Attention: _____
Facsimile: _____
Telephone: _____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by facsimile, telegram or telex shall be deemed given upon transmission, provided confirmation is made as provided above.

Any notices sent by expedited delivery service or certified or registered mail shall be deemed given three (3) business days after the time of mailing. Any change in the above addresses shall effected by giving fifteen (15) days written notice of such change to the other party.

19. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable by Franchisor and shall inure to the benefit of its successors, assignees and transferees. The respective obligations of You and your staff herein are personal in nature and may not be transferred or assigned by You or your staff, as applicable.

{The signatures appear on the next page}

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

QC Franchise Group LLC
a South Carolina limited liability company:

Printed Name: _____

Signature: _____

Title: _____

You:

Printed Name: _____

Signature: _____

Title: _____



SCHEDULE 5
QC FRANCHISE GROUP LLC
FRANCHISOR ADDENDUM AND COLLATERAL ASSIGNMENT OF LEASE

Franchisee: _____

Franchisor: QC Franchise Group LLC

Date of this Franchisor Addendum and Collateral Assignment of Lease (the "Assignment"): _____

The Franchisee, to effect various provisions of that certain Franchise Agreement dated _____, 20 __, by and between Franchisee and Franchisor (the "Franchise Agreement"), hereby collaterally assigns to Franchisor (subject to the terms and conditions below) all of Franchisee's right, title and interest in, to and under that certain lease (the "Lease") dated _____ 20 __, between Franchisee and _____, ("Landlord"), for that property commonly known as: _____ (the "Premises"), a copy of which Lease is attached to this Assignment.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the sum of Ten Dollars (\$10.00) and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and notwithstanding anything in the Lease to the contrary, it is hereby agreed as follows:

No material modification or amendment of the Lease shall occur or be effective without the prior written consent of Franchisor.

Landlord consents and agrees that Tenant is permitted to operate the Franchised Business in accordance with the Franchise Agreement and the Manuals (as defined in the Franchise Agreement), subject to applicable laws and regulations. Landlord consents to the use of the Marks (as defined in the Franchise Agreement), trade dress and other aspects of the System, as modified from time-to-time, subject to the terms of the Lease and all applicable laws and regulations. Landlord grants Franchisor the right to enter the Premises during normal business hours for purposes of inspection, to take steps to protect the Marks and trade dress, and to prevent or cure any default.

Except as provided in the Franchise Agreement, the Franchisor will not take possession of the Premises under this Assignment until and unless there is a default by Franchisee under the Lease or a termination, cancellation, rescission or expiration of the Franchisee's rights, or a default by Franchisee, under the Franchise Agreement. In such event(s), the Franchisor (or its designee) may (but has no obligation to) take possession of the Premises and assume the Franchisee's rights under the Lease, and, in such event, Franchisee will have no further right, title or interest in or under the Lease or to the Premises, all such rights thereby passing to the Franchisor or its designee, without the Landlord's further consent. The Franchisee will fully cooperate therewith, and do all acts necessary or appropriate thereto. The Franchisor will have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease, the Premises or otherwise until and unless the Franchisor takes possession of the Premises pursuant to this Assignment and,

in any event, the Franchisor will only be responsible for those obligations accruing with respect to the Lease after the date of such express assumption. Upon taking possession of the Premises, Franchisor shall be obligated from that date forward to perform all of the duties and obligations of Franchisee under the Lease. Franchisor shall notify Landlord, in writing, within five (5) days of taking possession of the Premises that it has taken such possession.

The Franchisee will not permit any surrender, termination, amendment or modification of the Lease and will elect and exercise all options to extend the term of or renew, or assume in bankruptcy, the Lease not less than thirty (30) days prior to the last day that said rights must be exercised. If the Franchisee does not do so, Franchisor may to the extent consistent with the United States Bankruptcy Code (but has no obligation to) do such acts for the account of Franchisee and without any liability or obligation of the Franchisor. Failure of the Franchisor to exercise any remedy hereunder shall not be a waiver of any of its rights. The rights and remedies of the Franchisor under this Assignment are in addition to those which the Franchisor has under the Franchise Agreement or otherwise. This Assignment shall bind, and benefit, Franchisor and Franchisee, and their respective successors and assigns. With respect to Franchisor and Franchisee the dispute resolution provisions (including, but not limited to, mediation, binding arbitration, waiver of jury trial and limitation of damages) of the Franchise Agreement shall apply to this Assignment, and/or any matter related in any way to it, but the Franchisor may, in any event and at its option, proceed with any action in court for possession of the Premises and any related remedies. If there is more than one Franchisee, their obligations are joint and several. As between Landlord and Franchisor and/or Franchisee, the dispute resolution provisions of the Lease shall apply.

In the event Franchisee shall fail to perform or observe any of the terms, conditions or agreements in the Lease, Landlord shall give written notice thereof to Franchisor and Franchisor shall have the right (but not the obligation) to cure such default. Landlord shall not take any action with respect to such default under the Lease, including without limitation any action in order to terminate, rescind or avoid the Lease, for a period of fifteen (15) days following expiration of any cure period Franchisee may have under the Lease with respect to such default; provided, however, that in the case of any default which cannot with diligence be cured within said additional fifteen (15) day period, if Franchisor shall proceed promptly to cure such default and thereafter prosecute the curing of such default with diligence and continuity, the time within which such default may be cured shall be extended for such period as may be necessary to complete the curing of such default with diligence and continuity.

Landlord will recognize and accept the performance by Franchisor of any act or thing required to be done by Franchisee under the terms of the Lease and will accept such performance as if it were performed by Franchisee.

Landlord agrees that in any case commenced by or against Franchisee under the United States Bankruptcy Code, the Franchisor shall have standing to appear and act as a party to the Lease for purposes of the Bankruptcy Code, (but shall not have any obligations under the Lease unless Franchisor expressly assumes the Lease). Landlord shall, during Franchisee's bankruptcy case, serve on the Franchisor a copy of all notices, pleadings or documents which are given to Franchisee, and service shall be in the same manner as given to Franchisee. If the Lease or Franchisee's rights under the Lease are terminated, whether by reason of default of Franchisee or Landlord, rejection of the Lease in any bankruptcy case, voluntary surrender and acceptance, or otherwise, then Landlord shall give written notice of such termination to Franchisor. Franchisor or its nominee shall have the option, exercisable by written notice to Landlord delivered not later than the 30th day after written notice that the termination has occurred, to receive from Landlord a new lease of the Premises on the same terms and conditions as the Lease, for the remaining term of the Lease (that is, the portion of the term that would remain absent the termination and the conditions or events causing the same), and such same terms and conditions shall include any extension rights provided for in the Lease.

Any notice or other communication required or permitted to be given under this Assignment shall be in writing and addressed to the respective party as set forth below. Notices shall be effective (i) on the next business day if sent by a nationally recognized overnight courier service, (ii) on the date of delivery by personal delivery and (iii) on the date of transmission if sent by facsimile during business hours on a business day (otherwise on the next business day) (with receipt of confirmation). Any party may change the address at which it is to receive notices to another address in the United States at which business is conducted (and not a post-office box or other similar receptacle), by giving notice of such change of address in accordance with this provision.

Notices to Franchisor, Franchisee or Landlord shall be addressed as follows:

Landlord: _____

Franchisor QC Franchise Group LLC,
 Attn: Scott Hoots
 Phone: 800-269-1421
 227 W. Trade Street
 Suite 2160
 Charlotte, NC 28202

This Assignment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

If any portion or portions of this Assignment shall be held invalid or inoperative, then all of the remaining portions shall remain in full force and effect, and, so far as is reasonable and possible, effect shall be given to the intent manifested by the portion or portions held to be invalid or inoperative.

This Agreement shall be governed by and construed in accordance with the laws of the State of _____.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment under as of the date first above written.

FRANCHISEE:

Signature

Printed Name

LANDLORD

by _____
its _____

Signature

Printed Name

FRANCHISOR:

QC Franchise Group LLC
by _____
its _____



SCHEDULE 6
QC FRANCHISE GROUP LLC
SUPPLEMENT DISTRIBUTOR AGREEMENT

Distributor Agreement

QC Kinetix Branded Supplements

Date:
Distributor's name:
Distributor's address:
Distributor's phone:
Distributor's e-mail:

This is an agreement between the Distributor, named above, QC Health Group LLC, a North Carolina limited liability company. ("QCHG") and QC Franchise Group LLC, a South Carolina limited liability company ("Franchisor")

WHEREAS, Distributor is a franchisee of QC Franchise Group LLC, ("Franchisor") by virtue of that certain franchise agreement dated _____, 202__ ("Franchise Agreement") and is operating a QC Kinetix franchise at Unit# _____, ("Franchised Business");

WHEREAS. QCHG has developed a line of health supplements to be used in conjunction with the regenerative medicine protocols employed at the Franchised Business, as well as for general health (collectively, "Products");

WHEREAS, Distributor desires to elect to either distribute the Products from the Franchised Business, provide patient email addresses to Franchisor ("Data"), use the Services, (defined below) and participate in a revenue sharing program set forth in this Agreement; or elect not to distribute from the Franchised Business, provide the Data and participate in a revenue sharing program;

WHEREAS, Franchisor has determined that Distributor currently qualifies to be a distributor for QCHG and desires to permit Distributor to offer the Products, as set forth below; and,

NOW THEREFORE, In consideration of permitting Distributor to distribute the products supplied by QCHG, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. PURPOSE

The QCH distributorship program is intended to establish a distribution network with QC Kinetix franchise operators for the sale of QC Kinetix branded, health supplements, and other products subsequently developed by QCHG, and associated marketing programs (“**Services**”).

2. PROGRAM ELECTION

Initial the proper selection (**One Selection**):

_____ Distributor elects to provide its Data to Franchisor for the purpose of providing the Services in conjunction with the sale of the Products through electronic promotion to its patients, with a revenue share, as well as sell products from the Franchised Business location.

_____ Distributor does not wish to sell the Products from the Franchised Business location but desires to participate in the revenue sharing process, by providing Data to the Franchisor.

_____ Distributor does not wish to share Data with QCHG and declines participation in any revenue sharing. However, Distributor desires to sell or utilize the Products from the Franchised Business

3. TERRITORY

Distributor does not receive a protected territory. Distributor may only sell the Products from its Franchised Business and may not make Internet offerings or sell from any other location. QCHG, on its own accord, and its assigns, may sell, and may authorize other distributors to sell, anywhere.

4. REVENUE AND DATA SHARING

Distributor agrees to share its Data with Franchisor so that Franchisor may publish advertisements regarding the Products, via email announcements to patients of Distributor, unless and until those patients opt out of receiving further emails. The emails will appear to be generated by Distributor, but Franchisor shall manage the process and the release of the announcements.

When QCHG sells a Product through its Internet shopping site and the delivery address is within the Territory described in the applicable, fully executed franchise agreement Distributor, if not then in default of this Agreement or any other agreement with Franchisor or QCHG, shall receive a share of the gross revenue (exclusive of any sales tax, or shipping charges) for the sale (“**Net Sales**”). The percentage of the share shall be ten (10) percent of the Net Sales. In the event that the monthly average sales of Products through the Internet meet or exceed 75 active customer, ongoing subscriptions, in Distributor’s designated market area, as calculated on calendar quarterly basis, (the “**Benchmark**”) the Distributor shall receive a revenue share of twenty (20) percent of the Net Sales, for that quarters’ internet sales in its market and for each succeeding calendar quarter in which the monthly average sales meets or exceeds 75 active customers, so long as the Benchmark continues to be met, unless QCHG discontinues the Benchmark program, after notice to Distributor. In either case, the sums will be paid quarterly by QCHG and will be considered part of Gross Revenues, as defined in the applicable franchise agreement.

5. QCHG 'S COMMITMENTS

- a. QCHG will use its best efforts to supply Products on a reasonably timely basis to fill orders.
- b. QCHG will make available sales and service training to Distributor, as determined by QCHG.
- c. QCHG will conduct local and national advertising for Products, as it deems appropriate.

6. DISTRIBUTOR'S COMMITMENTS

- a. Distributor will use its reasonable best efforts to stock adequate inventory and actively promote QCHG Products.
- b. Distributor will remain in good standing as a franchisee of QC Franchise Group LLC, in order to remain a Distributor.
- c. Distributor will pay for Products and Services promptly. Time is of the essence.
- d. Distributor will not warrant or make any representation with respect to the Products, other than as specifically authorized in writing by QCHG.
- e. Distributor will use QCHG trademarks only as specifically authorized by QCHG. Distributor will acquire no rights in such trademarks by virtue of its use and will not infringe any QCHG patents.
- f. Distributor will be an independent contractor and not an agent, employee, or legal representative of QCHG. None of Distributor's employees or agents will be considered an employee or agent of QCHG. Distributor will not obligate QCHG in any way.
- g. Distributor is solely responsible for collecting and reporting all sales tax associated with the retail sale of the Products, except when QCFG makes a sale from its web store.
- h. Some states require that products containing CBD be registered with the state prior to being offered for sale. Distributor is solely responsible with complying with applicable laws, and QCHG does not express an opinion or other warranty that the sale of, "Soreness Cream", is legal in your state. Furthermore, QCHG is aware that there exist state and local laws regarding licensing to sell nutritional supplements (FL, for example). Distributor shall obtain the advice of legal counsel before engaging in any sales from the Franchised Business.
- i. Distributor shall acquire, and update, the Data for each of its patients and provide the updated Data to Franchisor, as requested, in order to facilitate Franchisor providing the Services in order to notify patients of the Products that are potentially beneficial to their plan of care.

7. ORDERING AND CONDITIONS OF SALE

During the term of this Agreement, QCHG shall provide log-in credentials to Distributor to purchase the products, online at <https://qcwholesale.com> ("website"). The minimum order quantity and Shipping Policy, Refund policy, shipping charges, terms of sale, and Terms of Service, which are set forth on the website, are incorporated into this Agreement by this reference. All prices, fees, and terms and conditions of sale will be subject to change by QCHG without notice. QCHG shall not be liable to the Distributor in any event of temporary unavailability or delay in shipment or receipt of merchandise due to temporary product shortages, order backlogs, production difficulties, delays in transportation, fire, strikes, work stoppages, or other causes beyond the reasonable control of QCHG.

8. MINIMUM ADVERTISED PRICE POINT

The minimum price that Distributor may advertise for the price of the Products shall be in accordance with our Minimum Advertised Price Policy ("MAPP") as set forth in **Exhibit "A"**, which prices may be adjusted from time-to-time through written notice provided to Distributor, by QCHG.

9. TERM

QCHG may terminate this agreement for any reason or no reason, without payment or penalty, effective after 30 days written notice, or immediately if Distributor becomes insolvent, the franchise agreement between Distributor, as franchisee and Franchisor, is terminated or expires or Distributor fails to provide Data to Franchisor, or make payments for the Products, when due.

10. EFFECT OF TERMINATION

Effective immediately upon termination Distributor shall cease any conduct that would tend to indicate that the Distributor is, or was, an authorized Distributor, is in any way associated with the Products, and will destroy any remaining inventory. The revenue sharing will terminate. Pending orders with QCHG will be canceled, with no refunds for any prepayments and Internet credentials will be invalidated. All sums owed by Distributor to QCHG shall become due and payable upon termination.

11. ADVERTISING

The Distributor agrees not to use, display, publish, broadcast, or in any manner disseminate any advertising or promotional material unless Franchisor has first approved the material in writing. Distributor agrees to use point of purchase materials supplied by Franchisor or QCHG, and only those materials that may be supplied, or purchased from QCHG, or its approved suppliers.

12. ASSIGNMENT

Distributor may not assign this Agreement nor any interest therein without the prior written consent of QCHG, and any attempt to do so shall be void and of no effect whatsoever. The transfer of a controlling interest in Distributor will be deemed an assignment for purposes of this paragraph.

13. DISCLAIMER OF WARRANTIES

THE PRODUCTS ARE NOT APPROVED BY THE FDA. QCHG MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF THE PRODUCTS WILL NOT INFRINGE ANY REGULATION, PATENT, COPYRIGHT, TRADEMARK OR OTHER RIGHTS OR ANY OTHER EXPRESS OR IMPLIED WARRANTIES.

14. GOVERNING LAW – VENUE

Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act, 15 U.S.C. § 1051 *et seq.*) this Agreement shall be governed by the laws of the State identified in the Franchise Agreement in accordance with the provision set forth therein. Notwithstanding anything to the contrary in the Franchise Agreement, venue for litigation shall lie in the County where the Franchisor's headquarters are then located, which is presently Mecklenburg County, North Carolina, or in the applicable United States District Court which has jurisdiction for the then existing location of the Franchisor's headquarters.

15. ATTORNEYS FEES AND COSTS

In the event that either party incurs any expenses (including but not limited to reasonable attorneys' fees and reasonable expert witness fees) in enforcing the provisions of this Agreement by legal action, the prevailing party, in a non-appealable final action shall be entitled to recover such expenses directly from the other.

16. GENERAL PROVISIONS

The failure of either party to exercise any right or the waiver of a breach under this Agreement shall not be deemed to be a waiver of such right or of such breach, or of any continuing or subsequent breach. Any notice to be given shall be in writing and shall be made in accordance with the notice provisions of the Franchise Agreement. Each party shall comply with all applicable laws. QCHG may modify, the terms of sale, prices, Terms of Service (found on the website) Products or Services at any time, in its discretion. This Agreement, **Exhibit "A"**, specific sections of the Franchise Agreement referenced in this Agreement and the terms found when ordering Products, online at <https://qcwholesale.com>, or such further website subsequently used by for ordering through QCHG, constitute the entire agreement between the parties regarding the subject matter hereof and supersedes any previous agreement or understanding, either written or oral. Except for unilateral changes made by QCHG this Agreement may amended or modified only by written agreement duly executed by both parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by a duly authorized representative as of the date first above written.

Distributor Name:

QC Health Group LLC

Authorized Signature

Justin Crowell - Manager/Member

Title

Individually

QC Franchise Group LLC

Scott Hoots - CEO

**EXHIBIT “A” TO DISTRIBUTION AGREEMENT
EFFECTIVE DATE 2 15 23**

Until further notice in writing, the manufacturer’s suggested retail price (“**MSRP**”), for the Products and the minimum advertised price (“**MAP**”) is:

Promotional Package

Distributors who elected to sell from the Franchised Business may jump-start their supplement inventory by purchasing a promotional package for \$1,850, which includes the following:

1. 24 Bottles of Joint & Bone Health supplements
2. 24 Bottles of Men’s Health supplements
3. 24 Bottles of Hair Health supplements
4. 5 tubes of 1 oz. Soreness Relief Cream
5. 5 tubes of 2 oz. Soreness Relief Cream
6. 1 8x10 supplement flyer with QR code
7. Acrylic Photo stand

JOINT AND BONE HEALTH

MAP
\$19.99 for Quick Start Program, then recurring at \$59.99

MSRP
\$19.99 for Quick Start Program, then recurring at \$59.99

COST \$20.00 per bottle

HAIR HEALTH

MAP
\$24.99 for Quick Start Program, then recurring at \$59.99

MSRP
\$24.99 for Quick Start Program, then recurring at \$59.99

COST
\$25.00 per bottle if order is < 96 bottles and \$22.50 per bottle if order is >96 bottles

MENS HEALTH

MAP
\$24.99 for Quick Start Program, then recurring at \$59.99

MSRP
\$24.99 for Quick Start Program, then recurring at \$59.99

COST
\$25.00 per bottle if order is < 96 bottles and \$22.50 per bottle if order is >96 bottles

SORENESS CREAM

MAP
1 oz bottle \$49.00
2 oz bottle \$59.00

MSRP

1 oz bottle \$49.99
2 oz bottle \$59.00

COST
1 oz bottle \$29.99
2 oz bottle \$34.99

{The balance of this page is intentionally blank}

QCHG MINIMUM ADVERTISED PRICE (“MAP”) POLICY

QC HEALTH GROUP LLC (“QCHG”) will issue lists indicating Manufacturer’s Suggested Retail Pricing (“MSRP”) which can be amended at any time by QCHG at its sole discretion. Any priced advertisement in any media such as but not limited to internet or similar electronic media, radio, television, flyers, posters, catalogs, mail order catalogs, magazines, e-mail newsletters, e-mail solicitations, coupons, mailers, inserts, newspapers, and public signage must be not less than the current MSRP as indicated. Any pricing advertised that does not match or exceed that shown on the current MSRP list will be a violation of this MAP Policy and subject to enforcement procedures as identified later in this document.

- This MAP Policy applies only to advertised prices and does not apply to the actual price that QCHG Products are sold or offered for sale to an individual consumer within Distributors Franchised Business. Distributors are free to sell QCHG Products at any price they choose under these circumstances.
- The inclusion in advertising of any free or discounted products with a product covered by this MAP Policy would be contrary to this MAP Policy if it has the effect of discounting the advertised price of the included QCHG Product below current MSRP.
- This MAP Policy does not establish maximum advertised prices. Resellers may offer QCHG Products at any price in excess of current MSRP.
- Pricing listed on an internet site is considered an “advertised price” and must adhere to this MAP Policy. Once the pricing is associated with an intent to purchase (adding to shopping cart or order), the price becomes the selling price and is not bound by this MAP Policy. Statements such as “add to basket to see price,” “we will match any price,” “call for price” or similar phrases are acceptable as long as the price advertised or listed for the products is not below current MSRP. In addition, discounts applied at checkout to the customer’s entire order based on customers purchasing history with the Reseller, such as discounts for “frequent shoppers,” or “preferred members” do not violate this MAP Policy.
- QCHG reserves the right to offer promotions on certain products. In such an event, we reserve the right to modify or suspend this MAP Policy in whole or in part by notifying Distributors of the nature and duration of the change. QCHG further reserves the right to adjust the MSRP with respect to all or certain Products at its sole discretion. Such changes shall apply equally to all Distributors.

Enforcement Procedures:

First Offense:

Distributor will receive notification of the nature of the violation from QCHG, or its assigns and will be given thirty (30) calendar days to remove the offending print advertisements from publication and distribution and three (3) business days to remove any offending electronic advertisements from web pages, internet sites, or other electronic media.

Second Offense, or failure to cure First Offense:

Reseller will receive a notification and the account will be placed on a non-ship basis, indefinitely and the revenue sharing program will be suspended until a cure is in place.

The administration of this MAP Policy and any determinations made under it are solely within QCHG’s discretion and authority. All questions about this MAP Policy should be in writing and directed via U.S. Mail to the Manager of QC Health Group LLC at Justin@qckinetix.com. This policy is subject to change at QCHG’s sole discretion.

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EXHIBIT B

**DIRECTORY OF FEDERAL,
STATE AND CANADIAN
FRANCHISE REGULATORS**

**AGENTS FOR
SERVICE OF PROCESS**

EXHIBIT B
**DIRECTORY OF FEDERAL,
STATE AND CANADIAN
FRANCHISE REGULATORS**

FEDERAL

FEDERAL TRADE COMMISSION

Division of Marketing Practices
Seventh and Pennsylvania Avenues, N.W.
Room 238
Washington, D.C. 20580
202-326-2970

STATE FRANCHISE REGULATORS & AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Department of Financial Protection and
Innovation
Commissioner of Financial Protection and
Innovation
2101 Arena Boulevard
Sacramento, CA 94834
866-275-2677

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce & Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street Room 203
Honolulu, Hawaii 96813
808-586-2722

FLORIDA

State Department of Agriculture and
Consumer Services
P.O. Box 6700 Suite 7200
Tallahassee, Florida 32314-6700
850-410-3754

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
217-782-4465

INDIANA

Indiana Secretary of State
Chief Deputy Commissioner
Securities Divisions
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204
317-232-6681

MICHIGAN

Consumer Protection Division
Franchise Administrator
670 G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48909
517-373-7117

NEW YORK

New York Secretary of State
One Commerce Plaza
99 Washington Avenue
Albany, New York 12231
518-473-2492

New York State Department of Law
Investor Protection Bureau
120 Broadway 23rd Floor
New York, New York 10271
212-416-8236

MARYLAND

Securities Commissioner
Division of Securities
200 St. Paul Place 20th Floor
Baltimore, Maryland 21202-2020
410-576-6360

MINNESOTA

Commissioner of Commerce
Minnesota Department of Commerce
Securities Section
85 Seventh Place East, Suite 280
St. Paul, Minnesota 55101
651-539-1600

NORTH CAROLINA

Scott Hoots
227 W. Trade Street, Suite 2160
Charlotte, North Carolina 28202
704-396-8090

NORTH DAKOTA

North Dakota Securities Department
Franchise Examiner
600 East Boulevard Avenue, State Capitol
14th Floor, Dept. 414
Bismarck, North Dakota 58505-0510
701-328-4712

RHODE ISLAND

Department of Business Regulation
Securities Division
1511 Pontiac Avenue, Bldg., 69-2
Cranston, Rhode Island 02920
401-462-9527

SOUTH DAKOTA

Director of Division of Securities
124 S. Euclid Ave., Suite 104
Pierre, South Dakota 57501-3185
605-773-4823

OREGON

Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
350 Winter St. NE Rm. 410
Salem, Oregon 97301-3881
503-378-4140

SOUTH CAROLINA

SC Secretary of State's Office
Attn: Service of Process
1205 Pendleton Street, Suite 525
Columbia, SC 29201
(803) 734-0367

VIRGINIA

Registered Agent:
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
804-371-9733

State Administrator:
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
804-371-9051

WASHINGTON

Department of Financial Institutions

Securities Division

150 Israel Road, SW

Turnwater, Washington 98507

P.O. Box 9033

Olympia, Washington 98507-9033

360-902-8760

WISCONSIN

Franchise Administrator

201 W. Washington Ave.

Madison, Wisconsin 53703

P.O. Box 1768

Madison, Wisconsin 53701

608-266-0448

CANADA

Director of Franchises
Alberta Securities Commission Agency
21st Floor
10025 Jasper Avenue
Edmonton, Alberta T5J 3Z5

Director of Franchises
New Brunswick Securities Commission
Suite 300
85 Charlotte Street
Saint John, New Brunswick 32L 2J2

Director of Franchises
Ontario Securities Commission
Suite 1903
20 Queen Street, West
Toronto, Ontario MSH 3S8
416-593-8314

Office of the Attorney General
Consumer, Corporate, and Insurance Division
PEI Securities Office
P.O. Box 2000
Charlottetown, Prince Edward Island C1A 7N8
902-368-4569

EXHIBIT C

BUSINESS ASSOCIATE AGREEMENT

Business Associate Agreement

This Business Associate Agreement (“**BAA**”) is entered into effective this ____ day of _____ 20__ (“Effective Date”) by and between QC Franchise Group LLC, (“**Business Associate 1**”) and _____ a franchisee of Business Associate 1 (“**Business Associate 2**”) (each a “**Party**” and collectively, the “**Parties**”).

RECITALS

WHEREAS, Business Associate 1 and Business Associate 2 are each a “Business Associate ” as that term is defined under the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-91), as amended, (“HIPAA”), and the regulations promulgated thereunder by the Secretary of the U.S. Department of Health and Human Services (“Secretary”), including, without limitation, the regulations codified at 45 C.F.R. Parts 160 and 164 (“HIPAA Regulations”);

WHEREAS, Business Associate 1 seeks to perform Services as a franchisor for or on behalf of Business Associate 2, and in performing said Services; Business Associate 1 will, receive, maintain, or transmit Protected Health Information (“PHI”) or Electronic Protected Health Information (“ePHI”);

WHEREAS, the parties intend to protect the privacy and provide for the security of PHI and ePHI disclosed by Business Associate 2 to Business Associate 1, or received by Business Associate 1, when providing Services in compliance with the HIPAA Act, regulations issued thereunder, applicable guidance issued by the Secretary of the Department of Health and Human Services (HHS), the Health Information Technology for Economic and Clinical Health Act (“the HITECH Act”) and other applicable state and federal laws, all as amended from time to time; and

WHEREAS, as a Business Associate, Business Associate 2 is required under HIPAA to enter into a Business Associate Agreement (BAA) with Business Associate 1 that meets certain requirements with respect to the use and disclosure of PHI.

In consideration of above the recitals and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows:

Article I DEFINITIONS

The following terms shall have the meaning set forth below. Capitalized terms used in this BAA and not otherwise defined shall have the meanings ascribed to them in HIPAA, the HIPAA Regulations, or the HITECH Act, as applicable.

- 1.1. **“Breach”** shall have the meaning given under 42 U.S.C. § 17921(1) and 45 C.F.R. § 164.402.
- 1.2. **“Data Aggregation”** shall have the meaning given under 45 CFR § 164.501.
- 1.3. **“Designated Record Set”** shall have the meaning given such term under 45 C.F.R. § 164.501.
- 1.4. **“Disclose”** and **“Disclosure”** mean, with respect to PHI, the release, transfer, provision of access to, or divulging in any other manner of PHI outside of Business Associate 2 or to other than members of its Workforce, as set forth in 45 C.F.R. § 160.103.
- 1.5. **“Electronic PHI”** or **“ePHI”** means PHI that is transmitted or maintained in electronic media, as set forth in 45 C.F.R. § 160.103.
- 1.6. **“Protected Health Information”** and **“PHI”** mean any information, whether oral or recorded in any form or medium, that: (a) relates to the past, present or future physical or mental health or condition of an individual; the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual; and (b) identifies the individual, or for which there is a reasonable basis for believing that the information can be used to identify the individual. "Protected Health Information" shall have the meaning given to such term under 45 C.F.R. § 160.103. Protected Health Information includes ePHI.
- 1.7. **“Security Incident”** shall have the meaning given to such term under 45 C.F.R. § 164.304.
- 1.8. **“Services”** shall mean the services for or functions on behalf of Business Associate 2 performed by Business Associate 1 pursuant to any franchise agreement(s) between Business Associate 1 and Business Associate 2 which may be in effect now or from time to time (**“Underlying Agreement”**). or, if no such agreement is in effect, the services or functions performed by Business Associate 1 that constitute a Business Associate relationship, as set forth in 45 C.F.R. § 160.103, *Definition of “Business Associate.”*
- 1.9. **“Subcontractor”** means a person to whom a Business Associate delegates a function, activity, or service, other than in the capacity of a member of the Workforce of such Business Associate.
- 1.10. **“Unsecured PHI”** shall have the meaning given to such term under 42 U.S.C. § 17932(h), 45 C.F.R. § 164.402, and Federal Register documents, including, but not limited to, Federal Register document 74; Federal Register 19006 (April 27, 2009); and 78 Federal Register 5565 (January 25, 2013).
- 1.11. **“Use”** or **“Uses”** mean, with respect to PHI, the sharing, employment, application, utilization, examination, or analysis of such PHI within Business Associate 2’s internal operations, as set forth in 45 C.F.R. § 160.103.
- 1.12. **“Workforce”** shall have the meaning given to such term under 45 C.F.R. § 160.103.

Article II

OBLIGATIONS OF BUSINESS ASSOCIATE

2.1. Permitted Uses and Disclosures of Protected Health Information: Business Associate 1 shall not use or disclose PHI other than performing the Services, as permitted or required by this BAA, or as required by law. Business Associate 1 shall not use or disclose PHI in any manner that would constitute a violation of Subpart E of 45 C.F.R. Part 164 if so used or disclosed by Business Associate 2. However, Business Associate 1 may use or disclose PHI (i) for the proper management and administration of Business Associate 1; (ii) to carry out the legal responsibilities of Business Associate 1, provided that with respect to any such disclosure either: (a) the disclosure is required by law; or (b) Business Associate 1 obtains a written agreement from the person to whom the PHI is to be disclosed that such person will hold the PHI in confidence and will not use or further disclose such PHI except as required by law and for the purpose(s) for which it was disclosed by Business Associate 2 to such person, and that such person will notify Business Associate 2 of any instances of which it is aware in which the confidentiality of the PHI has been breached; (iii) for Data Aggregation purposes for the healthcare operations of Business Associate 1. To the extent that Business Associate 1 carries out one or more of Business Associate 2's obligations under Subpart E of 45 C.F.R. Part 164, Business Associate 1 must comply with the requirements of Subpart E that apply to Business Associate 2 in the performance of such obligations.

2.2. Prohibited Marketing and Sale of PHI: Notwithstanding any other provision in this BAA, Business Associate 1 shall comply with the following requirements: (i) Business Associate 1 shall not use or disclose PHI for fundraising or marketing purposes, except to the extent expressly authorized or permitted by this BAA and consistent with the requirements of 42 U.S.C. § 17936, 45 C.F.R. §164.514(f), and 45 C.F.R. § 164.508(a)(3); and (ii) Business Associate 1 shall not directly or indirectly receive remuneration in exchange for PHI, except with the prior written consent of Business Associate 2 and as permitted by the HITECH Act, 42 U.S.C. § 17935(d)(2), and 45 C.F.R. § 164.502(a)(5)(ii).

2.3. Adequate Safeguards of PHI: Business Associate 1 shall implement and maintain appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this BAA. Business Associate 1 shall reasonably and appropriately protect the confidentiality, integrity, and availability of ePHI that it creates, receives, maintains, or transmits on behalf of Business Associate 2 in compliance with Subpart C of 45 C.F.R. Part 164 to prevent use or disclosure of PHI other than as provided for by this BAA.

2.4. Mitigation: Business Associate 1 agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate 1 of a use or disclosure of PHI by Business Associate 1 in violation of the requirements of this BAA.

2.5. Reporting Non-Permitted Use or Disclosure

2.5.1. Reporting Security Incidents and Non-Permitted Use or Disclosure: Business Associate 1 shall report to Business Associate 2 in writing each security incident or use or disclosure that is made by Business Associate 1, members of its Workforce or Subcontractors that is not specifically permitted by this BAA, no later than three (3) business days after becoming aware of such security incident or non-permitted use or disclosure, in accordance with the notice provisions set forth herein. Business Associate 1 shall investigate each security incident or non-permitted use or disclosure of Business Associate 2's PHI that it discovers to determine whether such security incident or non-permitted use or disclosure constitutes a reportable breach of unsecured PHI. Business Associate 1 shall document and retain records of its investigation of any breach, including its reports to Business Associate 2 under this Section 2.5.1. Upon request of Business Associate 2, Business Associate 1 shall furnish to Business Associate 2 the documentation of its investigation and an assessment of whether such security incident or non-permitted use or disclosure constitutes a reportable breach. If such security incident or non-permitted use or disclosure constitutes a reportable breach of unsecured PHI, then Business Associate 1 shall comply with the additional requirements of Section 2.5.2 below.

2.5.2. Breach of Unsecured PHI: If Business Associate 1 determines that a reportable breach of unsecured PHI has occurred, Business Associate 1 shall provide a written report to Business Associate 2 without unreasonable delay, but no later than thirty (30) calendar days after discovery of the breach. To the extent that information is available to Business Associate 1, Business Associate 1's written report to Business Associate 2 shall be in accordance with 45 C.F.R. §164.410(c), as if "Business Associate 2" were the "Covered Entity," and as if "Business Associate 1" were "Business Associate 2," for purposes of that provision. Business Associate 2 shall cooperate with Business Associate 1 in meeting Business Associate 1's obligations under the HITECH Act with respect to such breach. Business Associate 1 shall have sole control over the timing and method of providing notification of such breach to the affected individual(s), the Secretary and, if applicable, the media, as required by HIPAA and the HITECH Act. Business Associate 1 shall reimburse Business Associate 2 for its reasonable costs and expenses in providing the notification, including, but not limited to, any administrative costs associated with providing notice, printing and mailing costs, and costs of mitigating the harm (which may include the costs of obtaining credit monitoring services and identity theft insurance) for affected individuals whose PHI has or may have been compromised as a result of the breach.

2.6. Availability of Internal Practices, Books, and Records to Government: Business Associate 1 and Business Associate 2 agree to make their internal practices, books, and records relating to the use and disclosure of PHI received from, or created, or received by them, available to the Secretary for purposes of determining their compliance with HIPAA, the HIPAA Regulations, and the HITECH Act. Except to the extent prohibited by law, Business Associate 1 and Business Associate 2 shall notify each other of all requests served upon them for information or documentation by or on behalf of the Secretary. Both Business Associate 2 and Business Associate 1 agree to provide to each other proof of their compliance with the HIPAA Security Standards.

2.7. Access to and Amendment of Protected Health Information: To the extent that Business Associate 1 maintains a Designated Record Set on behalf of Business Associate 2 and within fifteen (15) days of a request by Business Associate 2, Business Associate 1 shall (a) make the PHI it maintains (or which is maintained by its Subcontractors) in Designated Record Sets available to Business Associate 2 for inspection and copying, or to an individual to enable Business Associate 2 to fulfill its obligations under 45 C.F.R. § 164.524, or (b) amend the PHI it maintains (or which is maintained by its Subcontractors) in Designated Record Sets to enable Business Associate 2 to fulfill its obligations under 45 C.F.R. § 164.526. Business Associate 1 shall not disclose PHI to a health plan for payment or healthcare operations purposes if and to the extent that Business Associate 2 has informed Business Associate 1 that the patient has requested this special restriction, and has paid out of pocket in full for the health care item or service to which the PHI solely relates, consistent with 42 U.S.C. § 17935(a) and 42 C.F.R. § 164.522(a)(1)(vi). If Business Associate 1 maintains PHI in a Designated Record Set electronically, Business Associate 1 shall provide such information in the electronic form and format requested by Business Associate 2 if it is readily reproducible in such form and format, and, if not, in such other form and format agreed to by Business Associate 2 to enable Business Associate 2 to fulfill its obligations under 42 U.S.C. § 17935(e) and 45 C.F.R. § 164.524(c)(2). Business Associate 1 shall notify Business Associate 2 within fifteen (15) days of receipt of a request for access to PHI.

2.8. Accounting: To the extent that Business Associate 1 maintains a Designated Record Set on behalf of Business Associate 2, within thirty (30) days of receipt of a request from Business Associate 1 or an individual for an accounting of disclosures of PHI, Business Associate 1 and its Subcontractors shall make available to Business Associate 2 the information required to provide an accounting of disclosures to enable Business Associate 2 to fulfill its obligations under 45 C.F.R. § 164.528 and its obligations under 42 U.S.C. § 17935(c). Business Associate 1 shall notify Business Associate 2 within fifteen (15) days of receipt of a request by an individual or other requesting party for an accounting of disclosures of PHI.

2.9. Use of Subcontractors: Business Associate 1 and Business Associate 2 shall require each of its Subcontractors that creates, maintains, receives, or transmits PHI on behalf of them, to execute a Business Associate Agreement that imposes on such Subcontractors the same restrictions, conditions, and requirements that apply to the Parties under this BAA with respect to PHI.

2.10. Minimum Necessary: The Parties (and their Subcontractors) shall, to the extent practicable, limit its request, use, or disclosure of PHI to the minimum amount of PHI necessary to accomplish the purpose of the request, Use or Disclosure, in accordance with 42 U.S.C. § 17935(b) and 45 C.F.R. § 164.502(b)(1) or any other guidance issued thereunder.

Article III TERM AND TERMINATION

3.1. Term: The term of this Agreement shall be effective as of the Effective Date and shall terminate as of the date that all of the PHI provided by Business Associate 2 to Business Associate 1, or created or received by Business Associate 1 on behalf of Business Associate 2, is destroyed or returned to Business Associate 2, or, if it is infeasible to return or destroy the PHI, protections are extended to such information, in accordance with Section 3.3, or on the date that Business Associate 1 or Business Associate 2 terminates for cause as authorized in Section 3.2, whichever is sooner. Further, this Agreement shall automatically terminate, without the requirement of notice, should a franchise or development agreement between the Parties expire or is otherwise terminated.

3.2. Termination for Cause: Upon a Party's knowledge of a material breach or violation of this BAA by the other Party, the non-breaching Party shall either:

3.2.1. Notify the Party of the breach in writing, and provide an opportunity for Business Associate to cure the breach or end the violation within ten (10) business days of such notification; provided that if the breaching Party fails to cure the breach or end the violation within such time period to the satisfaction of the other Party, the aggrieved Party may immediately terminate this BAA upon written notice to the breaching Party; or

3.2.2 Upon written notice to the breaching Party, the aggrieved Party may immediately terminate this BAA if such breach cannot be cured.

3.3. Disposition of Protected Health Information Upon Termination or Expiration

3.3.1 Upon termination or expiration of this BAA, Business Associate 1 may retain all PHI received from, or created or received by Business Associate 1 on behalf of Business Associate 2, that Business Associate 1 will continue to protect all PHI, in accordance with

this Agreement until such PHI is erased from its records, in the due course of business. Business Associate 2 shall (a) retain only that PHI which is necessary for Business Associate 2 to continue its proper management and administration or to carry out its legal responsibilities; (b) continue to extend the protections of this BAA to the PHI for as long as Business Associate 2 retains the PHI; and (c) limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction of the PHI infeasible and subject to the same conditions set out in Section 2.1 and 2.2 above, which applied prior to termination.

ARTICLE IV MISCELLANEOUS

- 4.1 Amendment to Comply with Law:** This BAA shall be deemed amended to incorporate any mandatory obligations of Business Associate 1 or Business Associate 2 under the HITECH Act, the HIPAA Act, and HIPAA regulations. Additionally, the Parties agree to take such action as is necessary to amend this BAA from time to time as necessary to implement its obligations pursuant to the HIPAA Act, the HIPAA Regulations, or the HITECH Act.
- 4.2 Indemnification:** Each Part hereby agree to indemnify and hold harmless the other Party, its affiliates, and their respective officers, directors, managers, members, shareholders, employees, and agents from and against any and all fines, penalties, damage, claims, or causes of action and expenses (including, without limitation, court costs and attorney's fees) the companies/organizations incur, arising from violations of the HIPAA Act, the HIPAA Regulations, the HITECH Act, or from any negligence or wrongful acts or omissions, including, but not limited to, failure to perform its obligations that results in a violation of the HIPAA Act, the HIPAA Regulations, or the HITECH Act, by either Party or its employees, directors, officers, subcontractors, agents, or members of its workforce.
- 4.3 Notices:** Any notices required or permitted to be given hereunder by either Party to the other shall be given in writing: (1) by personal delivery; (2) by electronic mail with confirmation sent by United States first class registered or certified mail, postage prepaid, return receipt requested; (3) by bonded courier or by a nationally recognized overnight delivery service; or (4) by United States first class registered or certified mail, postage prepaid, return receipt, in each case, addressed to a Party on the signature page(s) to this Agreement or to such other addresses as the Parties may request in writing by notice given pursuant to this Section 4.3. Notices shall be deemed received on the earliest of personal delivery; upon delivery by electronic mail with confirmation from the transmitting computer that the transmission was completed; twenty-four (24) hours following deposit with a bonded courier

or overnight delivery service; or seventy-two (72) hours following deposit in the U.S. mail as required herein. Notices must be sent to the following addresses:

Notice Address:

QC Franchise Group LLC
227 West Trade St.
Suite 2160
Charlotte, NC 28202
Attn: CEO
phone: (704) 270-4215
email: legal@qckinetix.com

Notice Address:

Name:
Address:
Attn:
phone:
email:

- 4.4 Relationship of Parties:** The Parties are independent contractors and not agents of each other. Business Associate 2 shall, manage, contract, direct, procure, perform or cause to be performed all Business Associate 2 obligations under this BAA.
- 4.5 Survival:** The respective rights and obligations of the Parties under Sections 3.3 and 4.2 of this BAA shall survive the termination of this BAA.
- 4.6 Applicable Law and Venue:** This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina without regards to conflict of laws principles). The Parties agree that all actions or proceedings arising in connection with this BAA shall be tried and litigated exclusively in the State or federal (if permitted by law and if a Party elects to file an action in federal court) courts located in the county of Mecklenburg, North Carolina.

(The signatures appear on the next page)

The Parties hereto have duly executed this agreement as of the Effective Date.

For Business Associate 2 Name:

For Business Associate 1 Name:

:

QC Franchise Group LLC:

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

EXHIBIT D

STATE ADDENDA

EXHIBIT D

**STATE ADDENDA
TO
FRANCHISE DISCLOSURE DOCUMENT**

- Exhibit D-1: California
- Exhibit D-2: Hawaii
- Exhibit D-3: Illinois
- Exhibit D-4: Maryland
- Exhibit D-5: Minnesota
- Exhibit D-6: New York
- Exhibit D-7: North Dakota
- Exhibit D-8: Washington

EXHIBIT D-1

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT: CALIFORNIA

1. The due diligence fee referenced to in Item 5.I of the Franchise Disclosure Document will comply with Section 31119(a) of the California Corporations Code and consequently will not be paid until after 14 calendar days from the date the prospective franchisee has received a copy of this Franchise Disclosure Document.

2. With respect to Item 6 of the Franchise Disclosure Document, please note that the highest interest rate allowed by law in California is 10% annually.

3. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular.

4. Neither the franchisor, nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

5. California Business and Professions Code 20000 through 20043 provides rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

6. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.)

7. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

8. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

9. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

10. The franchise agreement requires application of the laws of South Carolina. This provision may not be enforceable under California law.

11. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

13. Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the contents of the website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

14. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

15. The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a requirement for us to maintain a surety bond, which must remain in effect until all of our obligations to outstanding franchisees are fulfilled. The surety bond is in the amount of \$420,000 with United States Fire insurance company and is available for you to recover your damages in the event we do not fulfill our preopening obligations to you to open your franchised business. We will provide you with a copy of the surety bond upon request.

16. California Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

THIS CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT (the "Addendum"), is made as of the ____ day of _____, 20__, between **QC FRANCHISE GROUP LLC**, a South Carolina limited liability company ("Franchisor"), and _____, a _____ ("Franchisee"), to the Franchise Agreement with Franchisee dated as of today's date (the "Agreement").

WITNESSETH

WHEREAS, pursuant to the Agreement, Franchisee has obtained from Franchisor the right to operate a franchised unit at _____ (the "Franchised Business"); and

WHEREAS, the laws of the State of California require the execution of this Addendum in connection with the execution of the Agreement;

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is hereby agreed as follows:

1. Amendment. The terms of the Agreement are amended as follows:

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

2. Supplemental. This Addendum is supplemental to and part of the Agreement. All the Agreement's terms and provisions, as amended above, remain effective on and after the date of this Addendum, as they may be later amended, supplemented, or otherwise modified from time to time.

QC FRANCHISE GROUP LLC

[FRANCHISEE]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

CALIFORNIA ADDENDUM TO DEVELOPMENT AGREEMENT

THIS CALIFORNIA ADDENDUM TO DEVELOPMENT AGREEMENT (the "Addendum"), is made as of the ___ day of _____, 20___, between **QC FRANCHISE GROUP LLC** a South Carolina limited liability company ("Franchisor"), and _____, a _____ ("Developer"), to that certain Development Agreement dated as of even date herewith (the "Development Agreement").

WITNESSETH

WHEREAS, pursuant to the Development Agreement, Developer has obtained from Franchisor the right to operate franchised QC Kinetix units (the "Business"); and

WHEREAS, the laws of the State of California require the execution of this Addendum in connection with the execution of the Agreement;

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is hereby agreed as follows:

1. Amendment. The terms of the Agreement are amended as follows:
 - 1.1. No statement, questionnaire, or acknowledgement signed or agreed to by Developer in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller or other person acting on behalf of the franchisor. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.
2. Supplemental. This Addendum is supplemental to and part of the Agreement. All the Agreement's terms and provisions, as amended above, remain effective on and after the date of this Addendum, as they may be later amended, supplemented, or otherwise modified from time to time.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum.

QC FRANCHISE GROUP LLC

[DEVELOPER]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT – HAWAII

QC FRANCHISE GROUP LLC

ADDENDUM TO FRANCHISE AGREEMENT

FOR THE STATE OF HAWAII

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "**Addendum**") is made, entered into and effective _____, by and between QC FRANCHISE GROUP LLC. ("**QCFG**") and _____ (the "**Franchisee**") to amend and revise certain provisions of the Franchise Agreement between QCFG and the FRANCHISEE, dated _____ (the "**Agreement**") as follows:

PAYMENT OF THE INITIAL FRANCHISE FEE IS DEFERRED UNTIL FRANCHISOR COMPLETES IT PRE-OPENING OBLIGATIONS TO FRANCHISEE

1.

- (i) THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.
- (ii) THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.
- (iii) THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

2. The Director of the Hawaii Department of Commerce and Consumer Affairs requires that certain provisions contained in franchise documents be amended to be consistent with Hawaii law, including the Hawaii Franchise Investment Law, Hawaii Revised States, Title 26, Chapter 482E-1 through 482E-12. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended as follows:

a. The Hawaii Franchise Investment Law provides rights to Franchisee concerning renewal, termination and transfer of the Agreement. If the Agreement contains a provision that is inconsistent with Hawaii law, Hawaii law will control.

b. If the Agreement contains a provision that requires the Franchisee to sign a general release as a condition of the sale, renewal or transfer of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law.

c. If the Agreement contains a provision which terminates the Franchise Agreement upon the bankruptcy of the franchisee, such provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of Hawaii law applicable to the provisions are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

4. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement or the exhibits attached thereto, the terms of this Addendum will govern. All other terms and conditions of the Franchise Agreement will remain the same.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

FRANCHISEE

QC FRANCHISE GROUP LLC

By: _____

By: _____

Its: _____

Its: _____

SHAREHOLDERS/PRINCIPALS:

PERSONAL GUARANTORS:

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT: ILLINOIS

1. In addition to the Franchise Agreement, in the form attached as Exhibit A, Illinois franchisees will sign an Illinois Addendum attached to this Exhibit D-3.

2. ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act. 805 ILCS 15/2/, 5 (West 2018) and Medical Practice Act of 1987. 225 ILCA 60/ (West 2018)

3. IF YOU ARE NOT LICENSED/CERTIFIED IN ILLINOIS TO PROVIDE SERVICES OF THE NATURE DESCRIBED IN THIS DISCLOSURE DOCUMENT, YOU MUST NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH LICENSED PROFESSIONALS WHO WILL PROVIDE THE SERVICES THAT YOUR FRANCHISED BUSINESS OFFERS, RETAIN AN EXPERIENCED ATTORNEY WHO WILL LOOK OUT FOR YOUR BEST INTERESTS IN THIS BUSINESS VENTURE.

4. The Franchisor has signed a significant number of Franchise Agreements in 2022 with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.

5. The Franchisor has obtained a Surety Bond to assure its financial obligations to you. The financial assurance requirement was imposed by Order of the Office of the Illinois Attorney General due to Franchisor's financial condition. The Surety Bond is on file with the Office of the Illinois Attorney General.

6. "MULTI-TERRITORY ACCOUNTS" EXIST IN THIS FRANCHISE SYSTEM. FRANCHISOR RESERVES THE RIGHT TO ESTABLISH, IDENTIFY AND SERVICE SUCH ACCOUNTS WITHIN YOUR TERRITORY. FRANCHISOR OR ITS AFFILIATES MAY PROVIDE PRODUCTS & SERVICES TO A "NATIONAL ACCOUNT" WITH NO COMPENSATION PAID TO YOU.

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

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ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

THIS ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT (the “Addendum”), is made as of _____, between **QC FRANCHISE GROUP, LLC**, a South Carolina limited liability company (“Franchisor”), and _____, a _____ (“Franchisee”), to the Franchise Agreement with Franchisee dated as of today’s date (the “Agreement”).

WITNESSETH

WHEREAS, pursuant to the Agreement, Franchisee has obtained from Franchisor the right to operate a franchised unit at _____ (the “Franchised Business”); and

WHEREAS, the laws of the State of Illinois require the execution of this Addendum in connection with the execution of the Agreement;

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is hereby agreed as follows:

1. Amendment. The terms of the Agreement are amended as follows:
 - 1.1. Illinois law governs the Franchise Agreement(s).
 - 1.2. 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.
 - 1.3. 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.
 - 1.4. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
2. Supplemental. This Addendum is supplemental to and part of the Agreement. All the Agreement’s terms and provisions, as amended above, remain effective on and after the date of this Addendum, as they may be later amended, supplemented, or otherwise modified from time to time.
3. Additional Disclosures.
 - 3.1 ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act. 805 ILCS 15/2/, 5 (West 2018) and Medical Practice Act of 1987. 225 ILCA 60/ (West 2018)

3.2 IF YOU ARE NOT LICENSED/CERTIFIED IN ILLINOIS TO PROVIDE SERVICES OF THE NATURE DESCRIBED IN THIS DISCLOSURE DOCUMENT, YOU MUST NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH LICENSED PROFESSIONALS WHO WILL PROVIDE THE SERVICES THAT YOUR FRANCHISED BUSINESS OFFERS, RETAIN AN EXPERIENCED ATTORNEY WHO WILL LOOK OUR FOR YOUR BEST INTERESTS IN THIS BUSINESS VENTURE.

3.3 The Franchisor has obtained a Surety Bond to assure its financial obligations to you. The financial assurance requirement was imposed by Order of the Office of the Illinois Attorney General due to Franchisor’s financial condition. The Surety Bond is on file with the Office of the Illinois Attorney General.

3.4 “MULTI-TERRITORY ACCOUNTS” EXIST IN THIS FRANCHISE SYSTEM. FRANCHISOR RESERVES THE RIGHT TO ESTABLISH, IDENTIFY AND SERVICE SUCH ACCOUNTS WITHIN YOUR TERRITORY. FRANCHISOR OR ITS AFFILIATES MAY PROVIDE PRODUCTS & SERVICES TO A “NATIONAL ACCOUNT” WITH NO COMPENSATION PAID TO YOU.

3.5 The Franchisor has signed a significant number of Franchise Agreements in 2022 with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.

QC FRANCHISE GROUP LLC

[FRANCHISEE]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

ILLINOIS ADDENDUM TO DEVELOPMENT AGREEMENT

THIS ILLINOIS ADDENDUM TO DEVELOPMENT AGREEMENT (the "Addendum"), is made as of the ___ day of _____, 20___, between **QC FRANCHISE GROUP, LLC**, a South Carolina limited liability company ("Franchisor"), and _____, a _____ ("Developer"), to the Development Agreement with Developer dated as of today's date (the "Agreement").

WITNESSETH

WHEREAS, pursuant to the Agreement, Franchisee has obtained from Franchisor the right to develop a territory for the operation of a prescribed number of franchised units ("Development Area") through the execution of franchise agreements; and

WHEREAS, the laws of the State of Illinois require the execution of this Addendum in connection with the execution of the Agreement;

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is hereby agreed as follows:

1. Amendment. The terms of the Agreement are amended as follows:

1.1. Illinois law governs the Development Agreement.

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

1.3. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise or franchise development rights to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

2. Supplemental.

This Addendum is supplemental to and part of the Agreement. All the Agreement's terms and provisions, as amended above, remain effective on and after the date of this Addendum, as they may be later amended, supplemented, or otherwise modified from time to time.

3. Additional Disclosures.

3.1 ILLINOIS PROHIBITS THE CORPORATE PRACTICE OF MEDICINE. UNLICENSED INDIVIDUALS AND ENTITIES ARE PROHIBITED FROM OWNING, OPERATING AND MAINTAINING AN ESTABLISHMENT FOR THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN

AILMENTS AND INJURIES, WHETHER PHYSICAL OR MENTAL. See Medical Corporation Act. 805 ILCS 15/2/, 5 (West 2018) and Medical Practice Act of 1987. 225 ILCA 60/ (West 2018)

3.2 IF YOU ARE NOT LICENSED/CERTIFIED IN ILLINOIS TO PROVIDE SERVICES OF THE NATURE DESCRIBED IN THIS DISCLOSURE DOCUMENT, YOU MUST NEGOTIATE THE TERMS OF A MANAGEMENT AGREEMENT WITH LICENSED PROFESSIONALS WHO WILL PROVIDE THE SERVICES THAT YOUR FRANCHISED BUSINESS OFFERS, RETAIN AN EXPERIENCED ATTORNEY WHO WILL LOOK OUR FOR YOUR BEST INTERESTS IN THIS BUSINESS VENTURE.

3.3 As of December 2021, twenty-three (23) franchise agreements have been entered into in Illinois, of which none have commenced business operations.

3.4 The Franchisor has obtained a Surety Bond to assure its financial obligations to you. The financial assurance requirement was imposed by Order of the Office of the Illinois Attorney General due to Franchisor’s financial condition. The Surety Bond is on file with the Office of the Illinois Attorney General.

3.5 “MULTI-TERRITORY ACCOUNTS” EXIST IN THIS FRANCHISE SYSTEM. FRANCHISOR RESERVES THE RIGHT TO ESTABLISH, IDENTIFY AND SERVICE SUCH ACCOUNTS WITHIN YOUR TERRITORY. FRANCHISOR OR ITS AFFILIATES MAY PROVIDE PRODUCTS & SERVICES TO A “NATIONAL ACCOUNT” WITH NO COMPENSATION PAID TO YOU.

3.6 The Franchisor has signed a significant number of Franchise Agreements in 2022 with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.

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

QC FRANCHISE GROUP LLC

[FRANCHISEE]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT – MARYLAND

1. The following language is added to Items 17(c) and (m): 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.
2. The following language is added to Item 17(e), (f), (g), and (h): Termination of the Development Agreement does permit us to terminate a developer's single unit franchise agreement merely because of the Development Agreement termination (and vice versa).
3. The following language is added to Item 17(h): A provision in the Franchise Agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 *et seq.*).
4. Item 17(v), is modified to include the words “, except you may sue in Maryland for any items arising under the Maryland Franchise Registration and Disclosure Law.”
5. Item 17 is amended to state that “A franchisee may bring a lawsuit in Maryland arising under the Maryland Franchise Registration and Disclosure Law.”
6. Item 17 is amended to state that “This franchise agreement provides that disputes are resolved through arbitration. 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 Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.”
7. Item 17 is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.
8. Franchisor has elected to post a Franchise Surety Bond, with such bond being on file with the State of Maryland, Securities Division.
9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
10. In addition to the Franchise Agreement in the form attached as Exhibit A, Maryland franchisees will sign a Maryland addendum to Franchise Agreement attached to this Exhibit D-4.

11. In addition to the Development Agreement in the form attached as Exhibit J, Maryland franchisees will sign a Maryland addendum to Development Agreement attached to this Exhibit D-4.

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MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

THIS MARYLAND ADDENDUM TO FRANCHISE AGREEMENT (the “Addendum”), is made as of _____, between **QC FRANCHISE GROUP, LLC** a South Carolina limited liability company (“Franchisor”), and _____, a _____ (“Franchisee”), to that certain Franchise Agreement dated as of even date herewith (the “Franchise Agreement”).

WITNESSETH

WHEREAS, pursuant to the Agreement, Franchisee has obtained from Franchisor the right to operate a franchised unit at _____ (the “Franchised Business”); and

WHEREAS, the laws of the State of Maryland require the execution of this Addendum in connection with the execution of the Agreement;

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is hereby agreed as follows:

1. The following language is added to the Terms and Conditions of the Franchise Agreement: “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.”

2. The following language is added to the Franchise Agreement: “A franchisee may bring a lawsuit in Maryland arising under the Maryland Franchise Registration and Disclosure Law.”

3. The following language is added to the Franchise Agreement: “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.”

4. The following language is added to the Franchise Agreement: “All representations requiring perspective 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.”

5. Franchisor has elected to post a Franchise Surety Bond, with such bond being on file with the State of Maryland, Securities Division.

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.

(The signatures appear on the next page)

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum.

QC FRANCHISE GROUP, LLC

[FRANCHISEE]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

MARYLAND ADDENDUM TO DEVELOPMENT AGREEMENT

THIS MARYLAND ADDENDUM TO DEVELOPMENT AGREEMENT (the “Addendum”), is made as of _____, between QC FRANCHISE GROUP LLC a South Carolina limited liability company (“Franchisor”), and _____, a _____ (“Franchisee”), to that certain Development Agreement dated as of even date herewith (the “Development Agreement”).

WITNESSETH

WHEREAS, pursuant to the Agreement, Franchisee has obtained from Franchisor the right to operate franchised QC Kinetix units (the “Business”); and

WHEREAS, the laws of the State of Maryland require the execution of this Addendum in connection with the execution of the Agreement;

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is hereby agreed as follows:

1. The following language is added to paragraph 16(d) of the Development Agreement: “Provided that nothing in this Agreement or in any related agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document.

2. The following language is added to the Terms and Conditions of the Development Agreement: “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.”

3. The following language is added to the Development Agreement: “A developer may bring a lawsuit in Maryland arising under the Maryland Franchise Registration and Disclosure Law.”

4. The following language is added to the Development Agreement: “Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the development rights.”

5. The following language is added to the Development Agreement: “All representations requiring perspective developers to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

6. Franchisor has elected to post a Franchise Surety Bond, with such bond being on file with the State of Maryland, Securities Division.

(The signatures appear on the next page)

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum.

QC FRANCHISE GROUP, LLC

[DEVELOPER]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT – MINNESOTA

1. The following language is added as an additional Risk Factor on the cover page of the Franchise Disclosure Document:

MINNESOTA STATUTES §80C.21 AND MINNESOTA RULE 2860.4400J CURRENTLY PROHIBIT LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA.

2. The following language is added to Item 13:

The Minnesota Department of Commerce requires that Franchisor indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of Franchisor's registered trademark infringes trademark rights of the third party. Franchisor is not required to indemnify Franchisee for its use of Franchisor's trademark unless such use is in accordance with the requirements of the Franchise Agreement. As a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim within 10 days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisee must cooperate in the defense as reasonably required and Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

3. The following language is added to Item 17:

Liquidated damages provisions are not enforceable under Minnesota law.

4. The following Sections are added to Item 17:

Minnesota Statute 80C.14, Subd. 5 states, "It is unfair and inequitable for a person to unreasonably withhold consent to an assignment, transfer, or sale of the franchise whenever the franchisee to be substituted meets the present qualifications and standards required of the franchisees of the particular franchisor."

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require except in certain specified cases, that Franchisee be given 90-days' notice of termination (with 60 days to cure) and 180-days' notice for nonrenewal of the Franchise Agreement.

5. The following language is added to Item 17:

Minnesota Statute 80C.17, Subd. 5 states, “No action may be commenced pursuant to this section more than three years after the cause of action accrues.”

6. The following language is added to Item 17:

This section shall in no way abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes 1984, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota.

7. The following language is added to Item 17:

This section shall in no way abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes 1984, Chapter 80(C), including the right to a jury trial.

8. The following language is added to Item 17:

Notwithstanding any requirement for litigation to be conducted in South Carolina, litigation may be brought in Minnesota to the extent required by Minnesota law.

9. The following language is added to Item 17:

Minnesota Rule 2860.4400(D) provides that a franchisee may not be required to assent to a release that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, sections 80C.01 to 80C.22.

10. The following language is added to Item 17:

Minnesota Rule 2860.4400(J) provides that [a] although a franchisor can seek injunctive relief, a franchisee cannot consent to the franchisor’s obtaining injunctive relieve and [b] a court shall decide whether bond is required as a condition to entry of a temporary or permanent injunction.

11. In addition to the Franchise Agreement, in the form attached as Exhibit A, Minnesota franchisees will sign a Minnesota Addendum in the form attached to this Exhibit D-5.

12. 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.

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

THIS MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT (the “**Addendum**”), is made as of the ___ day of _____, between **QC FRANCHISE GROUP LLC** a South Carolina limited liability company (“**Franchisor**”), and _____, a _____ (“**Franchisee**”), to that certain Franchise Agreement dated as of even date herewith (the “**Agreement**”).

WITNESSETH

WHEREAS, pursuant to the Agreement, Franchisee has obtained from Franchisor the right to operate a franchised unit at _____ (the “**Franchised Business**”); and

WHEREAS, the laws of the State of Minnesota require the execution of this Addendum in connection with the execution of the Agreement;

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is hereby agreed as follows:

1. Amendment. The terms of the Agreement are amended as follows:

1.1 Indemnification. The following language is added to Section 17:

(h) The Minnesota Department of Commerce requires that Franchisor indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee’s use of Franchisor’s registered trademark infringes trademark rights of the third party. Franchisor is not required to indemnify Franchisee for its use of Franchisor’s trademark unless such use is in accordance with the requirements of the Franchise Agreement. As a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim within 10 days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisee must cooperate in the defense as reasonably required and Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

1.2 Consent. The following language is added as the new last paragraph of Section 18.2:

Minnesota Statute 80C.14, Subd. 5 states, “It is unfair and inequitable for a person to unreasonably withhold consent to an assignment, transfer, or sale of the franchise whenever the franchisee to be substituted meets the present qualifications and standards required of the franchisees of the particular franchisor”.

1.3 Notice. The following language is added as the new second paragraph of Section 19.1:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require except in certain specified cases, that Franchisee be given 90-days' notice of termination with 60 days to cure (subject to the exceptions in the Rule 2860.4400(E)(2)(a)-(c)) and 180-days' notice for nonrenewal of the Franchise Agreement.

1.4 Limitation of Claims. The following language is added as a new Section 18.7:

Minnesota Statute 80C.17, Subd. 5 states, "No action may be commenced pursuant to this section more than three years after the cause of action accrues."

1.5 Jurisdiction. The following language is added to Section 21.7:

This section shall in no way abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes 1984, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota or the right to a jury trial.

1.6 Forum. The following language is added to the end of Section 21.4

Notwithstanding any requirement for litigation to be conducted in South Carolina, litigation may be brought in Minnesota to the extent required by Minnesota law.

1.7 Release. The following language is added as a new Section 20.9:

Notwithstanding any other provisions in this Agreement to the contrary, Minnesota Rule 2860.4400(D) provides that a franchisee may not be required to assent to a release that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, sections 80C.01 to 80C.22.

1.8 Bond. The following language is added to the end of Section 21.6:

Notwithstanding any other provisions in this Agreement to the contrary, Minnesota Rule 2860.4400(J) provides that [a] although a franchisor can seek injunctive relief, a franchisee cannot consent to the franchisor's obtaining injunctive relief and [b] a court shall decide whether bond is required as a condition to entry of a temporary or permanent injunction.

2. Supplemental Agreement. This Addendum is supplemental to and part of the Agreement. All the Agreement's terms and provisions, as amended above, shall remain effective on and after the date written above, as they may be later amended, supplemented, or otherwise modified from time to time.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum.

QC FRANCHISE GROUP LLC

[FRANCHISEE]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

EXHIBIT D-6

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT – NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the Franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such

person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Except as set forth herein, neither the Franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The Initial Franchise Fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for you to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

10. In addition to the Franchise Agreement, in the form attached as Exhibit A, New York franchisees will sign a New York Addendum in the form attached to this Exhibit D-6.

{The balance of this page is intentionally blank}

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

THIS NEW YORK ADDENDUM TO FRANCHISE AGREEMENT (the “Addendum”), is made as of the ___ day of _____, between **QC FRANCHISE GROUP LLC**, a South Carolina limited liability company (“Franchisor”), and _____, a _____ (“Franchisee”), to that certain Franchise Agreement dated as of even date herewith (the “Agreement”).

WITNESSETH

WHEREAS, pursuant to the Agreement, Franchisee has obtained from Franchisor the right to operate a franchised unit at _____ (the “Franchised Business”); and

WHEREAS, the laws of the State of New York require the execution of this Addendum in connection with the execution of the Agreement;

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is hereby agreed as follows:

1. Amendment. The terms of the Agreement are amended as follows:

1.1 The following language is hereby added to the end of Section 4.2(g) of the Agreement:

To the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

1.2 The following language is hereby added to the end of Section 19.4 of the Agreement:

Notwithstanding the foregoing, the Franchisee may terminate this Agreement on any grounds available by applicable law.

1.3 The following language is hereby added to the end of Section 18.3 of the Agreement:

However, no assignment of this Agreement will be made except to an assignee who, in the good faith and judgment of Franchisor, is willing and financially able to assume Franchisor’s obligations under this Agreement.

1.4 The following language is hereby added to the end of Section 21.7 of the Agreement:

The foregoing choice of law provision should not be considered a waiver of any right conferred upon Franchisor or upon Franchisee by Article 33 of the General Business Law of the State of New York.

2. Supplemental Agreement. This Addendum is supplemental to and part of the Agreement. All the Agreement's terms and provisions, as amended above, shall remain effective on and after the date written above, as they may be later amended, supplemented, or otherwise modified from time to time.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum.

QC FRANCHISE GROUP LLC

[FRANCHISEE]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

EXHIBIT D-7

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT – NORTH DAKOTA

1. Item 17(i) of the Disclosure Document, Section 20.8 of the Franchise Agreement, and Section 7.V of the Development Agreement requires the franchisee to consent to termination or liquidated damages. These sections will be deleted in the Addendum to Franchise/Development Agreement.

2. Item 17(c) of the Franchise Disclosure Document and Section 4.2(g) of the Franchise Agreement require the franchisee to sign a release of claims upon renewal of the franchise agreement. These provisions may not be enforceable under North Dakota law.

3. Item 17(r) of the Franchise Disclosure Document and Section 15 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which franchisees must agree. Covenants not to compete are generally considered unenforceable in the State of North Dakota.

4. Item 17(u) of the Franchise Disclosure Document, Section 21.3-4 of the Franchise Agreement and Section 14.D-E of the Development Agreement provides that the franchisee must agree to the arbitration or mediation of disputes, such arbitration or mediation to be held in North Carolina. These provisions may not be enforceable under North Dakota law.

5. Item 17(w) of the Franchise Disclosure Document and Section 21.7 of the Franchise Agreement and Section 14.A of the Development Agreement require application of the laws of the State of North Carolina. These provisions may not be enforceable under North Dakota law.

6. Section 14.E of the Development Agreement requires the franchisee to consent to a waiver of a trial by jury and to consent to a waiver of exemplary and punitive damages.

7. Section 21.4 of the Franchise Agreement requires the franchisee to consent to a waiver or exemplary and punitive damages. These provisions may not be enforceable under North Dakota law. These sections will be deleted in the Addendum to Franchise/Development Agreement.

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.

9. In addition to the Franchise Agreement, in the form attached as Exhibit A, North Dakota franchisees will sign the North Dakota Addendum to Franchise Agreement, in the form attached to this Exhibit D-7.

EXHIBIT D-7

ADDENDUM TO FRANCHISE/DEVELOPMENT AGREEMENT – NORTH DAKOTA

THIS ADDENDUM TO FRANCHISE/DEVELOPMENT AGREEMENT (this "**Addendum**") is made, entered into and effective this ____ day of _____, 20____, for purposes of complying with the requirements of the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, §§ 51-09-01 through 51-19-17 (2003) (the "**NDFIL**"), by and between QC Franchise Group LLC ("**Franchisor**") and _____ ("**Franchisee**") to amend and revise certain provisions of the Disclosure Document, Franchise Agreement and/or Development Agreement between Franchisor and the Franchisee, dated, _____ 20____ (collectively, the "**Agreement**") **as follows:**

1. Item 17(i) of the Disclosure Document, Section 20.8 of the Franchise Agreement, and Section 7.V of the Development Agreement are deleted and shall have no force or effect in North Dakota.
2. Item 17(u) of the Disclosure Document, Section 21.3-4 of the Franchise Agreement, and Section 14.D-E of the Development Agreement are amended to state that the site of arbitration or mediation be agreeable by all parties and may not be remote from the Franchisee's place of business.
3. Item 17(v) of the Disclosure Document, Section 21.7 of the Franchise Agreement, and Section 14.B of the Development Agreement are deleted and shall have no force or effect.
4. Item 17(w) of the Disclosure Document, Section 21.7 of the Franchise Agreement, and Section 14.A of the Development Agreement are deleted and shall have no force or effect.
5. Section 14.E of the Development Agreement is deleted and shall have no force or effect.
6. Item 17(c) of the Franchise Disclosure Document and Section 4.2(g) of the Franchise Agreement require the franchisee to sign a release of claims upon renewal of the franchise agreement. These provisions may not be enforceable under North Dakota law.
7. Item 17(r) of the Franchise Disclosure Document and Section 15 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which franchisees must agree. Covenants not to compete are generally considered unenforceable in the State of North Dakota.
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.
9. If the Agreement requires that FRANCHISEE consent to a limitation of claims, the requirement is

void and the statute of limitations under North Dakota law will apply.

10. Notwithstanding anything to the contrary in the Disclosure Document or the Agreement the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
11. As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Agreement, Franchisor reserves the right to challenge the enforceability of the state law.
12. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the NDFIL applicable to the provisions are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.
13. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Agreement or the exhibits attached thereto, the terms of this Addendum will govern. All other terms and conditions of the Agreement will remain the same.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

FRANCHISEE

By: _____

Its: _____

SHAREHOLDERS/PRINCIPALS:

FRANCHISOR

By: _____

Its: _____

GUARANTORS:

EXHIBIT D-8

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT – WASHINGTON

1. Notwithstanding the provisions contained in Items 17(d), 17(g) and 17(r), including those regarding termination of the franchise, are subject to state law.
2. In addition to the Franchise Agreement, in the form attached as Exhibit A, Washington franchisees will sign a Washington Addendum in the applicable form attached to this Exhibit D-8.
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.

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

THIS WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT (the “Addendum”), is made as of _____, between QC FRANCHISE GROUP LLC, a South Carolina limited liability company (“Franchisor”), and _____, a _____ (“Franchisee”), to that certain Franchise Agreement dated as of even date herewith (the “Agreement”).

WITNESSETH

WHEREAS, pursuant to the Agreement, Franchisee has obtained from Franchisor the right to operate a franchised unit at _____ (the “Franchised Business”); and

WHEREAS, the laws of the State of Washington require the execution of this Addendum in connection with the execution of the Agreement;

NOW THEREFORE, in consideration of the mutual covenants herein contained, it is hereby agreed as follows:

1. Amendment. The terms of the Agreement are amended as follows:

1.1 The state of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19.100.180 (the “Act”), which may supersede the Agreement in Franchisee’s relationship with Franchisor including the areas of termination and renewal of the franchise. There may also be court decisions which may supersede the Franchise Agreement in Franchisee’s relationship with Franchisor, including the areas of termination and renewal of the franchise.

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

1.3 In the event of a conflict of laws, the provisions of the Act shall prevail.

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

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

1.6 Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking

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

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

2. Supplemental Agreement. This Addendum is supplemental to and part of the Agreement. All the Agreement's terms and provisions, as amended above, shall remain effective on and after the date written above, as they may be later amended, supplemented, or otherwise modified from time to time.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum.

QC FRANCHISE GROUP LLC

[FRANCHISEE]

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

EXHIBIT E

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MANUALS and GUIDES

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Leader guide for Hiring
Front Desk Manual
Finance Manual
Provider Reference Guide
MA Reference Guide
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Hair Restoration Manual
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QC Kinetix Operations Manual consists of 847 pages, including all Manuals, Guides, and Appendices.

The Operations Manual without Manuals and Guides consists of 332 pages.

EXHIBIT F

List of Franchisees

Franchise ID	Center Name	City	State	Owner First	Owner Last	Phone	Entity Name	Street	City	State	Zip
AL - 1105	Homewood	Homewood	Alabama	Dennis Jeff	Daughely Cooke	(205) 422-5661 (205) 937-2800	QCK1 Birmingham, LLC	1704 Wingfield Circle 5014 Aberdeen Way	Birmingham	Alabama	35242 35242
AL - 1106	Tuscaloosa	Birmingham	Alabama	Zvi	Leibovici	(561) 289-6800	Sonset Investments, LLC	21395 Marina Cove Circle Apt L19	Aventura	Florida	33180
AR - 1285	Bentonville	Bentonville	Arkansas	Eric Steve	Rowden Decker	(417) 830-2898 (417) 819-2017	Leadrack, LLC	5896 South Stockton 2291 South Farm Road 107	Springfield	Missouri	65804 65802
AR - 1454	Little Rock Midtown	Little Rock	Arkansas	Jason	Mildenberger	(816) 892-6815		7815 N Merrimac Ave	Kansas City	Missouri	64151
AZ - 1226	Tucson Academy	Tucson	Arizona	Lindsay Clara	Caughel	(407) 209-7804 (321) 277-3735		206 Torch Light Way 206 Torch Light Way	Asheville	North Carolina	28806 64155
AZ - 1227	Orange Grove	Tucson	Arizona	Kevin	Mildenberger	(816) 778-9956	CLI JV BI, LLC	2406 NE 111th Terrace	Kansas City	Missouri	64155
CA - 1525	Santa Barbara1	Santa Barbara	California	Chris	Roberts	(512) 694-7804	Rittenour Industries, LLC	11817 Lake Stone Drive	Austin	Texas	78738
CA - 1526	Hillcrest	San Diego	California	Mason	Caldwell	(719) 538-2959		8717 E Lost Gold Circle	Gold Canyon	Arizona	85118
CA - 1527	Torrey Hills	San Diego	California	Alan	Cole	(704) 661-8747	Cole Holdings, LLC	275 West Crockett Street	Rusk	Texas	75785
CA - 1533	Pleasanton	San Francisco	California	Michael	Prus	(513) 477-0613	Medicinae - San Diego, LLC	5325 Wooster Road	Cincinnati	Ohio	45226
CA - 1534	San Jose	San Francisco	California	Vinod	Kashyap	(408) 858-6440		4285 Christian Drive	San Jose	California	95135
CA - 1551	Clovis	Clovis	California	Kenny Heman	Patel	(404) 849-1902 (916) 705-5097	GEN MED CENTRAL VALLEY, I	885 Brookmere Way 16001 W Monterey Avenue	Johns Creek	Georgia	30024 93630
CA - 1562	Glendale	Los Angeles	California	Vien	Patel	(276) 620-2528		743 Trinity Star	Kerman	Texas	78260
CA - 1563	Orange	Los Angeles	California	Kabir	Ahmed	(626) 589-8935	MAKKAH-MADINA INC	20554 Shadow Mountain Road	Walnut	California	91789
CA - 1564	Mission Viejo	Los Angeles	California								
CA - 1565	Costa Mesa	Costa Mesa	California								
CO - 1230	North Colorado Springs	Colorado Springs	Colorado	Daniel	Rosenthal	(720) 837-8612	ROSENVAR LLC	60495 Nome Street	Englewood	Colorado	80111
CO - 1251	Aurora Potomac Medical	Denver	Colorado								
CO - 1252	Superior Avista	Denver	Colorado								
CT - 1393	New Haven Long Wharf Dr	Hartford	Connecticut	Gregg	Nardone	(917) 363-9583	G/JN Holdings, LLC	10 Whittier Road	Wellesley	Massachusetts	02481
CT - 1394	Avon	Hartford	Connecticut	Emily	Nardone	(202) 841-7339		10 Whittier Road	Wellesley	Massachusetts	02481
CT - 1395	Glastonbury	Glastonbury	Connecticut								
FL - 1109	St. Petersburg, FL	St. Petersburg	Florida	Daniel	Sucherman	(561) 866-1166	CK Suncoast 1 LLC, a Florida LI	1235 East Blvd Suite E226	Charlotte	North Carolina	28203
FL - 1110	Ellenton/Bradenton	Tampa	Florida								
FL - 1111	Lakeland	Lakeland	Florida								
FL - 1112	Brandon, FL	Brandon	Florida								
FL - 1123	Ocala	Ocala	Florida	Michael Dan	Katz Mullen	(954) 290-5327 (352) 318-4066	KACS WEST, LLC	826 SW 127 Street 1111 Cory Circle	Newberry	Florida	32669 30642
FL - 1124	Summerfield	Summerfield	Florida	Peter Jason	Acs West	(352) 672-4403 (352) 660-4474		10417 W Newberry Road 13118 SW 8th Lane	Gainesville	Florida	32606 32669
FL - 1234	Gainesville Tower 24	Gainesville	Florida								
FL - 1140	Aventura	North Miami Beach	Florida	Erin Richard	Sharon Paz	(305) 303-0479 (305) 349-3770	RegenCare, Inc.	3500 Mystic Pointe Drive Apt 901 1482 Commodore Way	Aventura	Florida	33180 33019
FL - 1141	West Broward/Tamarac	Tamarac	Florida								
FL - 1142	Doral	Miami	Florida								
FL - 1143	Coral Gables	Miami	Florida								
FL - 1144	Pembroke Pines	Miami	Florida								
FL - 1150	West Boca	Boca Raton	Florida								
FL - 1151	West Palm Beach	West Palm	Florida								
FL - 1152	Boynton Beach	West Palm	Florida								
FL - 1155	Winter Park	Orlando	Florida	Michael Peter Jason Dan	Katz Acs West Mullen	(954) 290-5327 (352) 672-4403 (352) 660-4474 (352) 318-4066	KACS WEST, LLC	826 SW 127 Street 10417 W Newberry Road 13118 SW 8th Lane 1111 Cory Circle	Newberry	Florida	32669 32606 32669 30642
FL - 1156	Orlando Park 33	Orlando	Florida								
FL - 1157	Lake Mary	Orlando	Florida								
FL - 1163	Tallahassee Mahan	Tallahassee	Florida								
FL - 1171	Jacksonville	Jacksonville	Florida								
FL - 1172	Ponte Vedra	Jacksonville	Florida								
FL - 1187	Naples	Fl. Myers-Naples	Florida	Alvaro Tarwir Paulo	Zeballos Dara Gazoni	(804) 677-6418 (716) 818-7719 (804) 787-0530	Intently Health, LLC	31 Twin Lake Lane 10160 Orchid Ridge Ln 302 Cheswick Lane	Henrico	Virginia	23229 34135 23220
FL - 1188	Fl Myers Alco	Fl. Myers-Naples	Florida								
GA - 1287	Sandy Springs	Atlanta	Georgia	Joseph Dennis Paul	Marshall Murphy Wong	(775) 225-1688 (336) 689-4958 (336) 906-1885		9960 Via Solano 6100 Oak Glen Court 2515 Burch Point	Reno	Nevada	89511 27358 27265
GA - 1288	Marietta	Atlanta	Georgia								
GA - 1289	Lawrenceville	Atlanta	Georgia								
GA - 1290	Decatur	Atlanta	Georgia								
GA - 1291	Stockbridge	Atlanta	Georgia								
GA - 1322	Pooler	Savannah	Georgia	Brian	Procida	(770) 842-3273	PROSPERARE INC	17 Little Pine Court	Bluffton	South Carolina	29910
GA - 1343	Augusta	Augusta	Georgia								
IA - 1487	Cedar Rapids - Coralville	Cedar Rapids	Iowa	Konlavuth Molly	Varangkounh Varangkounh	(515) 890-0166 (515) 290-2993	MAV Group, LLC	1109 11th Ave SW 1109 11th Ave SW	Humboldt	Iowa	50548 50548
IA - 1615	West Des Moines	Des Moines	Iowa	Clayton Megan Tim Rachel Stephanie Jason Kevin	Darnell Mildenberger Mildenberger Mildenberger Mildenberger	(913) 484-4378 (319) 389-1604 (515) 419-2817 (816) 904-4805 (913) 707-0746 (816) 882-6815 (816) 778-9956	MD Health Innovations, LLC	170 S Macon Drive 3451 Scenic Vista Drive 3451 Scenic Vista Drive 2406 NE 111th Terrace 170 S Macon Drive 7615 N Merrimac Ave 2406 NE 111th Terrace	Littleton	North Carolina	27850 50265 50265 64155 27850 64151 64155
ID - 1389	Idaho Falls	Idaho Falls	Idaho	Bryan Bradley Michael Trevor	Searle Stables Matthews Langston	(208) 521-5636 (435) 999-4085 (435) 881-2604 (801) 643-9781	RegenMed ID, LLC	538 East 1250 North 988 West 2980 South 940 West 2980 South 34 West 1130 South	Shelley	Idaho	83274 84321 84321 84339
ID - 1386	West Overland	Boise	Idaho	Renee Benjamin	Rippepe Rippepe	(201) 240-0016 (201) 234-9385	BRC Health LLC	3854 West Farm View Drive 3854 West Farm View Drive	Garden City	Idaho	83714 83714
IL - 1492	Aurora IL	Chicago	Illinois	Bill	Maschiner	(641) 990-3487	Regen Medical Services, LLC	1214 Iron Street	Kellogg	Iowa	50135

SC - 1275	West Columbia	Columbia	South Carolina	Irish	Patel	(931) 284-2601		417 Charleston Drive	Cookeville	Tennessee	38501
SC - 1276	Columbia Downtown	Columbia	South Carolina								
SD - 1490	Sioux Falls	Sioux Falls	South Dakota	Mason Lisa Nick Alan	Cole Spera Spera Cole	(704) 579-7127 (854) 202-5069 (854) 202-5069 (704) 661-8747	108 PLLC	2553 Kings Road Apt 104 275 West Crockett Street 275 West Crockett Street 275 West Crockett Street	Dallas Rusk Rusk Rusk	Texas Texas Texas Texas	75219 75785 75785 75785
TN - 1181	Murfreesboro	Murfreesboro	Tennessee	Paul Dennis	Goldman Goldman	(601) 880-3316 (662) 321-2274	Joint Therapy Management, LLC	460 Augusta Drive 2001 County Club Road	Meridian Tupelo	Mississippi Mississippi	39305 38804
TN - 1182	Clarksville	Nashville	Tennessee								
TN - 1183	Nashville Midtown	Nashville	Tennessee								
TN - 1202	Powell	Knoxville	Tennessee	David Deborah	Wertan Wertan	(843) 270-6455 (843) 270-6455	NSR Medical, LLC	2020 Wappoo Hall Road 2020 Wappoo Hall Road	Charleston Charleston	South Carolina South Carolina	29412 29412
TN - 1203	Farragut	Knoxville	Tennessee								
TN - 1304	Chattanooga Panorama	Chattanooga	Tennessee	Scott	McLeod	(404) 308-4032	enerative Therapy of Chattanooga	11915 Big Canoe	Big Canoe	Georgia	30143
TN - 1437	Johnson City TN	Tri Cities	Tennessee	Chetan Hursh	Patel	(931) 265-1199 (931) 319-6949	4 ACES LLC	1310 Buckingham Place 422 Charleston Drive	Cookeville Cookeville	Tennessee Tennessee	38501 38501
TX - 1009	Round Rock	Round Rock	Texas	Casey	Sietsema	(616) 283-8785	Central Texas Regen, PLLC	39 Thursh Grove Place	Spring	Texas	77381
TX - 1100	San Antonio	San Antonio	Texas								
TX - 1613	New Braunfels	San Antonio	Texas								
TX - 1125	The Woodlands	Houston	Texas	Shane Rich	Fay Hicks	(404) 323-9722 (214) 455-3003	314 Regen, LLC	6613 Silver Stream Lane 5383 Cattail Court	Frisco Frisco	Texas Texas	75036 75034
TX - 1126	North Loop/Houston Heights	Houston	Texas								
TX - 1127	Sugar Land	Houston	Texas								
TX - 1128	Cypress	Houston	Texas								
TX - 1209	DFW - Plano New	Plano	Texas								
TX - 1210	Fort Worth Roseale	Fort Worth	Texas								
TX - 1211	Dallas NCX	Dallas	Texas								
TX - 1212	Grapevine	Dallas	Texas								
TX - 1213	DFW - East Plano Richardson	Dallas	Texas								
TX - 1229	Corpus Christi	Corpus Christi	Texas	Keith	Southard	(832) 488-0505	South Investments, LLC	1935 Santa Maria Drive	Friendswood	Florida	77546
TX - 1250	Sherman	Sherman	Texas	Viren	Patel	(278) 620-2528	VKDN, LLC	743 Trinity Star	San Antonio	Texas	78260
TX - 1280	Longview	Longview	Texas	Robert	Rodriguez	(972) 672-0005	egenerative Medicine Today, Inc	6605 Shoal Forest Court	Plano	Texas	75024
TX - 1261	Tyler	Tyler-Longview	Texas								
TX - 1274	Lubbock	Lubbock	Texas	Chris	Dellaughter	(405) 531-6779	BVarden CS, Inc	11870 South Santa Fe Avenue	Edmond	Oklahoma	73025
TX - 1390	Beaumont	Beaumont	Texas	Anthony	Strong	(214) 289-0838	A. Strong Holdings, Inc	12457 Bruschetta Drive	Frisco	Texas	75033
TX - 1467	Wichita Falls	Wichita Falls	Texas	Milan	Patel	(973) 769-8056	MKHNP, LLC	12 Sweetwood Court	Parsippany	New Jersey	07054
TX - 1480	Pharr	Harlingen	Texas	Susan Ashley	Thomas Thomas	(832) 721-8908 (832) 721-8908	S Thomas Management Group, I	6118 N Lazy Meadow Way 6118 N Lazy Meadow Way	Spring Spring	Texas Texas	77386 77386
TX - 1481	Brownsville	Harlingen	Texas								
TX - 1486	College Station	Waco	Texas	Casey	Sietsema	(616) 283-8785	CLS REGEN, PLLC	39 Thursh Grove Place	Spring	Texas	77381
TX - 1627	Temple	Waco	Texas								
TX - 1003	Austin	Austin	Texas								
TX - 1385	Midland	Midland	Texas	Kimani	Frank	(313) 539-9390	Wholesome Regenerative, LLC	6724 Leonardo Drive	Round Rock	Texas	78665
TX - 1418	Amarillo	Amarillo	Texas	Chris	Dellaughter	(405) 531-6779	BVarden CS, Inc	11870 South Santa Fe Avenue	Edmond	Oklahoma	73025
UT - 1306	Provo	Provo	Utah	Rex	Olson	(801) 699-5476	D & R Olson Enterprises LLC	740 Brandon Drive	Kaysville	Utah	84037
UT - 1307	Millcreek / Murray	Salt Lake City	Utah								
VA - 1619	Stony Point	Richmond-Petersburg	Virginia	Autumn Eric	Tobias Pollard	(919) 791-7823 (919) 696-1399		849 S. Phildwood Ct 4849 Linkland Drive	Fuquay Varina Holly Springs	North Carolina North Carolina	27526 27540
VA - 1623	Virginia Beach	Norfolk-Portsmouth	Virginia								
VT - 1472	Colchester	Burlington	Vermont	Tom	Lee	(802) 355-3486	Feel Like Oh Yeah LLC	29 Stevensville Road	Underhill	Vermont	05489
WI - 1422	Madison Southwest	Madison	Wisconsin	Allan	Breidenbach	(920) 770-6292	A Breidenbach Company, LLC	1702 Alexandria Court	Waunakee	Wisconsin	53597
WI - 1423	Madison NE	Madison	Wisconsin								
WI - 1432	Ashwaubenton	Green Bay	Wisconsin	Gregory	Osieghu	(732) 910-4812		233 Tabb Avenue	Piscataway	New Jersey	08854
WI - 1433	Appleton	Appleton	Wisconsin								
WI - 1435	Eau Claire	La Crosse - Eau Claire	Wisconsin	Jennifer	Busser	(602) 614-7511	Bear Busser Corporation	824 Haven Street	Ypsilanti	Michigan	48198
WI - 1440	Greenfield	Greenfield	Wisconsin	Bill	Maschmeier	(641) 990-3487	ReGen LLC	1214 Iron Street	Kellooqa	Iowa	50135
WI - 1441	Mequon	Mequon	Wisconsin								
WV - 1477	Cross Lanes	Cross Lanes	West Virginia	Stephen	Alexander	(317) 374-4790		3690 West Gandy Blvd	Tampa	Florida	33611
WV - 1478	Huntington	Charleston-Huntington	West Virginia								
WY - 1630	Great Plains	Cheyenne	Wyoming	Mason Cody	Meyer Johnson	(970) 744-9323 (970) 685-0540	MC Medical LLC	6204 Enfield Drive 2402 49th Ave Ct Unit 55	Cheyenne Greeley	Wyoming Colorado	82007 80634

EXHIBIT G

Franchisees Who Left The System

The following list includes the contact information of every franchisee or developer who had an operating franchise location under agreement which was terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recent fiscal year or who has not communicated with us within 10 weeks of the disclosure document issuance date.

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

The information is presented in the following format

Previous Owner Name(s)

- a. Market where clinic was located
- b. Location of previous owner(s)
- c. Phone number of previous owner(s)

2023 OWNERSHIP TERMINATIONS

1. Danny Bradford
 - a. Bowling Green, KY
 - b. Franklin, TN
 - c. 205-399-6498
2. Johnathan Clark
 - a. Shreveport, LA
 - b. Draper, UT
 - c. 801-641-4792
3. Lynn White/Harrison/Kevin Wilson
 - a. Albuquerque, NM
 - b. Granbury, TX
 - c. 505-596-8440
4. Gamal Elsaidi
 - a. Lincoln, NE
 - b. Lewisville, NC
 - c. 336-749-9354
5. David Wachtel
 - a. Las Vegas, NV
 - b. Nashville, TN
 - c. 615-821-8237
6. Mike Tempesta/Maria Tempesta
 - a. Columbus, GA
 - b. Boca Raton, FL
 - c. 954-592-3986/954-242-5654
7. April Mitchell/Michael Mitchell
 - a. Omaha, NE
 - b. Reno, NV
 - c. 925-350-1739/775-662-3095
8. Ryan Dwinell
 - a. Abilene-Sweetwater, TX

- b. Weatherford, TX
- c. 817-366-4886
- 9. Christopher Novak
 - a. Pittsburgh, PA
 - b. Mars, PA
 - c. 412-475-2875
- 10. Robert Gerchen
 - a. Columbia-Jefferson City, MO
 - b. Saint Louis, MO
 - c. 314-324-6881
- 11. Daniel Panzarella
 - a. Wilkes-Barre/Scranton, PA
 - b. Watauga, TX
 - c. 443-254-1338
- 12. Keith Hopkins
 - a. Grand Junction, CO
 - b. Brighton, CO
 - c. 303-517-5170
- 13. Tim Furman
 - a. Wilmington, NC
 - b. Cary, NC
 - c. 919-616-0373

2023 OWNERSHIP TRANSFERS

- 1. Doug Hunt
 - a. Jacksonville, FL
 - b. Jacksonville, FL
 - c. 843-270-4939
- 2. Greg Rush
 - a. Louisville, KY
 - b. Mooresville, NC
 - c. 801-380-8832
- 3. Adam Lunceford
 - a. Phoenix, AZ
 - b. Peoria, AZ
 - c. 602-819-6339
- 4. Keith Lloyd/Greg Walz/Rehan Khan
 - a. Lansing, MI
 - b. Maumelle, AR/Maumelle, AR/Suwanee, GA
 - c. 501-413-0314/501-551-8057/501-786-9664
- 5. Peter Myers
 - a. Denver, CO
 - b. Loveland, CO
 - c. 970-237-0102
- 6. Robert Landry

- a. Tallahassee, FL
 - b. Cumming, GA
 - c. 404-414-1156
7. Toledo, OH
- a. Andy Muench
 - b. Arvada, CO

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EXHIBIT H

Financial Statements

QC FRANCHISE GROUP LLC

Financial Statements

Years Ended December 31, 2023 and 2022

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Members
QC Franchise Group LLC
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of QC Franchise Group LLC (a South Carolina limited liability company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of income, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of QC Franchise Group LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Thomas, Judy & Tucker, P.A.

Raleigh, North Carolina
March 14, 2024

QC FRANCHISE GROUP LLC
BALANCE SHEETS
December 31, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash and Cash Equivalents	\$ 4,915,593	\$ 4,089,931
Accounts Receivable, Net	949,047	621,106
Related Party Receivable	376,854	278,189
Prepaid Expenses	562,532	451,723
Inventory	24,381	56,815
Current Portion of Deferred Costs	861,889	886,893
Other Receivables	3,041	1,171
	<u>7,693,337</u>	<u>6,385,828</u>
Property and Equipment at Cost:		
Leasehold Improvements	113,496	109,169
Furniture and Equipment	125,862	82,560
Less Accumulated Depreciation	<u>(82,751)</u>	<u>(32,584)</u>
	<u>156,607</u>	<u>159,145</u>
Other Assets:		
Security Deposit and Other Long-Term Assets	18,402	18,402
Deferred Costs, Net of Accumulated Amortization of \$1,668,210 and \$1,079,701, as of December 31, 2023 and 2022, respectively	10,605,489	12,625,981
Operating Lease - Right-of-Use Asset	<u>975,118</u>	<u>1,178,658</u>
	<u>11,599,009</u>	<u>13,823,041</u>
	<u>\$ 19,448,953</u>	<u>\$ 20,368,014</u>

QC FRANCHISE GROUP LLC
BALANCE SHEETS
December 31, 2023 and 2022
(Continued)

<u>LIABILITIES AND MEMBERS' EQUITY (DEFICIT)</u>	<u>2023</u>	<u>2022</u>
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 2,079,206	\$ 1,793,220
Due to Affiliates	94,174	126,549
Deferred Revenue, Current	1,383,875	1,960,570
Operating Lease Liability, Current	216,798	206,746
Total Current Liabilities	3,774,053	4,087,085
Long-Term Liabilities:		
Deferred Revenue, Net of Current Portion	13,446,368	15,804,900
Operating Lease Liability, Net of Current Portion	865,595	1,084,517
Total Long-Term Liabilities	14,311,963	16,889,417
Total Liabilities	18,086,016	20,976,502
Members' Equity (Deficit)	1,362,937	(608,488)
Total Liabilities and Members' Equity (Deficit)	\$ 19,448,953	\$ 20,368,014

See Accompanying Notes

QC FRANCHISE GROUP LLC
STATEMENTS OF INCOME
Years Ended December 31, 2023 and 2022

	2023	2022
Revenues:		
Equipment and Supply Sales	\$ 17,142,025	\$ 13,238,120
Royalty Fees	10,414,144	6,889,019
Brand Development Fees	1,270,645	862,643
Call Center Fees	4,307,644	3,503,291
Franchise Fees	3,041,967	1,234,083
Other Revenue	2,573,802	2,399,768
Total Revenues	38,750,227	28,126,924
Operating Expenses:		
Healthcare Products	10,766,077	8,977,932
Advertising and Promotion	1,023,722	1,096,742
Selling, General and Administrative	16,227,804	11,412,263
Bad Debt Expense	159,474	8,325
Depreciation	50,167	25,754
Amortization	2,485,496	1,055,553
Total Operating Expenses	30,712,740	22,576,569
Net Income Before Income Taxes	8,037,487	5,550,355
Income Tax Expense	584,062	-
Net Income	\$ 7,453,425	\$ 5,550,355

See Accompanying Notes

QC FRANCHISE GROUP LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
Years Ended December 31, 2023 and 2022

Members' Deficit, January 1, 2022	\$ (618,343)
Member Distributions	(5,540,500)
Net Income	<u>5,550,355</u>
Members' Deficit, December 31, 2022	(608,488)
Member Distributions	(5,482,000)
Net Income	<u>7,453,425</u>
Members' Equity, December 31, 2023	<u><u>\$ 1,362,937</u></u>

See Accompanying Notes

QC FRANCHISE GROUP LLC
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Net Income	\$ 7,453,425	\$ 5,550,355
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	50,167	25,754
Amortization of Deferred Costs	2,485,496	1,055,553
Non-Cash Operating Lease Expense	(5,330)	112,605
Changes in Operating Assets and Liabilities that Provided (Used) Cash:		
Accounts Receivable	(327,941)	(489,226)
Related Party Receivable	(98,665)	(241,471)
Other Receivables	(1,870)	7,469
Prepaid Expenses	(110,809)	(199,027)
Inventory	32,434	(56,815)
Security Deposit and Other Long-Term Assets	-	67,240
Deferred Costs	(440,000)	(3,088,164)
Accounts Payable and Accrued Expenses	285,986	990,177
Due to Affiliates	(32,375)	126,549
Deferred Revenue	(2,935,227)	3,300,017
	6,355,291	7,161,016
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(47,629)	(61,323)
	(47,629)	(61,323)
Cash Flows from Financing Activities:		
Distributions to Members	(5,482,000)	(5,540,500)
	(5,482,000)	(5,540,500)
Net Increase in Cash and Cash Equivalents	825,662	1,559,193
Cash and Cash Equivalents, Beginning of Year	4,089,931	2,530,738
Cash and Cash Equivalents, End of Year	\$ 4,915,593	\$ 4,089,931
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for Income Taxes	\$ 584,062	\$ -

See Accompanying Notes

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies

Business Operations

QC Franchise Group LLC (the “Company”) was organized on January 13, 2020 and began operations in 2020. The Company is the managerial service provider, consultant, and franchisor for QC Kinetix medical center franchises that are engaging in the practice of non-surgical regenerative medicine. The Company’s fiscal year-end is December 31.

Ownership

Membership interest in the Company is held by three members. The members shall not be bound by, or personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the Operating Agreement or as required by law. The Company shall continue in perpetual existence unless the Company is dissolved in accordance with the provisions of the Company’s operating agreement.

Operating Agreement

The Company was formed on January 13, 2020 and shall be dissolved pursuant to provisions in the Operating Agreement in Article XII. Contributions to the Company are made pro rata based on each member’s commitment. Contributions are recorded on the capital account of each member as of the stated due date per the capital call notice. Distributions shall be made pursuant to provisions in the Operating Agreement in Article VII. The Company’s income, gains, losses, expenses or deductions for any period shall be allocated among the members pursuant to the provisions of Annex A in the Operating Agreement.

Basis of Accounting and Use of Estimates

The financial statements of the Company are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those results.

Revenue Recognition

The Company accounts for revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification 606 (“ASC 606”), *Revenue from Contracts with Customers*. Revenue is recognized in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation.

The Company revenues primarily consist of the following: equipment and supply sales, call center fees, franchise fees, royalty fees, brand fund fees and other revenue. Revenue is recognized when control for these services and supplies are transferred to franchisees in an amount that reflects consideration the Company expects to be entitled to in exchange for services provided.

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Equipment and Supply Sales

The Company enters into a contract with franchisees to sell equipment and medical supplies to each individual franchisee. The transaction price for the equipment and supplies are the invoiced amount. Revenue from these sales are recognized at a point in time upon when control is transferred to the franchisee once the delivery of the product has been completed.

Call Center Fees

The Company enters into a contract with franchisees through the franchise agreement to provide call center services and support for individual clinics. Revenue from these sales are recognized over time as the Company performs the services and provides support to the franchisee and the Company satisfies the performance obligation.

Royalty Fees

The Company enters into a contract with franchisees through the franchise agreement. Royalty fees are based on 8% of the franchisee's gross clinic weekly sales. Franchisees remit to the Company a percentage of their weekly sales as outlined by the franchise agreement. Revenue from these sales are recognized at a point in time, when the underlying clinic service is completed based on the application of the sales-based exception within ASC 606.

Franchise Fees

The Company determined that the services that the Company provides in exchange for these upfront franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services that the Company provides franchisees. As a result, upfront franchise fees are recognized as revenue over the term of the respective agreement. The franchise license granted for each individual clinic within an arrangement represents a single performance obligation. Therefore, initial franchise fees for each arrangement are allocated to each individual clinic and recognized over the 10-year term of the respective franchise agreement from the date of the clinic opening.

Brand Development Fees

The Company enters into a contract with franchisees through the franchise agreement. Brand development fees are based on 1% of the franchisee's gross clinic weekly sales. Franchisees remit to the Company a percentage of their weekly sales as outlined by the franchise agreement. Revenue from these sales are recognized at a point in time, when the underlying clinic service is completed based on the application of the sales-based exception within ASC 606.

Other Revenue

Other revenue primarily consists of technology fees, convention income, training fees and consideration from vendors. Brand development, technology and training fees are recognized as the related services are delivered. Consideration from vendors represents rebate revenues received from service and supply agreements with certain major vendors. Rebates are provided to the Company based on the dollar value of purchases made by franchisees. These incentives are recognized throughout the year as earned. The incentives recognized were \$890,118 and \$1,001,727 during the years ended December 31, 2023 and 2022, respectively.

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Other Revenue (Continued)

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Performance obligations satisfied over time	\$ 8,565,333	\$ 5,913,068
Performance obligations satisfied at a point in time	<u>30,184,894</u>	<u>22,213,856</u>
Total Revenue	<u>\$ 38,750,227</u>	<u>\$ 28,126,924</u>

Contract Balances

Deferred costs represents commissions and broker fees paid as consideration for obtaining new franchises and have been deferred to be recognized over the franchise and license agreement. Deferred revenue represents the Company's remaining performance obligations under its franchise and license agreements for which consideration has been received. These amounts have been separately stated in the accompanying balance sheet and therefore are not disclosed as required by ASC 606.

Cash Equivalents

The Company considers investments in money market accounts and commercial paper with maturities of 90 days or less to be cash equivalents. At December 31, 2023 and 2022, the Company had cash equivalents of \$4,567,444 and \$3,752,221, respectively.

New Accounting Pronouncements

Effective January 1, 2023, the Company adopted provisions of FASB Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASC 326"), on a modified retrospective basis, which did not result in a cumulative-effect adjustment to the opening balance of members' deficit to be recognized on the date of adoption. ASC 326 requires the measurement of all expected credit losses for financial assets held at the reporting date is based on historical experience, current conditions, and reasonable and supportable forecasts.

Accounts Receivable

Accounts receivable consists of royalties associated with the license agreements based on monthly gross sales, equipment and supply sales, call center fees and other services provided to franchisees. Receivables are reported at the amount management expects to collect from outstanding balances, net of any rebates and allowances. The allowance represents the current estimate of lifetime expected credit losses over the remaining duration of existing accounts receivable considering current market conditions and supportable forecasts when appropriate. Total receivables due to the Company at December 31, 2023 and 2022 was \$1,108,521 and \$621,106, respectively. The Company had allowance for doubtful accounts of \$159,474 and \$0 at December 31, 2023 and 2022, respectively.

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued)

Accounts Receivable (Continued)

The following table represents changes in the allowance for doubtful accounts for the years ended December 31:

	2023	2022
Balance, January 1	\$	\$
Additional Allowances	159,474	8,325
Write-offs		(8,325)
Balance, December 31	\$ 159,474	\$

Deferred Costs

Deferred costs are initial costs related to the Company's sale of franchise agreements that are deferred and amortized over the life of the respective franchise agreement. Amortization of deferred costs totaled \$2,485,496 and \$1,055,553 for the years ended December 31, 2023 and 2022, respectively.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method for financial statement purposes over the following estimated useful lives:

	Years
Leasehold Improvements	Shorter of Useful life or life of the lease
Furniture and Equipment	3 - 5

Depreciation expense for the years ended December 31, 2023 and 2022 was \$50,167 and \$25,754, respectively.

Concentration of Credit Risk

The Company places its cash in a financial institution located in the Charlotte, North Carolina area. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The risk is managed by maintaining all deposits in high quality financial institutions. At December 31, 2023, the Company had an uninsured cash balance of \$4,661,783.

Advertising and Promotion

The Company had \$1,023,722 and \$1,096,742 in advertising and marketing related expense for the years ended December 31, 2023 and 2022, respectively.

Inventory

Inventories, consisting of hair treatment products, are stated at the lower of cost or net realizable value, with cost determined under first-in, first-out.

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

1. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company is an S Corporation for income tax purposes. No provision for U.S. federal income taxes is made in the accounts since such taxes are the responsibility of each member and will be taxed at that level. Further, the members' capital reflected in the accompanying financial statements may differ from amounts reported in the Company's federal income tax returns because of differences in accounting policies adopted for financial and tax reporting purposes. The qualification as a S corporation for tax purposes, and the amount of distributable Company income or loss are subject to examination by the Internal Revenue Service. If such examinations result in changes with respect to such matters, the tax liability of the member may be affected. No amounts related to uncertain tax positions were recorded for the year ended December 31, 2023.

The Company files a U.S. S Corporation tax return along with various other state and local filings. In the normal course of business, the Company may be audited by any of these taxing authorities. As of December 31, 2023, the Company is not currently undergoing any tax examinations nor has the Company agreed to extend.

The Company elected to pay income taxes at the state level through the Pass-Through Entity tax ("PTE Tax") on behalf of its members. This tax is assessed at the Company's taxable income and is applied to reduce the members proportionate share of the federal taxable income reportable on the members' personal income tax return. Since the PTE tax paid satisfied the Company's liability for income tax imposed by the state departments of revenue on the Company, the amounts have been included in income tax expense in accordance with ASC 740, *Income Taxes*. Income tax expense during the years ended December 31, 2023 and 2022 totaled \$584,062 and \$0, respectively, are included in income tax expense on the accompanying statements of income.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") lease assets, current portion of lease liabilities and long-term lease liabilities in the Company's balance sheets. ROU lease assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company used the risk-free rate on the first day of the year, a practical expedient in adopting ASC 842, based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term (see Note 5). The Company has elected not to recognize right-of-use assets and lease liabilities for leases with an initial term of twelve months or less. The expense associated with short-term leases is included in selling, general and administrative expenses in the statements of income. Non-lease components consisting of common area maintenance costs are expensed as incurred.

Reclassifications

Certain reclassifications have been made to the 2022 presentation to conform to the current year presentation with no affect to previously reported net income and members' deficit.

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

2. License Agreements

The Company entered into licensing agreements with companies that conduct concierge regenerative medical services pursuant to certain management service agreements. In connection with the agreements, the Company granted the licensees the right and license to open and operate full service locations using the Company's brand. The licensees are required to pay the Company a royalty based on 8% of gross sales. Royalties recognized for the years ended December 31, 2023 and 2022 totaled \$10,414,144 and \$6,889,019, respectively.

In addition, under the agreements, the licensees pay a franchise fee ranging from \$20,000 to \$55,000, depending on the number of clinics. The fees were recognized as deferred revenue upon receipt of payment as the Company will recognize the fees as revenue over the term of the license agreements starting when operations begin for franchisees. Total deferred revenue at December 31, 2023 and 2022 was \$14,830,243 and \$17,765,470, respectively.

3. Commitments

The Company entered into a Franchise Sales Management Agreement (the "Agreement") on July 24, 2020 with a company. Under the Agreement, the Company will pay a consulting fee for services provided, and a percentage of the franchise fees for franchise sales made exclusively by the consultants. Additionally, the Agreement provides that the Company will pay a percentage of franchise fees made by sales representatives. Amounts paid by the Company related to commissions and broker fees for franchise sales made by sales representatives during the years ended December 31, 2023 and 2022, totaled \$440,000 and \$3,089,000, respectively, and are included in deferred costs on the accompanying balance sheets.

The Company entered into a distribution agreement in November 2019 with a manufacturer whereby the Company agreed to purchase certain items exclusively from the manufacturer. The purchase price of the products may be adjusted from time to time by the manufacturer during the term of the agreement with a minimum 60-day advance notice from the manufacturer. If the Company refuses to accept the proposed price increase within 30 days after receiving such notice, then either party may terminate the agreement. Amounts purchased by the Company from the manufacturer during the years ended December 31, 2023 and 2022 totaled \$8,554,458 and \$8,837,268, respectively. The term of the agreement was for three years and expired in November 2022. The Company still purchases materials from the manufacturer but not on an exclusive basis.

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

4. Line of Credit

On February 3, 2022, the Company entered into a one-year revolving line of credit agreement, jointly with an affiliate (see Note 6), with maximum borrowing capacity of \$1,000,000 and monthly interest payment on the outstanding principal balance at an index rate outlined by the revolving line of credit agreement. On January 19, 2023, the Company renewed and amended the credit to a borrowing capacity of \$2,000,000 and is scheduled to expire on January 19, 2025. The outstanding balance on the line of credit as of December 31, 2023 and 2022 was \$0. Interest is variable based upon the base rate as defined in the agreement (8.50% at December 31, 2023). The revolving line of credit agreement is secured by all assets of the Company and guaranteed by the members of the Company. The carrying value of asset secured by the line of credit totaled \$6,425,523 as of December 31, 2023.

5. Operating Lease Obligations

The Company leases office space under an operating lease agreement requiring escalating rent payments through November 2021 before transitioning to month to month. In November 2021, the Company committed to a seventy-five-month operating lease agreement commencing in April 2022. In accordance with ASC 842 – *Leases*, the Company recorded an operating lease right-of-use asset. Rent expense is recognized on a straight-line basis over the term of the lease. The operating lease – right-of-use asset was \$975,118 and \$1,178,658 as of December 31, 2023 and 2022, respectively. The operating – right-of-use liability was \$1,082,393 and \$1,291,263 as of December 31, 2023 and 2022, respectively. The cash paid for amounts included in the measurement of operating lease right-of-use liability for the years ending December 31, 2023 and 2022 was \$208,870 and \$70,392, respectively. There were no new leases entered into during 2023 and the Company recognized an operating lease – right-of-use asset and operating – right-of-use lease liability of \$1,361,654 during 2022 related to the new lease.

Rental expense recognized in the accompanying financial statements under ASC 842 for the years ended December 31, 2023 and 2022 was:

	2023	2022
Operating lease cost	\$ 222,911	\$ 194,725
Short-term lease costs	1,838	5,378
Total Lease Costs	\$ 224,749	\$ 200,103

As of December 31, 2023 and 2022, the weighted average remaining lease term was 4.58 years and 5.58 years, respectively, and the weighted average discount rate was 1.55%.

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

5. Operating Lease Obligations (Continued)

Future minimum lease commitments for the years ending December 31 are as follows:

Year Ending December 31	Amount
2024	\$ 232,038
2025	238,995
2026	246,175
2027	253,555
2028	151,275
Total Future Undiscounted Lease Payments	1,122,038
Less: Imputed Interest	(39,645)
Lease Obligations	1,082,393
Less: Current Portion of Lease Liability	(216,798)
Noncurrent Portion of Lease Liability	\$ 865,595

6. Related Parties

The Members of the Company are affiliated with entities that have shared expenses and services with the Company. The amounts due from these related parties were \$376,854 and \$278,189 at December 31, 2023 and 2022, respectively. The amounts due to these related parties were \$94,174 and \$126,549 at December 31, 2023 and 2022, respectively.

The Company entered into a management agreement with a related party through common ownership. The Company incurred management fees of \$1,200,000 and \$807,692 for the years ended December 31, 2023 and 2022, respectively.

The Company entered into a revolving line of credit agreement with an affiliate through common ownership on January 19, 2023 (see Note 4). The revolving line of credit has a maximum borrowing capacity of \$2,000,000 and monthly interest payment on the outstanding principal balance at an index rate outlined by the revolving line of credit agreement. The outstanding balance on the line of credit at December 31, 2023 and 2022 was \$0. The interest rate was 8.50% at December 31, 2023.

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

7. Retirement Plan

The Company has a 401(k) profit-sharing plan that covers all eligible employees of the Company. An employee is eligible for participation upon completion of one month with the Company. The contributions are based on a percentage of the deferral contribution by the participating employee. All contributions are participant directed and the Company matches up to 5% of the participating employee's salary. The plan is qualified under the Internal Revenue Code. The Company contributed \$124,311 and \$7,537 to the 401(k) plan for the years ended December 31, 2023 and 2022, respectively.

8. Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure in the financial statement through March 14, 2024, which is the date the financial statements were available to be issued.

QC FRANCHISE GROUP LLC

Financial Statements

December 31, 2022 and 2021

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Members
QC Franchise Group LLC
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of QC Franchise Group LLC (a South Carolina limited liability company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of QC Franchise Group LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Thomas, Judy & Tucker, P.A.

Raleigh, North Carolina
March 18, 2023

QC FRANCHISE GROUP LLC
BALANCE SHEETS
December 31, 2022 and 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and Cash Equivalents	\$ 4,089,931	\$ 2,530,738
Accounts Receivable	621,106	131,880
Related Party Receivable	278,189	36,718
Prepaid Expenses	451,723	252,696
Inventory	56,815	-
Current Portion of Deferred Costs	886,893	478,138
	<u>6,384,657</u>	<u>3,430,170</u>
Property and Equipment at Cost:		
Leasehold Improvements	109,169	98,051
Furniture and Fixtures	34,265	19,300
Equipment	48,295	13,055
Less Accumulated Depreciation	<u>(32,584)</u>	<u>(6,830)</u>
	<u>159,145</u>	<u>123,576</u>
Other Assets:		
Security Deposit and Other Long-Term Assets	18,402	85,642
Deferred Costs, Net of Accumulated Amortization of \$1,079,701 and \$46,273, as of December 31, 2022 and 2021, respectively	12,627,152	11,010,765
Operating Lease - Right-of-Use Asset	<u>1,178,658</u>	<u>-</u>
	<u>13,824,212</u>	<u>11,096,407</u>
	<u>\$ 20,368,014</u>	<u>\$ 14,650,153</u>

<u>LIABILITIES AND MEMBERS' DEFICIT</u>	<u>2022</u>	<u>2021</u>
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 1,793,220	\$ 803,043
Due to Affiliates	126,549	-
Current Portion of Deferred Revenue	1,960,570	624,447
Operating Lease Liability, Current	<u>206,746</u>	<u>-</u>
Total Current Liabilities	<u>4,087,085</u>	<u>1,427,490</u>
Long-Term Liabilities:		
Deferred Revenue, Net of Current Portion	15,804,900	13,841,006
Operating Lease Liability, Net of Current Portion	<u>1,084,517</u>	<u>-</u>
Total Long-Term Liabilities	<u>16,889,417</u>	<u>13,841,006</u>
Total Liabilities	<u>20,976,502</u>	<u>15,268,496</u>
Members' Deficit	<u>(608,488)</u>	<u>(618,343)</u>
Total Liabilities and Members' Deficit	<u><u>\$ 20,368,014</u></u>	<u><u>\$ 14,650,153</u></u>

See Accompanying Notes

QC FRANCHISE GROUP LLC
STATEMENTS OF OPERATIONS
Years Ended December 31, 2022 and 2021

	2022	2021
Revenues:		
Equipment and Supply Sales	\$ 13,238,120	\$ 2,624,318
Royalty Fees	6,889,019	1,146,969
Brand Development Fees	862,643	136,604
Call Center Fees	3,503,291	619,941
Franchise Fees	1,234,083	72,327
Other Revenue	2,399,768	295,111
Total Revenues	28,126,924	4,895,270
Operating Expenses:		
Healthcare Products	8,977,932	1,792,466
Advertising and Promotion	1,096,742	417,784
Selling, General and Administrative	11,420,588	2,839,681
Depreciation and Amortization	1,081,307	60,804
Total Operating Expenses	22,576,569	5,110,735
Net Income (Loss)	\$ 5,550,355	\$ (215,465)

See Accompanying Notes

QC FRANCHISE GROUP LLC
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT
Years Ended December 31, 2022 and 2021

Members' Deficit, January 1, 2021	\$ (102,878)
Member Distributions	(300,000)
Net Loss	<u>(215,465)</u>
Members' Deficit, December 31, 2021	(618,343)
Member Distributions	(5,540,500)
Net Income	<u>5,550,355</u>
Members' Deficit, December 31, 2022	<u><u>\$ (608,488)</u></u>

See Accompanying Notes

QC FRANCHISE GROUP LLC
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 5,550,355	\$ (215,465)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,081,307	60,804
Non-Cash Operating Lease Expense	112,605	-
Changes in Operating Assets and Liabilities that Provided (Used) Cash:		
Accounts Receivable	(489,226)	(131,880)
Related Party Receivable	(241,471)	(36,718)
Prepaid Expenses	(199,027)	(239,749)
Inventory	(56,815)	-
Security Deposit and Other Long-Term Assets	67,240	(79,069)
Deferred Costs	(3,080,695)	(11,403,176)
Accounts Payable and Accrued Expenses	990,177	747,951
Due to Affiliates	126,549	-
Deferred Revenue	3,300,017	14,176,613
Deferred Rent Liability	-	(4,765)
	7,161,016	2,874,546
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(61,323)	(117,588)
	(61,323)	(117,588)
Cash Flows from Financing Activities:		
Distributions to Members	(5,540,500)	(300,000)
	(5,540,500)	(300,000)
Net Increase in Cash and Cash Equivalents	1,559,193	2,456,958
Cash and Cash Equivalents, Beginning of Year	2,530,738	73,780
Cash and Cash Equivalents, End of Year	\$ 4,089,931	\$ 2,530,738

See Accompanying Notes

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies

Business Operations

QC Franchise Group LLC (the “Company”) was organized on January 13, 2020 and began operations in 2020. The Company is the managerial service provider, consultant, and franchisor for QC Kinetix medical center franchises that are engaging in the practice of non-surgical regenerative medicine. The Company’s fiscal year-end is December 31.

Ownership

Membership interest in the Company is held by three members. The members shall not be bound by, or personally liable for, the expenses, liabilities, or obligations of the Company except as otherwise provided in the Operating Agreement or as required by law. The Company shall continue in perpetual existence unless the Company is dissolved in accordance with the provisions of the Company’s operating agreement.

Basis of Accounting

The financial statements of the Company are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Allocation of Profit and Loss

In accordance with the operating agreement, net income and loss are allocated to members in proportion to their respective ownership interests after giving effect to all capital account adjustments attributable to contributions and distributions of cash and property made during the period.

Revenue Recognition

The Company accounts for revenue in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification 606 (“ASC 606”), *Revenue from Contracts with Customers*. Revenue is recognized in accordance with a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation.

The Company revenues primarily consist of the following: equipment and supply sales, call center fees, franchise fees, and royalty fees. Revenue is recognized when control for these services and supplies are transferred to franchisees in an amount that reflects consideration the Company expects to be entitled to in exchange for services provided.

Equipment and Supply Sales

The Company enters into a contract with franchisees to sell equipment and medical supplies to each individual franchisee. The transaction price for the equipment and supplies are the invoiced amount. Revenue from these sales are recognized at a point in time upon when control is transferred to the franchisee once the delivery of the product has been completed.

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Call Center Fees

The Company enters into a contract with franchisees through the franchise agreement to provide call center services and support for individual clinics. Revenue from these sales are recognized over time as the Company performs the services and provides support to the franchisee and the Company satisfies the performance obligation.

Royalty Fees

The Company enters into a contract with franchisees through the franchise agreement. Royalty fees are based on 8% of the franchisee's gross clinic weekly sales. Franchisees remit to the Company a percentage of their weekly sales as outlined by the franchise agreement. Revenue from these sales are recognized at a point in time, when the underlying clinic service is completed based on the application of the sales-based exception within ASC 606.

Franchise Fees

The Company determined that the services that the Company provides in exchange for these upfront franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services that the Company provides franchisees. As a result, upfront franchise fees are recognized as revenue over the term of the respective agreement. The franchise license granted for each individual clinic within an arrangement represents a single performance obligation. Therefore, initial franchise fees for each arrangement are allocated to each individual clinic and recognized over the 10-year term of the respective franchise agreement from the date of the clinic opening.

Other Revenue

Other revenue primarily consists of brand development, technology fees, training fees and consideration from vendors. Brand development, technology and training fees are recognized as the related services are delivered. Consideration from vendors represents rebate revenues received from service and supply agreements with certain major vendors. Rebates are provided to the Company based on the dollar value of purchases made by franchisees. These incentives are recognized throughout the year as earned. The incentives recognized were \$1,001,727 and \$95,789 during the years ended December 31, 2022 and 2021, respectively.

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Performance obligations satisfied over time	\$ 5,913,068	\$ 891,590
Performance obligations satisfied at a point in time	<u>22,213,856</u>	<u>4,003,680</u>
Total Revenue	<u>\$ 28,126,924</u>	<u>\$ 4,895,270</u>

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies (Continued)

Contract Balances

Deferred expense represents commissions and broker fees paid as consideration for obtaining new franchises and have been deferred to be recognized over the franchise and license agreement. Deferred revenue represents the Company's remaining performance obligations under its franchise and license agreements for which consideration has been received. These amounts have been separately stated in the accompanying balance sheet and therefore are not disclosed as required by ASC 606.

Cash Equivalents

The Company considers investments in money market accounts and commercial paper with maturities of 90 days or less to be cash equivalents. At December 31, 2022 and 2021, the Company had cash equivalents of \$3,752,221 and \$2,000,242, respectively.

Accounts Receivable

Accounts receivable consists of royalties associated with the license agreements based on monthly gross sales, equipment and supply sales, call center fees and other services provided to franchisees. Receivables are reported at the amount management expects to collect from outstanding balances, net of any rebates and allowances. Total receivables due to the Company at December 31, 2022 and 2021 was \$621,106 and \$131,880, respectively. The Company had no allowance for doubtful accounts at December 31, 2022 and 2021.

Deferred Costs

Deferred costs are initial costs related to the Company's sale of franchise agreements that are deferred and amortized over the life of the respective franchise agreement. Amortization of deferred costs totaled \$1,055,553 and \$46,273 for the years ended December 31, 2022 and 2021, respectively.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method for financial statement purposes over the following estimated useful lives:

	<u>Years</u>
Leasehold Improvements	Shorter of Useful life or life of the lease
Furniture and Fixtures	5
Equipment	3

Depreciation expense for the years ended December 31, 2022 and 2021 was \$25,754 and \$14,531, respectively.

Concentration of Credit Risk

The Company places its cash in a financial institution located in the Charlotte, North Carolina area. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The risk is managed by maintaining all deposits in high quality financial institutions. At December 31, 2022, the Company had an uninsured cash balance of \$3,842,252.

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies (Continued)

Use of Estimates and Assumptions

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Advertising

The Company had \$1,096,742 and \$417,784 in advertising expense for the years ended December 31, 2022 and 2021, respectively.

Inventory

Inventories, consisting of hair treatment products, are stated at the lower of cost or net realizable value, with cost determined under first-in, first-out.

Income Taxes

No income tax provision has been included in the financial statements since income or loss of the Company is required to be reported by respective members on their income tax returns.

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in income tax returns that require recognition or disclosure in the accompanying balance sheet. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

New Accounting Pronouncements

The Company adopted the provisions of FASB ASU No. 2016-02, *Leases* (Topic 842), on January 1, 2022 on a modified retrospective basis which supersedes ASC 840. Topic 842 is intended to improve financial reporting of leasing transactions by requiring entities that lease assets to recognize assets and liabilities on the balance sheet for the rights and obligations created by leases that extend more than twelve months. The Company presented under ASC 842 as of and for the year ended December 31, 2022 and under ASC 840 as of and for the year ended December 31, 2021.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") lease assets, current portion of lease obligations and long-term lease obligations in the Company's balance sheets. ROU lease assets represent the Company's right to use an underlying asset for the lease term and lease obligations represent the Company's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company used the risk-free rate on the first day of the year, a practical expedient in adopting Topic 842, based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term (see Note 5).

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

1. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain reclassifications have been made to the 2021 presentation to conform to the current year presentation with no affect to previously reported net loss and members' deficit.

2. License Agreements

The Company entered into licensing agreements with companies that conduct concierge regenerative medical services pursuant to certain management service agreements. In connection with the agreements, the Company granted the licensees the right and license to open and operate full service locations using the Company's brand. The licensees are required to pay the Company a royalty based on 8% of gross sales. Royalties recognized for the years ended December 31, 2022 and 2021 totaled \$6,889,019 and \$1,146,969, respectively.

In addition, under the agreements, the licensees pay a franchise fee ranging from \$20,000 to \$55,000, depending on the number of clinics. The fees were recognized as deferred revenue upon receipt of payment as the Company will recognize the fees as revenue over the term of the license agreements starting when operations begin for franchisees. Total deferred revenue at December 31, 2022 and 2021 was \$17,765,470 and \$14,465,453, respectively.

3. Commitments

The Company entered into a Franchise Sales Management Agreement (the "Agreement") on July 24, 2020 with a company. Under the Agreement, the Company will pay a consulting fee for services provided, and a percentage of the franchise fees for franchise sales made exclusively by the consultants. During the year ended December 31, 2022 and 2021, the Company paid consulting fees of \$0 and \$18,000, respectively. Additionally, the Agreement provides that the Company will pay a percentage of franchise fees made by sales representatives. Amounts paid by the Company related to commissions and broker fees for franchise sales made by sales representatives during the year ended December 31, 2022 and 2021, totaled \$3,089,000 and \$11,393,700, respectively, and which are included in deferred costs on the accompanying balance sheets.

The Company entered into a distribution agreement in November 2019 with a manufacturer whereby the Company agreed to purchase certain items exclusively from the manufacturer. The purchase price of the products may be adjusted from time to time by the manufacturer during the term of the agreement with a minimum 60-day advance notice from the manufacturer. If the Company refuses to accept the proposed price increase within 30 days after receiving such notice, then either party may terminate the agreement. Amounts purchased by the Company from the manufacturer during the years ended December 31, 2022 and 2021 totaled \$8,837,268 and \$1,792,466, respectively. The term of the agreement was for three years and expired in November 2022.

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

4. Line of Credit

On February 3, 2022, the Company entered into a revolving line of credit agreement, jointly with an affiliate (see Note 6), with maximum borrowing capacity of \$1,000,000 and monthly interest payment on the outstanding principal balance at an index rate outlined by the revolving line of credit agreement. The outstanding balance on the line of credit at December 31, 2022 was \$0. The interest rate was 7.75% at December 31, 2022. The agreement matures on February 3, 2024. The revolving line of credit agreement is secured by all assets of the Company and guaranteed by the owners of the Company. Subsequent to year end (see Note 8), the Company amended the revolving line of credit agreement.

5. Operating Lease Obligations

The Company leases office space under an operating lease agreement requiring escalating rent payments through November 2021 before transitioning to month to month. In November 2021, the Company committed to a seventy-five-month operating lease agreement commencing in April 2022. In accordance with FASB ASC 842 – *Leases*, the Company recorded operating lease right-of-use asset. Rent expense is recognized on a straight-line basis over the term of the lease. The operating lease – right-of-use asset was \$1,178,658 and \$0 as of December 31, 2022 and 2021, respectively. The operating – right-of-use liability was \$1,291,263 and \$0 as of December 31, 2022 and 2021, respectively. Rent expense under the operating leases totaled \$200,103 and \$65,072 for the years ended December 31, 2022 and 2021, respectively. The Company adopted ASC 842 on a modified retrospective basis, applying the seven-year, risk-free discount rate as of the adoption date. The risk-free rate as of January 1, 2022 was 1.55%.

Future minimum lease commitments for the years ending December 31 are as follows:

Year Ending December 31	Amount
2023	\$ 225,262
2024	232,038
2025	238,995
2026	246,175
2027	253,555
Thereafter	151,275
	\$ 1,347,300

6. Related Parties

The Members of the Company are affiliated with entities that have shared expenses and services with the Company. The amounts due from these related parties were \$278,189 and \$36,718 at December 31, 2022 and 2021, respectively. The amounts due to these related parties were \$126,549 and \$0 at December 31, 2022 and 2021, respectively.

QC FRANCHISE GROUP LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

6. Related Parties (Continued)

The Company entered into a revolving line of credit agreement with an affiliate through common ownership on February 3, 2022 (see Note 4). The revolving line of credit has a maximum borrowing capacity of \$1,000,000 and monthly interest payment on the outstanding principal balance at an index rate outlined by the revolving line of credit agreement. The outstanding balance on the line of credit at December 31, 2022 was \$0. The interest rate was 7.75% at December 31, 2022.

7. Retirement Plan

The Company has a 401(k) profit-sharing plan that covers all eligible employees of the Company. An employee is eligible for participation upon completion of 1 year with Company. The contributions are based on a percentage of the deferral contribution by the participating employee. All contributions are participant directed and the Company matches up to 3% of the participating employee's salary. The plan is qualified under the Internal Revenue Code. The Company contributed \$7,537 and \$0 to the 401(k) plan for the years ended December 31, 2022 and 2021, respectively.

8. Subsequent Events

The Company has evaluated events and transactions for potential recognition or disclosure in the financial statement through March 18, 2023, which is the date the financial statements were available to be issued.

On January 19, 2023, the Company entered into a revolving line of credit agreement, jointly with an affiliate, with maximum borrowing capacity of \$2,000,000. The agreement calls for monthly interest payments beginning February 19, 2023 through maturity on January 19, 2025, on the outstanding principal balance at an index rate outlined by the revolving line of credit agreement. The revolving line of credit agreement is secured by all assets of the Company and is guaranteed by the owners of the Company (See Note 4).

EXHIBIT I

Sample Release Form

(FORM OF) RELEASE

This Release Agreement ("Release") is made on _____, between QC Franchise Group LLC, a South Carolina company ("**Franchisor**") and its officers, directors and agents ("**Affiliates**"), and _____ ("**Franchisee**").

RECITALS

- A. Franchisor and Franchisee entered into a Franchise Agreement dated _____, (the "**Franchise Agreement**") in which Franchisor granted franchisee the right to located, develop, and operate a QC Kinetix® business (the "**Franchised Business**"), and Franchisee assumed obligations to located, develop, and operate the franchised Business.
- B. As a condition to Franchisor's consent to the transfer of the Franchised Business, Franchisee is willing to release franchisor from certain obligations arising from the Franchise Agreement and related agreements, and any claims franchisee may have against each Franchisee as described herein.

AGREEMENT

1. RELEASE AND COVENANT NOT TO SUE

Subject to the terms of this Release, and in consideration for the consent described above, Franchisee and the undersigned individual guarantors, if applicable, hereby release and discharge and hold harmless Franchisor, its principals, agents, shareholders, officers, directors, employees, successors, assigns, subsidiaries, and affiliated groups, entities under common ownership and each of them ("**Affiliates**"), from any and all losses, claims, debts, demands, liabilities, actions, and causes of action, of any kind, whether known or unknown, past or present, that any of them may have or claim to have against Franchisor or its Affiliates and any of them before or on the date of this release, arising out of or related to the offer, negotiation, execution, and performance of the Franchise Agreement, the operation of the Franchised Business, and all circumstances and representations relating to such offer, negotiation, execution, performance, and operation (collectively, "**Released Claims**"), except as specifically reserved:

2. NO ADMISSION

Nothing contained in this Agreement shall be construed as an admission of liability by either party.

3. NO ASSIGNMENT

Each party represents and warrants to the other that it has not assigned or otherwise transferred or subrogated any interest in the Franchise Agreement or in any claims that are related in any way to the subject matter of this Release. Each party agrees to indemnify and hold the other fully and completely harmless from any liability, loss, claim, demand, damage costs, expense and attorneys' fees incurred by the other as a result of any breach of this representation or warranty.

4. ENTIRE AGREEMENT

This Release embodies the entire agreement between the parties and supersedes any and all prior representations, understandings, and agreements with respect to its subject matter. There are no other

representations, agreements, arrangements, or understandings, oral or in writing, and signed by the party against whom it sought to be enforced.

5. FURTHER ACTS

The parties agree to sign other documents and do other things needed or desirable to carry out the purpose of this Release.

6. SUCCESSORS

This Amendment and Release shall bind and insure to the benefit of the parties, their heirs, successors, and assigns.

7. GOVERNING LAW; JURISDICTION

This Release shall be construed under and governed by the laws of the State of North Carolina, and the parties agree that the courts that have jurisdiction pertaining to the then existing headquarters of the Franchisor, shall have jurisdiction over any action brought in connection with it, and that venue is proper where the Franchisor's then existing headquarters are located, except to the extent that the Franchise Agreement is governed by the laws or venue provisions of another state, as set forth in an executed state law addendum to the Franchise Agreement.

8. SEVERABILITY

If any part of this release is held invalid or unenforceable to any extent by a court of competent jurisdiction, this Release shall remain in full force and effect and shall be enforceable to the fullest extent permitted, provided that it is the intent of the parties that it shall be entire, and if it is not so entire because it is held to be unenforceable, then this Release and the consent given as consideration for it shall be voided by frustration of its purpose.

9. VOLUNTARY AGREEMENT

Each party is entering into this Release voluntarily and, after negotiation, has consulted independent legal counsel of its own choice before signing it, is signing it with a full understanding of its consequences, and knows that is not required to sign this Amendment and Release. The parties acknowledge and agree that this Amendment and Release constitutes a release or waiver executed pursuant to a negotiated agreement between a Franchisee and a Franchisor arising after the Franchise Agreement has taken effect and as to which each part is represented by independent legal counsel.

QC Kinetix® Franchisee

By _____

Its _____

An Individual

EXHIBIT J

Development Agreement

QC KINETIX DEVELOPMENT AGREEMENT

This **DEVELOPMENT AGREEMENT** (“**Agreement**”) is made and entered into as of _____ by and between **QC Franchise Group LLC**, a South Carolina limited liability company with its principal place of business at 227 W. Trade St. Suite 2160, Charlotte, NC 28202 (“**QC Kinetix**”), and _____, a _____ [corporation/ limited liability company] (“**Developer**”) with its principal place of business at _____.

WITNESSETH:

WHEREAS, QC Kinetix, as the result of the expenditure of time, skill, effort and money, has developed and owns a unique system (“**System**”) of franchised and company owned businesses offering non-clinical services related to the field of non-surgical regenerative care under the “QC Kinetix” marks, as described in **Exhibit A** hereto (collectively, the “**Mark**”), which System includes, without limitation, our standards, specifications, business techniques, and procedures; all of which may be changed, improved and further developed by QC Kinetix from time to time;

WHEREAS, QC Kinetix is a licensee, with the right, title and interest to sublicense the Mark and such other trade names, service marks, trademarks and trade dress now or hereafter designated as part of the System for the benefit and exclusive use of QC Kinetix and its developers; and

WHEREAS QC Kinetix continues to develop, use and control the Mark for the benefit and exclusive use of itself and developers in order to identify for the public the System, and to represent the System’s high standards of quality, appearance and service; and

WHEREAS, Developer wishes to obtain certain development rights to open and operate QC Kinetix non-surgical regenerative medicine facilities (each a “**Business**” and collectively, the “**Businesses**”) utilizing the Mark and System in the territory described in **Exhibit B** attached hereto (the “**Territory**”);

NOW, THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. GRANT

(a) QC Kinetix hereby grants to Developer the right to enter into Franchise Agreements with QC Kinetix pursuant to which Developer will establish (defined herein) and operate Businesses during the Term, as hereinafter defined, at specific locations approved by QC Kinetix within the Territory. For purposes hereof, “Franchise Agreement” means a franchise agreement in the form of QC Kinetix then current standard franchise agreement conformed for use by QC Kinetix in the Territory. The current form of Franchise Agreement is appended hereto as **Exhibit C**. The schedule set forth in **Exhibit D** to this Agreement (“**Development Schedule**”) sets forth the minimum number of Businesses to be opened (and in operation) by Developer at various stages during the Term. Each Business developed hereunder shall be located within the Territory.

(b) Subject to Developer's payment in full of the Development Fee, as set forth herein and compliance with the terms hereof, QC Kinetix will not grant any other party the right to operate Businesses in the Territory, nor will it do so itself, except as otherwise set forth herein. Except as expressly set forth in this Section, QC Kinetix (on behalf of QC Kinetix and its affiliates) retains the right, in its sole discretion and without granting any rights to Developer to do those things specifically required to franchisor in the Franchise Agreement.

(c) Developer expressly acknowledges that, as between QC Kinetix and Developer, QC Kinetix is the owner of all right, title and interest in and to the Mark licensed to Developer by this Agreement, registered and unregistered.

(d) This Agreement is not a license or franchise agreement and does not grant to Developer any right to use the Mark or System. Such rights will be granted pursuant to the Franchise Agreement for each approved location, if any are executed.

(e) Developer shall have no right under this Agreement to franchise or license others to use the Mark or System.

(f) Developer shall establish and operate, from time to time, the minimum number of Businesses in the Territory required in accordance with the Schedule set forth in **Exhibit D** (the "**Minimum Franchise Requirement**") in order to maintain Developer's exclusive rights under this Agreement.

2. DEVELOPMENT FEE; FRANCHISE FEES

(a) Pursuant to each Franchise Agreement, Developer shall pay to QC Kinetix, for each Business to be opened in the Territory, the "**Initial Franchise Fee**," as defined in the applicable Franchise Agreement, and computed as set forth in **Exhibit E** hereto, as well as the continuing "**Royalty Fee**," as defined in said Franchise Agreement. For purposes of this Agreement, the sum total of the Initial Franchise Fees payable for the minimum number of Businesses to be opened under this Agreement is referred to as the "**Development Fee**."

(b) Upon execution of this Agreement, the Development Fee shall be fully earned by QC Kinetix and shall be non-refundable. The parties recognize that the Development Fee is intended, among other things, to reimburse QC Kinetix for administrative and other expenses and for the development opportunities lost or deferred as a result of the rights granted Developer herein.

3. SITE AND PLAN APPROVALS

(a) Developer shall not begin any work necessary or desirable to adapt a proposed site as a Business until QC Kinetix shall have approved the site and the plans and specifications for the construction work thereat, including the design (interior and exterior), layout and signage of the proposed Business.

(b) Upon identifying a potential site for a Business, Developer shall submit to QC Kinetix a site selection package in such form, and containing such information, as QC Kinetix shall request. QC Kinetix, within thirty (30) days after its receipt of the site selection package, shall (i) approve the proposed site, (ii) disapprove the proposed site, or (iii) request additional information. If additional information is requested, QC Kinetix shall approve or disapprove the site within fifteen (15) days after receipt of such additional information.

(c) In the course of the site approval process, QC Kinetix shall make such on-site evaluation as QC Kinetix may deem advisable; provided, however, that QC Kinetix shall not provide on-site evaluation for any proposed site prior to receipt of a completed site selection package and letter of intent or other evidence satisfactory to QC Kinetix that confirms Developer's favorable prospects for obtaining the proposed site.

4. MANNER OF EXERCISE OF DEVELOPMENT RIGHT

This Agreement shall be executed at the same time as the initial Franchise Agreement(s) are executed. Notwithstanding anything to the contrary contained herein, QC Kinetix shall not be required to perform any obligation hereunder, nor shall Developer be entitled to exercise its development rights, or open a new Business, if at such time Developer is in breach or default of this Agreement, any Franchise Agreement or any other agreement between Developer (or any parent, subsidiary or affiliate of Developer) and QC Kinetix (or any parent, subsidiary or affiliate of QC Kinetix) or if there exists any event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default hereunder or thereunder.

5. TERM

(a) The term of this Agreement and all rights granted hereunder shall commence upon execution hereof by QC Kinetix and shall expire ____ (__) years thereafter, unless sooner terminated as provided herein ("**Term**").

(b) Developer shall have the option to renew this Agreement subject to Section 1, provided:

- (1) Developer gives QC Kinetix written notice of its intent to renew at least one-hundred and eighty (180) days prior to the expiration of this Agreement, and
- (2) At least one-hundred and eighty (180) days prior to the expiration of this Agreement, Developer has negotiated with QC Kinetix a development schedule and a renewal development fee for the renewal term, and
- (3) Developer shall pay to QC Kinetix at least ninety (90) days prior to the expiration of this Agreement, the renewal development fee determined by QC Kinetix and Developer, and
- (4) Developer has executed, upon renewal, QC Kinetix then-current standard form of development agreement, conformed by QC Kinetix for use in accordance with the laws and customs in the Territory (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal and only for such renewal terms as are provided by this Agreement), which agreement shall supersede in all respects this Agreement, and the terms of which may differ from the terms of this Agreement.

6. DEVELOPER'S COVENANTS

(a) During the Term, QC Kinetix will disclose to Developer certain of QC Kinetix proprietary, secret and confidential information, relating to, among other things, site selection; layout and design plans and specifications; technical knowledge; product data, plans and specifications; supplier and vendor

information; know-how and other aspects of the System (collectively “**Confidential Information**”). Developer agrees that during the Term and at all times thereafter:

(i) It shall hold in confidence all Confidential Information, using the highest degree of care in connection therewith;

(ii) It shall use the Confidential Information only in connection with this Agreement and the development and operation of Businesses and for no other purpose, and shall not permit the use thereof by any other person, firm, corporation, or entity (“**Person**”);

(iii) It shall not reproduce, copy or photograph, in any manner or form, any tangible embodiment of the Confidential Information;

(iv) The Confidential Information is, and at all times shall remain, the sole and exclusive property of QC Kinetix; and

(v) It shall limit dissemination of the Confidential Information to those of its employees, independent contractors and agents who have a need to know such information and who have agreed in writing to be bound by the terms of this paragraph pursuant to an agreement granting QC Kinetix the right to enforce such agreement and a duplicate original copy thereof shall have been provided to QC Kinetix.

(b) During the Term and for two (2) years thereafter (or such longer period as may be provided in any other agreement between QC Kinetix and Developer), Developer will not, directly or indirectly, as principal, licensee, consultant, investor or in any other capacity, engage in, or have an economic interest in, any business located or operating in the Territory which provides the same or similar services to QC Kinetix at the expiration or termination of the Term.

(c) Developer covenants that during the Term, except as otherwise approved in writing by QC Kinetix, Developer shall not, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any Person:

(i) Divert or attempt to divert any business or customer of QC Kinetix to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Mark or the System; or

(ii) Knowingly employ, or seek to employ, any person who is at the time employed, or during the six (6) month period prior to such time was employed, by QC Kinetix or by any licensee or developer of QC Kinetix, or otherwise directly or indirectly induce, or seek to induce, such person to leave their employment thereat.

(d) Developer expressly acknowledges that the covenants contained in this Section are a material part of this Agreement and any failure by Developer to strictly adhere to the provisions of this Section will result in irreparable injury to QC Kinetix. Therefore, Developer agrees that, upon any breach or violation of this Section, or any threatened breach or violation of this Section, QC Kinetix, in addition to all other rights and remedies, all of which are reserved by QC Kinetix, shall be entitled to preliminary and permanent equitable relief, including an injunction, without bond, and without the need to prove irreparable harm or the inadequacy of legal remedies. If any of the covenants contained in this Section are deemed, by a court of competent jurisdiction, to be unenforceable by reason of the scope or duration

thereof, such provision shall be deemed to be modified to the maximum scope or duration which such court would deem valid and enforceable, and as so modified shall be enforced by such court.

7. FAILURE TO MEET DEVELOPMENT SCHEDULE; EVENTS OF DEFAULT

Developer acknowledges that its undertaking to open Businesses in accordance with the Development Schedule is a material inducement for QC Kinetix entering into this Agreement and time is of the essence as to Developer adhering to, and meeting, the Development Schedule. Therefore, each of the following events shall constitute a material event of default under this Agreement (individually, an “**Event of Default**,” and collectively, the “**Events of Default**”):

(a) Developer fails to obtain site approval or any other approval required from QC Kinetix prior to the commencement of construction of a Business.

(b) Developer fails to adhere to the agreed Development Schedule(s) in accordance with this Agreement or fails at any time to have open and operating a number of Businesses meeting the Minimum Franchise Requirement.

(c) Developer fails at any time to meet and satisfy fully the operational, financial and legal requirements set forth herein whether for the purpose of seeking franchise approval or in the day-to-day operation of a Business, and does not cure such failure within thirty (30) days of receipt of written notice from QC Kinetix.

(d) Developer fails to pay any amount when due under this Agreement and does not cure such failure within ten (10) days of written notice from QC Kinetix.

(e) Dissolution, termination of existence, insolvency, or business failure of either Developer or any Developer’s owners (as set forth in **Exhibit “F”** attached hereto, each an “**Owner**,” and collectively, the “**Owners**”), or the appointment of a custodian or receiver of any part of the property of Developer or any Owner, or a trust, mortgage or an assignment for the benefit of creditors is entered into by either Developer or any Owner; or the recording or existence of any lien against either Developer or any Owner for past due taxes, or the commencement by or against either Developer or any Owner of any proceeding under any bankruptcy or insolvency laws; or service on QC Kinetix of any writ, summons or process designed to affect any account or property of either Developer or any Owner, any of which is not released, dismissed, discharged, bonded or otherwise adequately reserved against within thirty (30) days.

(f) Developer fails to obtain or renew any licenses or permits necessary for the performance of Developer’s obligations under this Agreement or any Franchise Agreement and does not cure such failure within thirty days of written notice from QC Kinetix.

(g) Developer opens a Business without QC Kinetix approval, site approval, payment of all Initial Franchise Fees and other fees, and/or execution of a Franchise Agreement and all other agreements and documents required by QC Kinetix.

(h) Developer or any Owner challenges the validity of any of the Mark, other trademarks or trade names, copyrights or other intellectual property of QC Kinetix.

(i) Developer or any of its affiliates defaults under any Franchise Agreement or any other agreement with QC Kinetix or its affiliates and fails to cure such default within any applicable cure period.

(j) The occurrence of any event or governmental regulation or practice or any law which prohibits or restricts the payment to QC Kinetix of the amounts due to QC Kinetix hereunder or under the proposed or existing Franchise Agreements, or if such a restriction is in QC Kinetix reasonable opinion about to be imposed or likely to be imposed within twelve (12) months.

(k) The occurrence of any event which is contrary to the provisions of Section 9 hereof.

(l) Developer or any Owner fails to comply with any of the other terms, provisions or conditions of this Agreement, and does not cure such failure within thirty (30) days of receipt of written notice of such failure from QC Kinetix.

Upon the occurrence of an Event of Default, in the event Developer is not then currently in compliance with the Minimum Franchise Requirement, QC Kinetix may elect, by notice to Developer, any or all of the following, in addition to any other rights granted to QC Kinetix hereunder or under law, and without affecting Developer's liabilities or obligations, monetary or otherwise, hereunder:

- (i) Reduce (to zero or otherwise) or limit the number of additional Businesses which Developer may establish hereunder;
- (ii) Terminate the territorial protection granted to Developer hereunder;
- (iii) Reduce the Territory;
- (iv) Accelerate the Development Schedule; and
- (v) Require Developer to pay to QC Kinetix an amount equal to the Minimum Royalty for each franchise location to be opened, in accordance with each franchise agreement and the Development Schedule set forth in **Exhibit D** of this Agreement. This amount shall be paid in a lump sum to Franchisor on the termination date. Any unpaid amounts shall bear interest at the highest rate permitted by law, in the state in which the Franchised Business is located. Developer agrees that such payment is not a penalty but rather liquidated damages due to the impossibility of determining actual damages, and that liquidated damages represent a fair, reasonable and appropriate estimate thereof. during all periods thereafter but not so opened.

8. ADDITIONAL REMEDIES UPON AN EVENT OF DEFAULT

Additionally, upon the occurrence of an Event of Default, in QC Kinetix sole discretion,

- (a) QC Kinetix may terminate this Agreement, and all rights of Developer hereunder, and/or
- (b) QC Kinetix may terminate all existing Franchise Agreements, and/or
- (c) QC Kinetix shall be entitled to all remedies provided by law for a breach, or termination after breach, of an agreement, and/or

(d) Developer shall immediately cease, and shall not at any time thereafter, directly or indirectly, to represent to the public or hold itself out as a present or former Developer or Developer of QC Kinetix; and/or

(e) Developer shall indemnify and hold QC Kinetix and QC Kinetix affiliates, and their respective officers, directors, shareholders, managers, members, agents, and employees harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with Developer's activities hereunder (including but not limited to the establishment and operation of Businesses) as well as the costs, including attorneys' fees, of defending against them.

9. TRANSFER

Developer understands and acknowledges that the rights and duties set forth in this Agreement are personal to Developer and are granted in reliance on the business skill and financial capacity of Developer and the Persons presently owning the controlling interests in Developer. Accordingly, neither Developer, any immediate or remote successor to any part of Developer's interest in this Agreement, nor any Person who directly or indirectly controls Developer shall sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement; or transfer any interest in Developer or any Person that directly or indirectly controls Developer, in a transfer or series of transfers which results in a change in control of Developer, in any such case without prior written consent of QC Kinetix. Any such purported assignment or transfer, by operation of law or otherwise without QC Kinetix prior written consent shall be null and void and shall constitute a material breach of this Agreement.

10. CORPORATE RESTRICTIONS

(a) Developer shall maintain stop transfer instructions against the transfer on its records of any equity securities; and each certificate representing equity ownership in Developer shall have conspicuously endorsed upon its face a statement, in a form satisfactory to QC Kinetix, that it is held subject to, and that further transfer or assignment thereof is subject to, all restrictions on assignments imposed by this Agreement.

(b) Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock or other voting or equity interest in Developer and shall furnish the list to QC Kinetix upon request. **Exhibit F** hereto is a true and current list of the owners of record and beneficial owner of any class of voting stock or other voting or equity interest in Developer.

11. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be mailed by certified mail, return receipt requested, or Express Mail, or sent via recognized national or international courier, postage or fees prepaid, to the other party at the following addresses unless and until a different address has been designated by similar notice:

Notice to QC Kinetix:	QC Franchise Group LLC 227 W. Trade Street, Suite 2160 Charlotte, North Carolina 28202 Attention: Scott Hoots, CEO
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Notice to Developer:

Attention: _____

Either party hereto may from time to time provide additional addresses or substitute addresses as the case may be by notice pursuant to this Section. All notices permitted or required to be delivered by the provisions of this Agreement or of the Operations Manuals shall be deemed effective upon receipt or refusal.

12. INDEPENDENT CONTRACTORS

(a) This Agreement does not create a fiduciary relationship between the parties, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purposes whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

(b) Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Agreement. Developer agrees to take such actions as shall be necessary to that end.

(c) Developer understands and agrees that nothing in this Agreement authorizes Developer to make any contract, agreement, warranty or representation on QC Kinetix behalf, or to incur any debt or other obligation in QC Kinetix name, and that QC Kinetix assumes no liability for, nor shall be deemed liable by reason of, any act or omission of Developer or any claim or judgment arising therefrom. Developer shall indemnify, defend and hold QC Kinetix and QC Kinetix officers, directors, employees and agents harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with, Developer's activities hereunder, as well as the cost, including reasonable attorney's fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Mark that are caused solely by actions of QC Kinetix or actions caused by the negligent acts of QC Kinetix or its agents.

13. NO WAIVER

No failure of QC Kinetix to exercise any power reserved to it in this Agreement or to insist upon compliance by Developer with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of QC Kinetix rights to demand exact compliance with the terms of this Agreement. Waiver by QC Kinetix of any particular default shall not affect or impair QC Kinetix right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of QC Kinetix to exercise any power or right arising out of any breach of default by Developer of any of the terms, provisions or covenants of this Agreement affect or impair QC Kinetix rights; nor shall such constitute a waiver by QC Kinetix of any right hereunder or rights to declare any subsequent breach or default.

14. DISPUTE RESOLUTION

(a) Choice of Law. This Agreement shall be interpreted and construed under the laws of the state of North Carolina. In the event of any conflict of law, the laws of the state of North Carolina shall prevail, without regard to the application of North Carolina conflict of law rules, except that any state law regulating the sale of franchises or governing the relationship of a franchisor and its franchisees will not apply unless its jurisdictional requirements are met independently without reference to this paragraph. If, however, any provision of this Agreement would not be enforceable under the laws of the state of North Carolina, and if the franchise business is located outside of North Carolina and such provisions would be enforceable under the laws of the state in which the franchise business is located, then such provision shall be interpreted and construed under the laws of that state.

(b) Venue. The parties agree that any action brought by either party against the other in any federal or state court shall be brought within the county in which QC Kinetix has its headquarters at the time action is initiated (currently, Charlotte, North Carolina), and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

(c) Non-Exclusivity of Remedy. No right or remedy conferred upon or reserved to QC Kinetix or Developer by this Agreement is intended to be or is exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

(d) Mediation. Before either party may initiate any action regarding any dispute, claim or controversy arising out of or relating to this Agreement, or the breach, termination, enforcement, interpretation or validity thereof, or any dispute, claim or controversy arising out of or relating to any non-exclusive right or remedy a party believes it has, the parties must first attempt to resolve the dispute through mediation conducted in accordance with the Commercial Mediation Procedures of the American Arbitration Association, or such other rules as the parties may mutually agree. Mediation shall be conducted in the state and county in where QC Kinetix has its headquarters at the time of the mediation (currently, Mecklenburg, North Carolina), and shall be conducted and completed within ninety (90) days following the date either party first gives notice of mediation unless otherwise agreed in writing by the parties. The parties will share equally the fees and costs of the mediator. The mediator shall be disqualified as a witness, expert or counsel for either party with respect to the dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under North Carolina and other applicable laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. If a party fails to reasonably cooperate in scheduling and completing a mediation within ninety (90) days after giving or receiving notice thereof, such party shall be precluded from and not entitled to recover costs, expenses, and/or prevailing attorneys' fees in any subsequent legal proceeding. Despite the parties' agreement to mediate, the parties each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that the parties must contemporaneously submit the dispute, controversy or claim for mediation as provided in this Section.

(e) Arbitration. Except as Franchisor elects to enforce this Agreement by judicial process, injunction, or specific performance (as provided below), all disputes and claims relating to any provision hereof, any specification, standard or operating procedure, or any other obligation of Developer prescribed by Franchisor, or any obligation of Franchisor, or the breach thereof (including, without limitation, any specification, standard or operating procedure or any other obligation of Franchisee or Franchisor, which is illegal or otherwise unenforceable or voidable under any law, ordinance, or ruling) shall be settled by mandatory binding arbitration which shall be held in the County where the Franchisor headquarters are then located, which is currently Mecklenburg County, North Carolina. Arbitration must be in accordance with the then current Commercial Rules of the American Arbitration Association (“AAA”) and, where applicable, the provision of the Federal Arbitration Act, i.e. 9 USC §1, et al; and provided that at the option of the Franchisor or the Developer that the arbitrator shall be selected from a list of retired federal or state judges supplied by the American Arbitration Association which could include an attorney with twenty (20) years or more franchise experience. The actual selection of the arbitrator from the list will be in accordance with the procedures for selecting an arbitrator under the Commercial Rules of the AAA. The parties agree that, in connection with any such arbitration proceeding, each will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. The parties further agree that arbitration will be conducted on an individual and not a class-wide or multiple plaintiff basis.

The party discovering an arbitrable claim will have one (1) year from the date of discovery but not to exceed two (2) years from the date the claim occurred, in which to settle the claim or to commence arbitration on it. Otherwise, the claim or demand will be deemed abandoned and shall be barred. The arbitrator shall allow discovery in accordance with the North Carolina Rules of Civil Procedure and may apply the sanctions relating to noncompliance with discovery orders therein provided. The arbitrator shall issue a written opinion explaining the reasons for his or her decision and award and the arbitrator shall have the right to award or include in the award the specific performance of this Agreement. Unless specifically provided for by applicable statute, no punitive or exemplary damages shall be awarded against the Franchisor, or entities related to it, in an arbitration proceeding or otherwise, and are hereby waived. Judgment upon the award of the arbitrator will be entered in any court having competent jurisdiction thereof or of the Franchisor or Developer. During the pendency of any arbitration proceeding hereunder, Developer and Franchisor shall fully perform their respective obligations pursuant to the terms and conditions of this Agreement. Arbitration fees shall be shared equally and the prevailing party shall be entitled to their attorney fees, provided should there be no prevailing party each party shall pay their own attorney fees.

This arbitration provision shall not apply to any of the following disputes or controversies: any action for injunctive or other provisional relief including but not limited to enforcement of liens, security agreements, or attachment, as Franchisor deems to be necessary or appropriate to compel Developer to comply with Developer’s obligations to Franchisor and/or to protect the Marks or any claim or dispute involving or contesting the validity of any of the Marks, or any claim or dispute involving any of the Confidential Information, trade secrets, or copyrights provided by the Franchisor to the Developer under this Agreement.

Limitation of Adjunctive Proceedings.

(i) THE PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

(ii) The parties hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other and agree that any dispute between them each shall be limited to the recovery of any actual damages sustained by the party. Developer agrees not to bring any claim asserting that any of the Marks are generic or otherwise invalid.

(iii) Developer agrees that the members, managers, shareholders, directors, officers, employees, and agents of QC Kinetix and its affiliates shall not be personally liable nor named as a party in any action between QC Kinetix and Developer.

(iv) QC Kinetix and Developer agree that, in connection with any such proceeding regarding Claims, each must submit or file any claim that would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed as described above will be forever barred.

(v) The parties agree that any proceeding regarding Claims will be conducted on an individual, not a class-wide, basis. The parties waive to the maximum extent permitted by law the right to bring, maintain, or participate in any class, collective, or representative proceeding. Further, any Claims must be brought in the individual capacity of the party asserting the claim, and cannot be maintained on a class, collective, or representative basis, to the full extent permitted by applicable law.

(vi) The parties agree that a proceeding between QC Kinetix and Developer may not be consolidated with another proceeding between QC Kinetix and any other person or entity, nor may any claims of another party or parties be joined with any claims asserted in any action or proceeding between QC Kinetix and Developer.

(vii) No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement.

(viii) No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

(f) Injunctive Relief. Nothing in this Agreement bars QC Kinetix right to obtain specific performance of the provisions of this Agreement and injunctive relief against conduct that threatens to injure or harm QC Kinetix, the Marks or the Business, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Developer agrees that QC Kinetix may obtain such injunctive relief and will not be required to post a bond to obtain injunctive relief and that Developer's only remedy if an injunction is entered against Developer will be the dissolution of that injunction, if warranted, upon due hearing, and Developer hereby expressly waives any claim for damages caused by such injunction. Developer shall pay QC Kinetix costs of enforcement in obtaining injunctive relief or the enforcement of any item of this Agreement, as incurred ("**Costs of Enforcement**").

15. FORCE MAJEURE

Neither party shall be responsible to the other for non-performance or delay in performance occasioned by and caused by circumstances beyond its reasonable control, including without limiting the generality of the foregoing, act or omissions of the other party, acts of civil or military authority, strikes, lock-outs, embargoes, and insurrections, or acts of God. If any such delay occurs, any applicable time period shall automatically be extended for a period equal to the time lost, provided that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay. Notwithstanding the foregoing, the provisions of this Section shall not result in any delay in the payment of any amounts due hereunder.

16. MISCELLANEOUS

(a) Nothing in this Agreement shall confer upon any Person other than QC Kinetix or Developer, and such of their respective successors and assigns as may be contemplated hereby, any rights or remedies under or by reason of this Agreement.

(b) All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Developer shall be deemed jointly and severally undertaken by those executing this Agreement on behalf of Developer.

(c) This Agreement may be executed in multiple copies or counterparts and each copy so executed shall be deemed an original and one and the same agreement. Electronic signatures are also authorized.

(d) This Agreement, the documents referred to herein and the exhibits attached hereto, constitute the entire, full and complete agreement between QC Kinetix and Developer concerning the subject matter hereof and shall supersede any and all agreements that may have been heretofore entered into between QC Kinetix and Developer with respect to the subject matter hereof. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. No amendment, change or variances from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing and indicating an intention to modify or amend this Agreement.

17. DEVELOPER ACKNOWLEDGMENTS

(a) Developer acknowledges that the success of the business venture contemplated by this Agreement involves substantial business risks and will be largely dependent upon the ability of Developer as an independent entity. QC Kinetix expressly disclaims the making of, and Developer acknowledges not having received any, warranty or guaranty, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

(b) Developer acknowledges having received, read and understood this Agreement, the exhibits attached hereto and agreements relating hereto, if any, delivered simultaneously herewith; and that QC Kinetix has accorded Developer ample time and opportunity to consult with advisors of Developer's own choosing about the potential risks of entering into this Agreement.

18. GUARANTY

As an inducement to QC Kinetix to enter into this Agreement with Developer, the principals of Developer are concurrently entering into a guaranty agreement in form and substance appended hereto as Exhibit G (the "**Guaranty**").

THIS AGREEMENT SHALL NOT BE BINDING ON QC KINETIX UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF QC KINETIX.

{The signatures appear on the next page}

IN WITNESS WHEREOF, the parties hereto have executed this Agreement. Upon signature and delivery of this Agreement by both parties, the effective date shall be the date first above written.

QC FRANCHISE GROUP LLC

By: _____

Title: _____

Date: _____

_____ (“Developer”)

By: _____

Title: _____

Date: _____

DEVELOPMENT AGREEMENT

ACKNOWLEDGMENT STATEMENT

I HEREBY ACKNOWLEDGE THAT I HAVE RECEIVED AND HAVE READ QC KINETIX'S FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) DAYS PRIOR TO THE DATE THAT I HAVE EXECUTED THIS AGREEMENT, THAT I HAVE NOT PAID ANY CONSIDERATION THEREFOR TO QC KINETIX.

_____ [Developer Name] _____

By: _____

(DEVELOPER)

By: _____

(DEVELOPER)

DEVELOPMENT AGREEMENT

DISCLAIMER STATEMENT

The undersigned having voluntarily applied for the right to develop certain franchises for the operation of Businesses, does hereby acknowledge the following:

- 1) Neither any QC Kinetix sales personnel nor any officer or employee of QC Kinetix is authorized (and indeed they are specifically directed not) to make any claims or statements as to the prospects or chances of success that your franchise can expect or that past Developers have had. No assurance or guaranty of success is either directly or indirectly given, intended, or implied by QC Kinetix.
- 2) Neither QC Kinetix nor any of its employees has made any representation or guaranty orally or in writing as to any gross sales, net profits, gross profits, revenues or other earnings that Developer can expect, other than as stated in Item 19 of the Franchise Disclosure Document.
- 3) QC Kinetix representatives, officers, and other employees are not authorized to represent or estimate dollar volumes and they are directed to provide the names of store owners in the contemplated area so that the prospective Developer can make its own investigation and analysis.
- 4) QC Kinetix is not bound by any unauthorized representations as to the success or dollar volume.

Dated this _____.

_____ (“Developer”)

BY: _____

Signature of Developer

BY: _____

Signature of Developer

DEVELOPMENT AGREEMENT

EXHIBIT A

List of Proprietary Marks

1. "QC Kinetix" - registered with the United States Patent and Trademark Office bearing the registration number 6056438.

DEVELOPMENT AGREEMENT

EXHIBIT B

Territory

The territory is defined by the highlighted areas of the map below and on the following page.

DEVELOPMENT AGREEMENT

EXHIBIT C

Franchise Agreement

DEVELOPMENT AGREEMENT

EXHIBIT D

Development Schedule

<u>Deadline Date:</u>	<u>Cumulative Minimum Number of Businesses to be Opened and in Operation:</u>
**TOTAL	

DEVELOPMENT AGREEMENT

EXHIBIT E

INITIAL FRANCHISE FEE PER UNIT

<u>Number of QC Kinetix® Business Units</u>	<u>Initial Franchise Fee for Each Location</u>	<u>Total Initial Franchise Fee</u>
2 Units	\$50,000 each	\$100,000
3 Units	\$45,000 each	\$135,000
4 Units	\$41,250 each	\$165,000
5 units	\$37,000 each	\$185,000
Each unit after 5	\$20,000 each	

DEVELOPMENT AGREEMENT

EXHIBIT F

List of Owners

The owners of _____, and their respective ownership interests as of the date of the Development Agreement are:

- _____ - _____%
- _____ - _____%
- _____ - _____%
- _____ - _____%

DEVELOPMENT AGREEMENT

EXHIBIT G

GUARANTY, INDEMNIFICATION AND ACKNOWLEDGEMENT

As an inducement to QC Kinetix Franchise Group LLC, a South Carolina limited liability company (hereinafter referred to as “**QC Kinetix**”) to execute the Development Agreement between QC Kinetix and [Developer’s name], (hereinafter referred to as “**Developer**”) dated _____, (hereinafter referred to as the “**Agreement**”), the undersigned, jointly and severally, hereby unconditionally guaranty to QC Kinetix and its successors and assigns that all of Developer’s obligations under the Agreement will be punctually paid and performed.

Upon demand by QC Kinetix, the undersigned will immediately make each payment required of Developer under the Agreement. The undersigned hereby waive any right to require QC Kinetix to: (a) proceed against Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of the undersigned under this Guaranty, QC Kinetix may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Developer, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned agree at all times to defend at the undersigned’s own cost, and to indemnify and hold harmless to the fullest extent permitted by law, QC Kinetix, and QC Kinetix officers, directors, employees and agents against any and all claims arising directly or indirectly from, as a result of, or in connection with, Developer’s activities under the Agreement, as well as the cost, including reasonable attorney’s fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Mark that are caused solely by actions of QC Kinetix or actions caused by the negligent acts of QC Kinetix or its agents.

The undersigned hereby acknowledge and agree to be individually bound by all of the covenants contained in Section 6 of the Agreement as if such covenants applied to the undersigned individually.

This Guaranty shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination or expiration shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the termination or expiration of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guaranty, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guaranty shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 14 of the Agreement, a copy of which the undersigned acknowledge having read and understood. This Guaranty shall be interpreted and construed under the laws of the State of North Carolina which laws shall prevail in the event of any conflict of laws. The other dispute resolution provisions of Section 14 of the Agreement shall apply to this Guaranty.

Any and all notices required or permitted under this Guaranty shall be in writing and shall be mailed by certified mail return receipt requested, or Express Mail, or sent via recognized national or international courier, postage or

EXHIBIT K

State Effective Dates

STATE EFFECTIVE DATES

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

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

STATE	EFFECTIVE DATE
California	May 11, 2024
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.

EXHIBIT L

Receipts

RECEIPT

QC FRANCHISE GROUP LLC

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If QC Franchise Group LLC offers you a Franchise, it must provide this Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document on the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other document or the payment of any consideration that relates to the franchise relationship.

If QC Franchise Group LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20508 and the appropriate state agency as identified on Exhibit B of this disclosure document.

QC Franchise Group LLC's franchise sellers are Scott Hoots and Bart Bess, 227 W. Trade Street, Suite 2160, Charlotte, NC 28202, His phone number is (704) 375-0057. We also use an independent franchise broker R7FDC, Inc., doing business as Rhino7 Consulting. Rhino7 Consulting is headquartered at 431 Keisler Dr, Ste. 201, Cary, NC 27518 The phone number is (919) 977-9517. The franchise sellers working with Rhino7 Consulting include Joseph Schadle, Douglas Schadle, James D. Wollman and Mathew Wagner.

Issuance Date: May 1, 2024 (with effective dates as stated on Exhibit K to this Franchise Disclosure Document).

I have received QC Kinetix® Disclosure Document dated May 1, 2024 that included the following Exhibits:

- A. Franchise Agreement with attached Schedules
- B. List of State Franchise Regulators
- C. Business Associate Agreement
- D. State Addenda
- E. Operations Manual Table of Contents
- F. List of Franchisees
- G. Franchisees Who Have Left the System
- H. Financial Statements
- I. Sample General Release
- J. Development Agreement
- K. State Effective Dates
- L. Receipts

Covered Entity

Date

Recipient/Franchise Applicant

RETURN THIS SIGNED FORM TO THE FRANCHISOR. Mail to: QC Franchise Group LLC, 227 W. Trade Street, Suite 2160, Charlotte, NC 28202.

APPLICANT COPY

RECEIPT

QC FRANCHISE GROUP LLC

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If QC Franchise Group LLC offers you a Franchise, it must provide this Disclosure Document to you fourteen (14) calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York law requires a franchisor to provide the Franchise Disclosure Document on the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other document or the payment of any consideration that relates to the franchise relationship.

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- I. Sample General Release
- J. Development Agreement
- K. State Effective Dates
- L. Receipts

Covered Entity

Date

Recipient/Franchise Applicant

THIS SIGNED FORM REMAINS WITH THE FRANCHISE APPLICANT