FRANCHISE DISCLOSURE DOCUMENT



The Joint Corp.
A Delaware corporation
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The Joint Corp. offers franchises for a cash-basis, private-pay chiropractic clinic that offers chiropractic services to the public under a membership model.

The total investment necessary to begin operation of a THE JOINT® franchise ranges from $254,250 to $520,800. This includes $40,900 that must be paid to us.

Area developers must commit to open a minimum of 2 franchised clinics. If you purchase area development rights to open 2 to 5 franchised clinics, the total investment necessary to begin operation of a THE JOINT® franchise ranges from $264,250 to $560,800. This includes $50,900 to $80,900 that must be paid to us.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 16767 N. Perimeter Dr., Suite 110, Scottsdale, Arizona 85260 or by phone at (480) 245-5960.

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

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

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

Issuance Date: May 1, 2024 (amended October 24, 2024)

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or EXHIBIT "F".
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or EXHIBIT "G" 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 THE JOINT® clinic 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's it like to be a THE JOINT® franchisee?	Item 20 or EXHIBIT "F" lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 area development agreement require you to resolve disputes with the franchisor by mediation and/or litigation only in Arizona. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Arizona 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.

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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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.

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives 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 such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 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 advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The franchised business offered under this Disclosure Document is for a chiropractic clinic that operates under the name THE JOINT® (a "Clinic"). In some cases, the franchisee owns, operates and manages the Clinic (a "Franchised Clinic"). In other cases, the franchisee manages the Clinic on behalf of a professional corporation or professional limited liability company that owns and operates the Clinic, provides the chiropractic services and employs the chiropractic staff (a "Managed Clinic"). We offer franchises for both Franchised Clinics and Managed Clinics under this Disclosure Document.

To simplify the language in this Disclosure Document, "you" means the person who buys the franchise for a Clinic – the franchisee, and includes your partners if you are a partnership, your shareholders if you are a corporation, and your members if you are a limited liability company. "We," "us" and "the Company" mean The Joint Corp. - the franchisor.

Corporate Information

The Joint Corp. is a Delaware corporation that was incorporated on March 10, 2010. Our principal business address is 16767 N. Perimeter Dr., Suite 110, Scottsdale, Arizona 85260. Our telephone number is (480) 245-5960. Our agents for service of process are disclosed in EXHIBIT "A" (for franchise registration states) and EXHIBIT "B" (for other states). We do not do business under any names other than our legal name "The Joint Corp." and the trade names "The Joint" and "The Joint Chiropractic".

Business History

We began offering franchises for Clinics in 2010. We have also offered area representative franchises from: (a) 2011 to December 2013; and (b) November 2016 to present. At this time, we no longer offer franchises for new area representative businesses. However, we continue to offer renewal franchises to existing area representatives. As of December 31, 2023, we have sold a total of 44 area representative franchises. We have never offered franchises in any other line of business.

Area representative franchises are offered under a separate Disclosure Document. We refer to the area representative business as a "Regional Development Business" and we refer to the area representative franchisee as a "Regional Developer". Regional Developers: (a) solicit prospective Clinic franchisees within a defined development territory; and (b) provide these franchisees with certain initial and ongoing support with the development and operation of their Clinics. If your Clinic is located within a Regional Developer's development territory, the Regional Developer may assist you with the development and operation of your Clinic.

In addition to offering franchises and administering the franchise system, we have owned and operated (or in some cases managed) Clinics in various states since 2014. Some of these Clinics are owned, operated and managed by us. Others are owned and operated by a Chiropractic PC but managed by us (similar to a Managed Clinic).

We engage in no business activities other than those discussed above.

Predecessors, Parents and Affiliates

We do not have any predecessors or parent companies. We do not have any affiliates that: (a) offer (or have ever offered) franchises in this or any other line of business; or (b) provide products or services to our franchisees.

Description of Franchised Business

The franchised business offered under this Disclosure Document is for a Clinic, which is a cash-basis, private-pay business that offers chiropractic services to the public using a membership model. Clinics do not accept insurance as compensation for services rendered. In accordance with state law, chiropractic services may only be provided by, or in some cases under the supervision of, a licensed chiropractor. The licensed chiropractors and chiropractic assistants responsible for providing and/or supervising the provision of chiropractic services at a Clinic are referred to as the "Chiropractic Staff". The 2 types of Clinic franchises we offer are described

below:

Franchised Clinic (Direct Ownership Model)

A Clinic may be owned, operated and managed by the franchisee (i.e., a Franchised Clinic) if either: (a) the franchisee is either a licensed chiropractor operating as a sole proprietorship or a Chiropractic PC that, under applicable state law, is authorized to provide chiropractic services and employ Chiropractic Staff; or (b) the franchisee develops the Clinic in a state that allows a person who is not a licensed chiropractor or Chiropractic PC to own and operate a chiropractic clinic and employ Chiropractic Staff.

Managed Clinic (Managed Operation Model)

A franchisee who does not qualify for a Franchised Clinic must acquire a Managed Clinic. Under our Managed Clinic model, the franchisee manages (but does not own or operate) the Clinic. As used in the context of a Managed Clinic, "ownership" and "operation" of the Clinic refers to ownership and operation of the chiropractic practice conducted from the Clinic. It does not refer to ownership of the premises or any of the furniture, fixtures, equipment or other assets located within or utilized at the Clinic. Our Managed Clinic model is described in more detail below under "Laws and Regulations".

If we award you a franchise, you must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the "Franchise Agreement"). We refer to the franchised business you purchase as your "Business". We refer to the Clinic you own, operate and manage (if a Franchised Clinic) or the Clinic you manage on behalf of a Clinic Operator (if a Managed Clinic) as your "Clinic". The Franchise Agreement grants you a license to use certain service marks, trademarks, trade names and logos, including the service marks THE JOINT®, THE JOINT CHIROPRACTIC® and THE JOINT…THE CHIROPRACTIC PLACE® (collectively, the "Marks"). The Franchise Agreement also grants you a license to use the system we developed for the operation of a Clinic (the "System"). Our confidential Operations Manual (the "Manual") describes the operational aspects of a Clinic. You will operate your Clinic as an independent business using the Marks, the System, the information in the Manual, and the support, guidance and other methods and materials we provide.

We developed the System, and the standards and specifications associated with the System, to create a framework that enables Clinics to operate in compliance with our brand standards and maintain a uniform experience for patients. However, we understand that the practice of chiropractic is a licensed medical profession requiring independent judgment, skill and training. We do not engage in the practice of chiropractic, and we are not authorized to provide chiropractic services. Our franchise training and support programs do not include any training or support regarding the method or manner by which chiropractors make clinical decisions. Chiropractors retain complete discretion on all decisions that may impact their chiropractic license. We do not control or influence (or reserve the right or intend to control or influence) the Professional Judgment exercised by you (if you are a licensed chiropractor), the Clinic Operator (if you operate a Managed Clinic) or the Chiropractic Staff. In recognition of these facts, we acknowledge and agree that if any terms of the Franchise Agreement (or any related agreement) and/or the Manual conflict with the Professional Judgment of you (if you are a licensed chiropractor), the Clinic Operator (if you operate a Managed Clinic) or the Chiropractic Staff then: (a) the Professional Judgment of you, the Clinic Operator or the Chiropractic Staff, as applicable, will control; and (b) you will be authorized to act in a manner consistent with the Professional Judgment of you, the Clinic Operator or the Chiropractic Staff without being deemed in breach of the Franchise Agreement.

For purposes of this Disclosure Document, the term "Professional Judgment" means the independent medical judgment exercised by a Chiropractic PC and the Chiropractic Staff it employs regarding the methods and manner by which chiropractic services are provided to patients, including: (a) determining what diagnostic tests are appropriate; (b) determining the need for referrals to or consultation with another medical professional or specialist; (c) responsibility for the ultimate overall care of the patient, including treatment options available to the patient; (d) determining how many patients to see in a given period of time or how many hours Chiropractic Staff must work; (e) managing, and determining the contents of, patient medical records; (f) selecting, hiring and firing Chiropractic Staff; and (g) establishing coding and billing procedures for patient care services.

Area Development Rights

If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to sign the form of Area Development Agreement attached to this Disclosure Document as EXHIBIT "D" (the "ADA"). The ADA grants you the right and obligation to develop, open and operate multiple Clinics within a defined "development territory" according to a predetermined "development schedule". You must develop, open and operate all of the Clinics identified in the development schedule. We only grant area development rights to franchisees who commit to develop, open and operate a minimum of 2 Clinics. You must sign a separate franchise agreement for each Clinic you develop. Each franchise agreement will be our then-current form of franchise agreement, which may be different than the form of Franchise Agreement attached to this Disclosure Document.

Market and Competition

The target market for THE JOINT® patients includes members of the general public in need of chiropractic services. The chiropractic industry is developed and competitive. Sales are not seasonal.

As a franchisee, you will compete with other businesses offering chiropractic or related services (e.g., pain relief, physical therapy, wellness, etc.). Competitors include chiropractic clinics, physical therapy specialists, hospitals and other medical facilities. You may also face competition from businesses or professionals that operate multi-disciplinary medical and/or healthcare practices that offer chiropractic care along with other medical and/or health-related services. Some competitors are independently owned and operated businesses while others operate through regional or national chains. Some competitors operate under a franchise model.

Laws and Regulations

You must comply with all laws that affect businesses generally. Chiropractors, and businesses that offer chiropractic services, are heavily regulated and subject to a variety of industry-specific laws and regulations. While chiropractors do not earn a medical doctor (MD) degree, they must obtain a Doctor of Chiropractic (DC) degree in order to practice. In many states, chiropractors are regulated in the same manner as medical doctors. As a result, you may be subject to a variety of laws that regulate or govern the practice of medicine generally, or that specifically apply to the practice of chiropractic ("Healthcare Laws"). Healthcare Laws can vary from state to state. Some of the Healthcare Laws that may apply to you include laws and regulations that:

- restrict or limit the persons who may lawfully own a Clinic, provide chiropractic services and/or employ Chiropractic Staff, including corporate practice of medicine laws and other comparable laws
- regulate the practice of chiropractic, including the licensure of chiropractors or other healthcare professionals
- restrict physician self-referrals, including the federal Stark Law and comparable state laws
- restrict or prohibit the payment or receipt of remuneration as an inducement or reward for patient referrals, including the federal Anti-Kickback Statute and comparable state laws
- restrict or prohibit certain fee splitting arrangements involving physicians or other healthcare professionals
- regulate the use of medical devices
- regulate the privacy of patient records, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Health Information for Economic and Clinical Health Act (HITECH) and other comparable federal and state laws
- regulate the advertising of chiropractic clinics or chiropractic services

Healthcare Laws also include rules and regulations promulgated by state regulatory boards governing chiropractors and/or chiropractic clinics.

Some Healthcare Laws only apply to businesses that accept Medicare, Medicaid or other state or federal government funded benefit plans or fiscal intermediaries. While some of these laws apply to our business model,

a majority do not due to the fact our current business model is limited to a cash-basis, private-pay model (Clinics may not accept insurance as compensation for services rendered).

Some of the Healthcare Laws that may apply to your Business are described below in more detail.

Chiropractor Licensing

All states require the licensure of chiropractors. Only licensed chiropractors are allowed to provide chiropractic services at Clinics. If you are not a licensed chiropractor, you must not engage in any activities that might interfere with the Professional Judgment of the Chiropractic PC (defined below) or the chiropractors who work at the Clinic.

Corporate Practice of Medicine Laws

Some states adhere to a corporate practice of medicine ("CPOM") doctrine that prohibits or restricts a person who is not a licensed healthcare provider from holding an ownership interest in a business that offers chiropractic services or employs chiropractors. In some states, the business entity that owns the practice must be a professional entity, such as a professional corporation or professional limited liability company (a "Chiropractic PC"). A Chiropractic PC may not be required when the licensed chiropractor operates as a sole proprietorship. In some states, such as California, only licensed chiropractors or other licensed healthcare providers may hold an ownership interest a Chiropractic PC. Other states may allow non-licensed individuals to hold an ownership interest in a Chiropractic PC, but may limit the percentage of ownership interests that may be held by non-licensed individuals. The corporate practice of medicine laws applicable in your state may dictate whether you acquire a Managed Clinic or a Franchised Clinic.

A. Franchised Clinic

You must acquire a Franchised Clinic if you are a licensed chiropractor who will own and operate the Clinic either as a sole proprietorship or through Chiropractic PC. The Franchised Clinic is our direct ownership model, where the franchisee directly owns, operates and manages the Clinic and employs the Chiropractic Staff.

In some states that do not adhere to a corporate practice of medicine ("CPOM") doctrine, a person who is neither a licensed chiropractor nor a Chiropractic PC may lawfully own and operate a chiropractic clinic and employ the Chiropractic Staff who provide chiropractic services at the Clinic. We refer to these states as "Non-CPOM States". If you are not a licensed chiropractor but your Clinic is located in a Non-CPOM State, we may authorize you to own and operate a Franchised Clinic, in which case you will directly own and operate the Clinic and employ the Chiropractic Staff who provide chiropractic services at the Clinic. If you are not a licensed chiropractor and you believe the state in which your Clinic is located qualifies as a Non-CPOM State, you must send us a written request to enter into a Waiver Agreement with you. The Waiver Agreement constitutes our written authorization for you, as a non-licensed individual, to own and operate a Franchised Clinic in a Non-CPOM State. Our current form of Waiver Agreement is attached to this Disclosure Document as EXHIBIT "H"-3. As a condition to signing the Waiver Agreement, we may require that you hire healthcare counsel, licensed in your state, to provide us with a legal opinion confirming that you may lawfully own, operate and manage a Franchised Clinic and employ the Chiropractic Staff who provide chiropractic services at the Clinic.

You should be aware that Healthcare Laws change from time to time. If, subsequent to our execution of a Waiver Agreement, there is a change to applicable Healthcare Laws that renders your ownership of a Franchised Clinic and/or employment of Chiropractic Staff unlawful, we may require that you convert from a Franchised Clinic to a Managed Clinic, which may require you to incur additional expense.

B. Managed Clinic

You must acquire a Managed Clinic if you are not a licensed chiropractor and your state has a CPOM law that precludes you from holding an ownership interest in a chiropractic clinic or employing chiropractors. Our Managed Clinic business model separates the chiropractic aspects of the Clinic from the business management

aspects of the business. A franchisee who acquires a Managed Clinic must: (a) identify and establish a relationship with a Chiropractic PC that is authorized to provide chiropractic services under the laws of the state in which the Clinic is located; and (b) enter into a management services agreement or comparable agreement (a "Management Agreement") with the Chiropractic PC. The Chiropractic PC that signs the Management Agreement with the franchisee is referred to as the "Clinic Operator". Under the Management Agreement:

- the Clinic Operator owns and operates the Clinic
- the Clinic Operator employs the Chiropractic Staff who provide chiropractic services at the Clinic
- the franchisee provides the Clinic Operator with certain non-chiropractic management and administrative services and support, including management, administrative, marketing, technology and facility-based services ("Management Services") in accordance with our System for the benefit of the Clinic Operator and the Clinic
- the Clinic Operator pays the franchisee management fees or other compensation ("Management Fees") as consideration for the Management Services it provides

If you acquire a Managed Clinic, you must:

1. identify and establish a relationship with the Clinic Operator that will own and operate the Clinic and employ the Chiropractic Staff who provide chiropractic services at the Clinic;
2. notify us of the identity of the Clinic Operator and provide all information we require about the Clinic Operator and the chiropractors it employs;
3. sign a Managed Clinic Addendum with us (our current form is attached to this Disclosure Document as EXHIBIT "H"-2);
4. sign, and cause the Clinic Operator to sign, the Acceptance and Acknowledgement Agreement that is attached to the Managed Clinic Addendum as Attachment A (we must also sign the Acceptance and Acknowledgment Agreement);
5. sign a Management Agreement with the Clinic Operator (EXHIBIT "H"-4 includes our sample form of Management Agreement); and
6. provide Management Services in accordance with the Franchise Agreement, the Managed Clinic Addendum, the Management Agreement and the Manual.

The Management Services include non-chiropractic management and administrative services and support you provide for the benefit of the Clinic Operator. Management Services do not include chiropractic services or any services that might interfere with the Professional Judgment of the Clinic Operator or the Chiropractic Staff it employs. Management Services may include assistance with matters such as: site selection; managing the Clinic design and construction process; negotiating contracts and managing supplier relationships; procurement and installation of signage, furniture, fixtures, equipment, operating supplies and other goods and services; configuration of technology systems and training staff regarding use of same; staff recruitment; obtaining licenses, permits and chiropractor credentialing reports; payroll services; human resource matters; selection and procurement of insurance; billing and collection services; patient scheduling services; preparation and maintenance of patient records and files; financial management, budgeting, bookkeeping and accounting services; preparing financial and operational reports; filing annual reports and tax documents; advertising and marketing; patient retention and communications; and facility maintenance services.

We provide you with a sample Management Agreement, but it has not been reviewed for compliance with the laws in your state. The sample attached is non-state specific. The Manual includes additional sample Management Agreements for use in the states of California, Florida, Illinois, Kansas, New York and North Carolina. You must hire healthcare counsel, licensed in your state, to review and revise our sample form of Management Agreement for compliance with laws applicable in your state. It is your responsibility to ensure the

Management Agreement you sign complies with the laws of your state. You must send us a copy of the executed Management Agreement.

C. States That May Require Use of Managed Clinic

Based on our review of the laws of the various states, we believe the following states may require you to acquire a Managed Clinic if you are not a licensed chiropractor: Arkansas, California, Colorado, District of Columbia, Florida, Hawaii, Illinois, Kansas, Kentucky, Maryland, Michigan, Minnesota, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Washington, West Virginia, and Wyoming. There are additional states that may, depending on how those states interpret their own laws, also require you to acquire a Managed Clinic if you are not a licensed chiropractor. Some states have not explicitly stated whether an unlicensed person can own and/or operate a chiropractic Clinic in their state. In a few states, such as Alabama and Massachusetts, a person who is not a licensed chiropractor may own and operate a chiropractic clinic but only if the person first obtains a practice permit or similar license from the state.

Privacy and Security of Patient Records

Various state and federal laws regulate the privacy and security of patient health care information. The federal law, HIPAA, requires that healthcare providers protect the confidentiality of patient health care information and disclose that information to patients and third parties when requests are properly submitted. Clinics must ensure the privacy and security of patient health care information shared with "business associates" such as service providers, attorneys and third-party billing companies. Many states have also enacted Healthcare Laws regulating the privacy and security of patient health care information, some of which impose more stringent requirements than HIPAA.

Advertising and Trade Names

Some Healthcare Laws regulate the type of advertising and marketing conducted by a Clinic. For example, some of these laws restrict the representations a Clinic can make regarding the goods or services offered, the results a patient may or may not achieve, or whether devices or services have been authorized, cleared or approved by a governmental agency. These laws may also limit the trade names that a Clinic may use or require that chiropractic service providers use certain acronyms with their professional or trade names.

There may be other local, state and/or federal laws or regulations that apply to your Business. We strongly suggest that you investigate these laws before buying this franchise.

ITEM 2 BUSINESS EXPERIENCE

Sanjiv Razdan – President, Chief Executive Officer and Director

Mr. Razdan has held the following positions during the prior 5 years:

Employer	Location	Title	Period of Time
The Joint Corp.	Phoenix, AZ	President, CEO and Director	Oct 2024 to present
International Coffee & Tea LLC	Los Angeles, CA	President CBTL Americas and India	Mar 2021 to May 2024
Unemployed	Los Angeles, CA	Not applicable	Jul 2020 to Feb 2021
Sweetgreen	Los Angeles, CA	Chief Operations Officer	Apr 2018 to Jun 2020

Jake Singleton – Chief Financial Officer

Mr. Singleton has held the following positions during the prior 5 years:

Employer	Location	Title	Period of Time
The Joint Corp.	Phoenix, AZ	CFO	Nov 2018 to present

Employer	Location	Title	Period of Time
		Corporate Controller	Jun 2015 to Nov 2018

Charles Nelles – Chief Technology Officer

Mr. Nelles has held the following positions during the prior 5 years:

Employer	Location	Title	Period of Time
The Joint Corp.	Phoenix, AZ	Chief Technology Officer	Jan 2022 to present
American Express Global Business Travel	Scottsdale, AZ	VP, Global Infrastructure	Feb 2018 to Jan 2022

Lori Abou Habib – Chief Marketing Officer

Mrs. Abou Habib has held the following positions during the prior 5 years:

Employer	Location	Title	Period of Time
The Joint Corp.	Phoenix, AZ	Chief Marketing Officer	Aug 2023 to present
Sonic Industries	Oklahoma City, OK	Chief Marketing Officer	Dec 2007 to Aug 2023

Eric Simon – SVP of Franchise Sales and Development

Mr. Simon has held the following positions during the prior 5 years:

Employer	Location	Title	Period of Time
The Joint Corp.	Phoenix, AZ	SVP of Franchise Sales and Development	Dec 2023 to present
The Joint Corp.	Phoenix, AZ	VP of Franchise Sales and Development	Nov 2016 to Dec 2023

Jorge Armenteros – SVP of Operations

Mr. Armenteros has held the following positions during the prior 5 years:

Employer	Location	Title	Period of Time
The Joint Corp.	Phoenix, AZ	SVP of Operations	Sep 2021 to present
The Joint Corp.	Phoenix, AZ	VP of Operations	Jan 2017 to Sep 2021

Dr. Steven Knauf – Vice President of Chiropractic and Compliance

Dr. Knauf has held the following positions during the prior 5 years:

Employer	Location	Title	Period of Time
The Joint Corp.	Phoenix, AZ	VP of Chiropractic and Compliance	May 2022 to present
		Executive Director of Chiropractic and Compliance	Aug 2020 to May 2022
		Director of Chiropractic and Compliance	Jan 2017 to Jul 2020
		Senior Doctor of Chiropractic	Jul 2015 to Jan 2017

Matthew E. Rubel – Lead Director

Mr. Rubel has held the following positions during the prior 5 years:

Employer	Location	Title	Period of Time
The Joint Corp.	Phoenix, AZ	Lead Director	Aug 2017 to present

Employer	Location	Title	Period of Time
		Director	Jun 2017 to Aug 2017
Holley Performance Products	Bowling Green, KY	Executive Chairman	Apr 2021 to present
MidOcean Private Equity Consumer Group	Dallas, TX	Chairman	Jul 2018 to present
KidKraft	Dallas, TX	Chairman	Jul 2018 to Jun 2023

Ronald DaVella – Director

Mr. DaVella has held the following positions during the prior 5 years:

Employer	Location	Title	Period of Time
The Joint Corp.	Phoenix, AZ	Director	Nov 2014 to present
Universal Health Group	Tampa, FL	Financial Advisor and Board Member	Jun 2022 to present
Multiomics	San Diego, CA	Financial Advisor	Jun 2022 to present
Industrial Succession Corp.	Anaheim, CA	Financial Advisor	Jul 2022 to present
Mobile Holding Properties, LLC	Atlanta, GA	Board Member and Director	Nov 2020 to present
Delta Dental of AZ	Phoenix, AZ	Board Member and Director	Aug 2020 to present
AURA Ventures	Las Vegas, NV	COO, CEO and Chairman of Strategic Advisory Board	Apr 2020 to present
NorthStar Security Holdings	Phoenix, AZ	Board Member and Director	Jan 2021 to Jan 2022
The Alkaline Water Co.	Scottsdale, AZ	VP of Finance	Mar 2022 to Mar 2023 and Apr 2019 to Jan 2020
NanoFlex Power Corp.	Scottsdale, AZ	CFO	May 2017 to Mar 2019
Katherine's Lashes, LLC (Amazing Lash franchisee)	Chandler, AZ	Owner/Franchisee	Aug 2015 to Feb 2019

Suzanne M. Decker – Director

Ms. Decker has held the following positions during the prior 5 years:

Employer	Location	Title	Period of Time
The Joint Corp.	Phoenix, AZ	Director	May 2017 to present
Bond Vet	New York, NY	Consultant	Apr 2022 to present
Refresh Mental Health	Jacksonville, FL	Board Member	Jan 2021 to Feb 2022
Aspen Dental Management Inc.	Syracuse, NY	Executive Program Sponsor	Apr 2021 to Dec 2022
		Chief Human Resources Officer	Apr 2017 to Apr 2021
		Senior VP of Human Resources	Jun 2015 to Apr 2017

Abe Hong – Director

Mr. Hong has held the following positions during the prior 5 years:

Employer	Location	Title	Period of Time
The Joint Corp.	Phoenix, AZ	Director	Jun 2018 to present
Learning Care Group	Novi, MI	Executive VP & Chief Technology Officer	Sep 2021 to present

Employer	Location	Title	Period of Time
Technologent	Scottsdale, AZ	Executive VP & COO	Jun 2020 to Sep 2021
Self Employed	Scottsdale, AZ	Consultant	Feb 2020 to present
Discount Tire	Scottsdale, AZ	Executive VP & Chief Information Officer	Aug 2017 to Feb 2020

Jefferson Gramm - Director

Mr. Gramm has held the following positions during the prior 5 years:

Employer	Location	Title	Period of Time
The Joint Corp.	Phoenix, AZ	Director	Jan 2024 to present
Bandera Partners, LLC	New York, NY	Managing Director / Portfolio Manager	Aug 2006 to present

Glenn Krevlin- Director

Mr. Krevlin has held the following positions during the prior 5 years:

Employer	Location	Title	Period of Time
The Joint Corp.	Phoenix, AZ	Director	May 2019 to present
GLENHILL Capital	New York, NY	Founder and Managing Partner	Jan 2001 to present

ITEM 3 LITIGATION

Carmel Mountain et al. v. The Joint (Case No. 01-15-0004-1604)

On July 7, 2015, a Demand for Arbitration was filed against us in California by the following former and/or current franchisees: Carmel Mountain The Joint Enterprises, Inc., Funny Bones, LLC, Global Family Enterprises, LLC, Menifee The Joint Enterprises, Inc., Poway The Joint Enterprises, Inc., R&D Management Solutions, LLC, Rancho Bernado The Joint Enterprises, Inc., Timothy Reed and Jamey Jacquemond, Santee The Joint Enterprises, Inc., SJD Corp., Solano Beach The Joint Enterprises, Inc. and Southern California The Joint Enterprises, Inc. ("Claimants"). The Claimants alleged breach of contract; breach of implied covenant of good faith and fair dealing; wrongful termination; fraud; promissory fraud; negligent misrepresentation; and claims under or arising out of violations of Section 31300, 31301, 31201 and 31202 of the California Franchise Investment Law. We vigorously denied liability for all of Claimants' claims and asserted counterclaims against each Claimant for breach of contract and breach of guaranty, among other claims, and sought a declaratory judgment that termination was proper because Claimants failed to adhere to the development schedules in their respective franchise agreements. Through our counterclaim, we sought damages for each unopened license in accordance with the terms of the parties' franchise agreements. On December 12, 2016, the parties entered into a settlement agreement whereby all parties disclaimed any liability or wrongdoing and mutually agreed that it was in their best interests to resolve their differences through settlement rather than arbitration. Under the terms of the settlement we agreed to: (a) pay Claimants the sum of $800,000, $600,000 of which was paid by our insurance carrier and $100,000 of which was paid through the issuance of $100,000 worth of shares of common stock in The Joint Corp. to Claimants and their counsel; and (b) waive, for a limited time, the transfer fees that would otherwise be due to us if the Claimants elect to sell any of their currently-operating franchises. The parties also agreed to exchange mutual general releases. The arbitration was subsequently dismissed with prejudice, based on the parties' stipulation, on December 20, 2016.

Except for the 1 action listed above, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Deposit

If you prefer to find an approved site before signing the Franchise Agreement, you have the option of entering into a Letter of Intent ("LOI") in the form attached to this Disclosure Document as EXHIBIT "H"-7. At the time you sign the LOI, you pay us a nonrefundable deposit of (a) $10,000 if you choose not to acquire a protected Site Selection Area) or (b) $15,000 if you wish to acquire a protected Site Selection Area (in either case, the "Deposit"). The Deposit is fully credited towards your initial franchise fee. Under the terms of the LOI, you will identify and obtain our approval of the site for your Clinic within the Site Selection Area designated in the LOI. You must sign the Franchise Agreement before you sign a lease for your Clinic. You pay us the initial franchise fee, less the Deposit, at the time you sign the Franchise Agreement. The Deposit is uniformly imposed.

Initial Franchise Fee

You pay us a nonrefundable $39,900 initial franchise fee, which is due in full at the time you sign the Franchise Agreement. If you sign an LOI, you pay the initial franchise fee, less the Deposit, when you sign the Franchise Agreement. The initial franchise fee is uniformly imposed except for the discounts listed below:

Type of Discount*	Discount	Qualifications for Discount
Veterans Discount	$6,000 discount ($33,900 initial franchise fee)	Person holding at least a 51% interest in the franchise is an honorably discharged veteran of any branch of the United States military and provides Form DD-214.
Multi-Clinic Discount (discount does not apply to 1st Clinic purchased)	$10,000 discount ($29,900 initial franchise fee)	You must (a) purchase 2 or more Clinics from us at the same time, (b) sign Franchise Agreements for all Clinics at the same time, (c) pay us the $39,900 initial franchise fee for the 1st Clinic and a $29,900 initial franchise fee for each additional Clinic at same time.
DC Path to Ownership Program	$19,900 discount ($20,000 initial franchise fee)	Under our current DC Path to Ownership Program, a participating DC who works in a Clinic for at least 1 year and is approved to open their own Clinic receives a $19,900 discount. If the DC partners with an existing franchisee, the DC must have a 5% or greater ownership interest in the Clinic to qualify for the discount.

* The discounts listed in the table above may not be combined for a single Clinic. If multiple discounts apply to the same Clinic being purchased, you receive the discount resulting in the lowest total initial franchise fee. If you are veteran purchasing 2 or more Clinics, you receive the $6,000 Veterans Discount on the 1st Clinic and the $10,000 Multi-Clinic Discount on the 2nd and additional Clinics.

We reserve the right to offer other initial franchise fee discounts on a case-by-case basis. For example, we may offer a discount as an inducement for a franchisee to open a Clinic in a substandard market.

Clinic Design Fee

After you send us completed pre-construction forms and "as-built" drawings of the existing premises to be developed as your Clinic, we prepare and send you a design plan for your Clinic that includes a floor plan, flooring specifications, ceiling specifications and building specifications (including location of walls, counters, retail displays, fixtures and equipment) (a "Clinic Design"). At the time you sign the Franchise Agreement, you pay us a clinic design fee of: (a) $1,000 if you are opening a new Clinic; or (b) $600 if you are renewing your franchise rights for an existing Clinic and we require an updated Clinic Design for your Clinic. If we send you a Clinic Design and you request changes, you pay us an additional $500 clinic design fee for each revised Clinic Design we prepare, which would be due 10 days after invoicing. The clinic design fee is uniformly imposed.

However, in 2023 we discounted the design fee from $1,000 to $250 in one instance.

Imputed Royalty Fee (for delayed openings)

Your Clinic must open no later than the required opening date listed in Part G of ATTACHMENT "A" (the "Required Opening Date"). You may request an extension of the Required Opening Date, which we may approve or deny at our discretion. However, we will not unreasonably withhold approval if you have used diligent efforts to open by the Required Opening Date. If we deny your extension request, you may cure the default by opening the Clinic before the expiration of the cure period. Regardless of whether we deny or approve your extension request, you must pay us pre-opening royalty fees ("Imputed Royalty Fees") in the amount of $700 per month from your Required Opening Date until the earlier of: (a) the date your Clinic actually opens; or (b) the date your Franchise Agreement is terminated. The first installment of Imputed Royalty Fees is due on the Required Opening Date and is prorated based on the number of days left in the month. Subsequent installments are due on the 1st day of each subsequent month. Imputed Royalty Fees are uniformly imposed and nonrefundable, although in 2023 we did waive the Imputed Royalty Fee on a few occasions.

Development Fee

If you sign an ADA, you pay a $39,900 initial franchise fee for your first Clinic and a $29,900 discounted initial franchise fee for each additional Clinic you commit to develop under the ADA. At the time you sign the ADA, you pay us the full $39,900 initial franchise fee for your first Clinic and a development fee calculated as $10,000 for each additional Clinic you commit to develop. We anticipate most area developers will purchase the right to develop between 2 and 5 Clinics, which results in development fees ranging from $10,000 to $40,000. You pay us the remaining balance of the initial franchise fee (i.e., $19,900) for each additional Clinic at the time you sign the Franchise Agreement for that Clinic. However, if we terminate your ADA due to your default, you are not required to pay the remaining balance of the initial franchise fee for any Clinic for which a Franchise Agreement had not been signed as of the date of termination. Development fees are nonrefundable and uniformly imposed.

ITEM 6 OTHER FEES

TYPE OF FEE [1]	AMOUNT [2]	DUE DATE	REMARKS
Royalty Fee	Greater of (a) 7% of Gross Sales or (b) $700 per month	1st & 16th day of each month	Minimum royalty fee begins 30 days after earlier of Clinic's Required Opening Date or actual opening date. Our reporting periods run from (a) the 1st through 15th day of the month (with royalty due on 16th) and (b) the 16th through end of the month (with royalty due on 1st day of following month). We may change the reporting period and royalty fee due date upon 30 days' prior notice. You must provide us with Gross Sales reports on each royalty fee due date.
Brand Fund Fee	Up to 3% of Gross Sales (currently 2%)	Same as royalty fee	You must contribute this amount to the Brand Fund we administer. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of marketing materials, or the amount of the brand fund fee. We may increase the brand fund fee up to 3% of Gross Sales upon 30 days' prior notice.

TYPE OF FEE [1]	AMOUNT [2]	DUE DATE	REMARKS
Local Advertising Commitment	Greater of (a) 5% of Gross Sales or (b) $3,000 per month	Monthly, as incurred (paid to third parties)	This is the minimum amount you must spend on advertising and marketing in your local market to promote your Clinic (the "Local Advertising Commitment"). This expenditure is in addition to the brand fund fee. We measure your compliance on a rolling 6-month basis. If you fail to spend the required amount we may charge you an amount equal to 10% of the deficiency and deposit that amount into the Brand Fund.
Cooperative Advertising Fee	Amount set by us or cooperative	Same as royalty fee	See Note 3.
Technology Fee	Varies (currently $599 per month; may increase to $799 per month on 30 days' notice)	5th day of each month, or as we otherwise specify	This fee includes all amounts you pay us and our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers. It may also include a reasonable administrative fee for managing the technology platform and negotiating / managing relationships with third-party licensors. It does not include amounts you pay to third-party suppliers. Our current technology fee covers a license to use our office management software as well as AXIS, FranConnect, MicroStrategy and email.
Training Fee	Up to $1,000 per person per day (plus Travel Expenses for onsite training)	10 days after invoice	We do not charge training fees for online training. We may charge the training fee for all other training we provide after the Clinic opens.
Conference Registration Fee	Up to $1,000 per person per day	10 days after invoice	We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory unless (a) we designate attendance as optional or (b) we waive your obligation to attend based on showing of good cause. If you fail to attend a required conference without a waiver, you must pay the conference registration fee despite your non-attendance.
System Program Fees	Varies (not currently charged)	10 days after invoice or as we otherwise specify	You must participate in any loyalty, membership and/or gift card program we establish and pay all associated program contributions and fees we require in order to implement and administer these programs. These amounts are paid to us or a third party we designate.
Call Center Program	Reasonable setup and monthly fees charged by service provider or us, if we administer call center (not currently imposed)	10 days after invoice or as we otherwise specify	Imposed if we choose to administer a call center. If a third party administers the call center, you pay fees directly to the third-party provider unless we choose to collect the fees from you and remit them to the provider.
Product Purchases	Varies depending on item purchased	10 days after invoice	We or our affiliate may serve as a System supplier for certain goods or services you must purchase. If this occurs, we will provide you with a price list upon request.

TYPE OF FEE [1]	AMOUNT [2]	DUE DATE	REMARKS
New Product or Supplier Testing	Cost of testing (estimated to range from $500 to $2,000 per test)	10 days after invoice	This covers the costs of testing new products or inspecting new suppliers you propose.
Clinic Design Fee	$1,000 to prepare new Clinic Design $600 to prepare Clinic Design for remodel mid-term or upon renewal $500 to modify existing Clinic Design	10 days after invoice	If you remodel, relocate, upgrade or otherwise alter the design of your Clinic, we will prepare a new Clinic Design and you must pay us the fee for each Clinic Design we prepare or modify. The fee is reduced to $600 for a new Clinic Design prepared at time of franchise renewal or to a mid-term remodel. We may require that you spend at least $20,000 every 4 years to remodel, redecorate, refurnish or expand your Clinic.
Relocation Fee	$2,500	7 days after we issue acceptance of new site	Imposed if we approve your request to relocate your Clinic. You must also pay the Clinic Design Fee for the new Clinic Design.
Renewal Fee	25% of then-current initial franchise fee	At time you sign renewal franchise agreement	Imposed if you renew your franchise rights by signing a renewal Franchise Agreement. Fee is calculated based on the standard initial franchise fee for a new Clinic without taking into account any discounts that might otherwise apply. If you acquire your Clinic as a result of a Transfer and you elect to sign a new Franchise Agreement for a full 10-year term (as opposed to assuming the seller's remaining term), you must pay us a pro-rated renewal fee for the difference between the 10-year term and the seller's remaining term.
Transfer Fee	*[If Transfer completed]* $2,500, $5,000 or $15,000 depending on type of Transfer *[If Transfer not completed]* Lesser of (a) $5,000 or (b) expenses we incur to evaluate the transfer	Before Transfer (or 10 days after invoice if Transfer is not completed)	The transfer fee is (a) $2,500 for a completed Permitted Transfer, (b) $5,000 for a completed Transfer of ownership to the Clinic's DC under our DC Path to Ownership Program, (c) $15,000 for all other completed Transfers or (d) the lesser of $5,000 or the actual costs we incur to evaluate a proposed Transfer and transferee for any Transfer that is not completed. If our broker finds the buyer, you must also reimburse us for all commissions we pay the broker.
Reimbursement of Inspection Costs	All Travel Expenses and other costs we incur to travel to and inspect your Clinic	10 days after invoice	Imposed if we inspect your Clinic to determine if you remedied a (a) health or safety issue identified by a government agency or (b) breach of system standards we bring to your attention.
Audit Fee	Actual cost of audit (including Travel Expenses for audit team)	10 days after invoice	Imposed if an audit (a) is necessary because you fail to send us required information or reports in a timely manner or (b) reveals you understated Gross Sales by 2% or more.
Late Fee	$100 plus default interest at lesser of (a) 18% per annum (prorated on daily basis) or (b) highest rate allowed by applicable law	10 days after invoice	If we debit your account but there are insufficient funds, or a check you issue is returned due to insufficient funds, then we may charge (in addition to the late fee) an NSF fee of $35 per incident. Default interest is limited to 10% per annum in California.

TYPE OF FEE [1]	AMOUNT [2]	DUE DATE	REMARKS
Noncompliance fee	$100 per incident	Upon demand	Imposed if you fail to comply with a mandatory standard or operating procedure (including timely submission of required reports or selling unauthorized goods or services) and do not cure within the time period we require. We may impose an additional $100 fee every 24 hours the noncompliance issue remains uncured after we impose the initial fee.
Default Reimbursements	All costs we incur to cure your default	10 days after invoice	If you fail to cure a breach of the Franchise Agreement or our brand standards in the time period we require, we may take steps to cure on your behalf and you must reimburse us for our costs (examples include failure to: maintain required insurance; pay suppliers; meet quality or safety standards; or de-identify after franchise agreement is terminated or expires).
Management Fee	Commercially reasonable management fee plus Travel Expenses	10 days after invoice	We can designate a person to manage your Clinic (a) if you fail to appoint a new Managing Owner within 30 days after former Managing Owner ceases to perform, (b) while you are in default (but only after cure period expires) or (c) after expiration or termination of the Franchise Agreement while we decide whether to exercise our purchase option. The management fee will not exceed the greater of (a) 10% of Gross Sales generated during period of time our designee manages the Clinic or (b) $300 per day.
Indemnification	Amount of our damages, losses or expenses	30 days after invoice	You must indemnify and reimburse us for all damages, losses or expenses we incur due to your operation of the Clinic or breach of the Franchise Agreement.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse us for all attorneys' fees and costs we incur relating to your breach of the Franchise Agreement or any related agreement.
Liquidated Damages	Varies (See Note 4)	30 days after invoice	Imposed if we terminate due to your default or you terminate in any manner not permitted by the Franchise Agreement.

Notes:

1. Nature and Manner of Payment: All fees are imposed by and payable to us except: (a) you pay the cooperative advertising fee directly to your advertising cooperative (we may instead require you to pay this fee to us, in which case we will remit the fee to the cooperative on your behalf); and (b) you spend the Local Advertising Commitment directly with third-party suppliers. All fees are nonrefundable and uniformly imposed. You must sign an ACH Authorization Form (attached to the Franchise Agreement as ATTACHMENT "E") permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates (other than fees due less than 15 days after signing the Franchise Agreement). You must deposit all Gross Sales into the bank account and ensure sufficient funds are available for withdrawal before each due date. You are responsible for all taxes imposed on you or us based on products, intangible property (including trademarks) or services we provide to you. You do not pay us any fees in exchange for the referral of patients.

2. Definitions: As used in this Disclosure Document, the following capitalized terms have the meanings

given to them below:

"***Brand Fund***" means the brand and system development fund we currently administer to promote public recognition of our brand and improve our System.

"***General Manager***" means a person you hire and we approve to provide onsite management of your Clinic.

"***Gross Sales***" means the sum of all revenues and receipts derived from or invoiced in connection with the operation of the Clinic, regardless of method or form of payment, including amounts invoiced but not collected and without deduction for any chargebacks or disputed payments. Gross Sales includes membership fees, fees for chiropractic care, revenue collected or invoiced for the sale of merchandise, retail items or any other goods or services, and revenue and other monies that are collected or invoiced from any other source and for any purpose and that in any way relate to the Clinic, including advertising revenue, sponsorship fees and business interruption insurance proceeds. If you acquire a Managed Clinic, Gross Sales includes all Management Fees and PC Revenue. Gross Sales includes the full retail value of any free or discounted goods or services the Clinic provides to your owners, staff, friends or family members unless the same pricing is available to the general public as part of an approved promotional program. Gross Sales excludes:

- sales or use taxes
- amounts refunded or credited to patients
- proceeds from the sale of furniture, fixtures and equipment in the ordinary course of business
- tips paid to and retained by staff members as a gratuity

The Manual may include policies governing: (a) the manner in which membership fees and proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales; and (b) the calculation of Gross Sales relating to qualifying purchases and redemptions by members under a loyalty or membership program or the purchase of a "package" or "series" of treatments.

"***Managing Owner***" means the owner you appoint and we approve with primary responsibility for the overall management and operation of your Business.

"***PC Revenue***" means, with respect to a Managed Clinic, the sum of all revenue and receipts derived from or invoiced in connection with the operation of the Clinic that are paid to (or are paid on behalf of or for the benefit of) the Clinic Operator or the Chiropractic Staff it employs, regardless of method or form of payment, and including amounts invoiced but not collected. PC Revenue excludes any amounts that are paid to (or are paid on behalf of or for the benefit of) the Clinic Operator if those amounts are subsequently paid to you or your staff as Management Fees.

"***Permitted Transfer***" means: (a) a Transfer of less than a 5% ownership interest; (b) a Transfer from an owner to the owner's immediate family member or a related trust; (c) a Transfer from one owner to another owner who was an approved owner prior to the Transfer; and/or (d) a Transfer by the owner(s) to a newly established business entity with respect to which the transferring owner(s) collectively own and control 100% of the ownership interests. However, a Permitted Transfer does not include any Transfer that results in either (1) a change of control or (2) the Managing Owner owning less than 5% of the ownership interests in the franchised business.

"***Technology Systems***" means all information and communication technology systems we require franchisees to acquire and utilize from time to time, such as computer systems, point-of-sale systems, electronic health records management systems, medical records management systems, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps and third-party services relating to the establishment, use, maintenance,

monitoring, security or improvement of these systems.

"***Transfer***" means a transfer or assignment of: (a) the Franchise Agreement or ADA; (b) the Clinic's assets (other than the sale of furniture, fixtures or equipment in the ordinary course of business); (c) any ownership interest in the entity that is the "franchisee" or "area developer"; or (d) the franchised business you conduct under the Franchise Agreement or ADA. It also includes the grant of a security interest in the Franchise Agreement, the ADA, the Clinic's assets (other than a purchase money security interest) or any equity interest in the franchisee entity.

"***Travel Expenses***" means all travel, meals, lodging, local transportation and other living expenses and costs incurred: (a) by us and our trainers, field support personnel, auditors and/or other representatives to visit your Clinic; or (b) by you or your personnel to attend training programs or conferences.

3. Cooperative Advertising Fee: We may establish regional advertising cooperatives for purposes of pooling advertising funds to be used in discrete regions. We may either: (a) collect cooperative advertising fees and remit them to the applicable cooperative; or (b) require you to pay these fees directly to the cooperative. Cooperative advertising fees are uniformly imposed on all Clinics in the cooperative, including company-owned Clinics. We may set the minimum cooperative advertising fee, which may be increased by majority vote of all members of the cooperative. Each member is entitled to 1 vote for each open Clinic that is owned by the member and located in the cooperative. We and our affiliates will be members of the cooperative (and have the same voting rights as franchisees) with respect to company-owned Clinics located in the cooperative. However, if the majority of Clinics in the cooperative are company-owned Clinics, we will not increase the cooperative advertising fee unless a majority of all franchisee members vote in favor of the increase. All cooperative advertising fees you pay are credited towards your Local Advertising Commitment. There were 45 advertising cooperatives in effect within the U.S. as of December 31, 2023.

4. Liquidated Damages: You must pay us liquidated damages if: (a) we terminate the Franchise Agreement due to your default; or (b) you terminate the Franchise Agreement prior to its expiration date (except in accordance with the provisions governing your right to terminate following our uncured breach). Liquidated damages are calculated as the sum of average monthly royalty fees and brand fund fees imposed during the 12-month period preceding termination (or your entire period of operation if less than 12-months) multiplied by the lesser of: (a) 24 (representing 2 years); or (b) the total number of months remaining under the term. If you pay us liquidated damages in a timely manner, we may not pursue a claim against you for lost profits attributable to fees and revenue we would have received after termination if the Franchise Agreement had not been terminated. However, your payment of liquidated damages does not prevent us from seeking other damages we incur due to your breach.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Table A: Estimated initial investment for the purchase of a single Clinic.

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE CLINIC)				
TYPE OF EXPENDITURE [1]	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee [2]	$39,900	Lump sum	At time you sign Franchise Agreement	Us
Training Expenses [3]	$2,500 to $5,000	As incurred	During training	Hotels, restaurants and airlines
Lease & Utility Deposits [4]	$3,700 to $5,800	As incurred	Before opening	Landlord and utility companies
3 Months' Rent [5]	$9,000 to $27,000	Lump sum	Monthly	Landlord

YOUR ESTIMATED INITIAL INVESTMENT (SINGLE CLINIC)				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Clinic Design Fee	$1,000	Lump sum	At time you sign Franchise Agreement	Us
Architect Fee	$8,500 to $20,000	As incurred	Before opening	Architect
Construction [6]	$63,600 to $225,000	As incurred	Before opening	Contractors and/or landlord
Signage [7]	$5,600 to $9,000	Lump sum	Before opening	Suppliers
Technology Systems [8]	$6,000 to $11,000	Lump sum	Before opening	Suppliers
Chiropractic & Other Professional Equipment [9]	$7,000 to $22,500	Lump sum	Before opening	Suppliers
Office Furniture & Equipment [9]	$5,000 to $7,000	As incurred	Before opening	Suppliers
Uniforms and Office Supplies [11]	$1,500 to $3,000	Lump sum	Before opening	Suppliers
Business Licenses/Permits [12]	$750 to $1,800	Lump sum	Before opening	Government agencies
Chiropractor Credentialing [13]	$200 to $300	As incurred	Before opening	Suppliers
Professional Fees [14]	$3,000 to $8,200	Lump sum	Before opening	Lawyers, accountants & other professionals
Grand Opening Advertising [15]	$20,000 to $25,000	Lump sum	60 days before through 60 days after opening	Suppliers
Insurance Premiums [16]	$2,000 to $4,300	Lump sum	Before opening	Insurance companies
Additional Funds [17] (3 months)	$75,000 to $105,000	As incurred	As incurred	Suppliers, employees & us
Total Estimated Initial Investment [18]	$254,250 to $520,800			

Table B – Estimated initial investment for the purchase of area development rights.

YOUR ESTIMATED INITIAL INVESTMENT (AREA DEVELOPMENT - ASSUMES COMMITMENT OF 2 CLINICS OR 5 CLINICS)				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Development Fee [19]	$10,000 to $40,000	Lump sum	At time you sign ADA	Us
Initial Investment to Open First Clinic	$254,250 to $520,800	This is the total estimated initial investment in Table A above.		
Total Estimated Initial Investment [18]	$264,250 to $560,800			

Notes:

1. Financing and Refunds: We do not offer direct or indirect financing. No amounts paid to us are refundable. We are not aware of any amounts paid to third-party suppliers that are refundable, although your landlord may refund your security deposit at the end of the lease if you do not damage the property or default.

2. Initial Franchise Fee: Some franchisees sign an LOI and pay us a Deposit (either $10,000 or $15,000 depending on whether you choose to acquire a protected Site Selection Area) before signing a Franchise Agreement. If you sign an LOI, your Deposit is credited towards your initial franchise fee. You pay us the remaining when you sign the Franchise Agreement.

3. Training Expenses: This includes the estimated costs you will incur to send 1 to 2 people to our 3½-day initial training program in Scottsdale, Arizona (or another certificated training center). Your Managing Owner and General Manager must attend. Attendance by your other owners is permitted but not required. We estimate the costs for food, lodging and other miscellaneous expenses (excluding travel) will be approximately $250 per person per day. Your actual training expenses may vary depending on: (a) the number of people you send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected.

4. Security and Utility Deposits: This includes estimated security deposits charged by landlords and utility companies.

5. Real Estate: This estimate assumes you lease your premises. Rent can vary based on a number of factors including:

   - local market conditions
   - the size and location of the premises
   - the amount a landlord agrees to contribute towards leasehold improvement costs (a "TI Allowance")
   - the specific lease terms required by individual landlords

   We anticipate most Clinics will range in size from 1,000 to 1,400 square feet with rent ranging from $3,000 to $9,000 per month. We recommend you lease a space with access to bathrooms and provisions for telecommunications equipment and office furniture. The estimate shown in the table above includes 3 months' rent. Some franchisees may prefer to own the premises for their Clinic. The cost to purchase real estate varies so widely that we cannot reasonably estimate the cost.

6. Construction: The cost of construction and leasehold improvements varies widely based on a number of factors including:

   - the size and condition of the leased space
   - whether the leased space is a first or second generation retail location
   - the extent and nature of any existing leasehold improvements
   - the amount of any TI Allowance you negotiate with the landlord
   - local demolition costs
   - local construction costs and prevailing wage rates in your local market

   In some cases, landlords provide a TI Allowance but increase monthly rent to recapture the TI Allowance and amortize it over the lease term (or part of the lease term). A significant factor in determining whether a landlord will provide a TI Allowance, and if so the amount, is whether the building is first generation or second generation space. The estimates in the table above assume you do not receive any TI Allowance.

7. Signage: You must purchase and install the signage we specify. However, you may need to modify our standard signage to conform to local zoning laws, property use restrictions and/or lease terms. In some instances, exterior signage may be prohibited due to applicable zoning or use restrictions. This estimates your costs to purchase our minimum required signage. If you choose to purchase additional signage, your initial investment may be higher.

8. Technology Systems: This estimates the cost to purchase and set up your Technology Systems, including your: computer hardware, tablets, software and supplies; music system (including music amp, player and

speakers); TVs; and phones . It also includes the associated installation costs.

9. Chiropractic & Other Professional Equipment: This estimates your costs to purchase your chiropractic tables.

10. Office Furniture and Equipment: This estimates your costs to purchase office furniture (such as workstations and chairs), file cabinets and shelving.

11. Uniforms and Office Supplies: This estimates your costs for uniforms and office supplies, such as paper, pens, forms and stationary.

12. Business Licenses/Permits: You may need to obtain a business license from a local government agency in order to operate or manage a Clinic. We estimate the cost for a business license will range from $750 to $1,800 depending on the jurisdiction in which the Clinic is located.

13. Chiropractor Credentialing: You must obtain credentialing reports on all chiropractors who provide chiropractic services at the Clinic (including you, if you are a chiropractor). You must obtain updated credentialing reports on at least an annual basis (or more frequently if there are lawsuits, complaints, etc. involving the chiropractor). You must send us copies of all credentialing reports you obtain. The purpose of the credentialing reports is to ensure chiropractors are properly licensed and in good standing. The reports include background checks, education verification, license verification, liability insurance verification and ongoing monitoring of state board sanctions. You may not allow a chiropractor to provide chiropractic services at the Clinic or access your computer system (or other Technology Systems) unless he or she has a "clean" credentialing report (as further described in the Manual). We estimate the cost of a credentialing report will be approximately $100 per report. You are solely responsible for obtaining these reports and paying the associated costs. This item estimates the costs for obtaining credentialing reports on the initial chiropractors who will provide chiropractic services at the Clinic.

14. Professional Fees: This estimates legal fees, accounting fees and other professional fees you may incur in order to:

    - assist you in reviewing this Disclosure Document and negotiating your Franchise Agreement
    - advise you regarding Healthcare Laws applicable in your state to ensure your ownership structure and Clinic operations are compliant with Healthcare Laws
    - incorporate your business, including forming a Chiropractic PC (if permitted by state law)
    - review operational agreements and forms
    - set up your books, records and accounts
    - perform background checks and personality profiles of potential employees and Chiropractic Staff
    - develop a business plan
    - prepare budgets for the development and operation of your Clinic

    If you acquire a Managed Clinic, you may incur additional legal fees, accounting fees and other fees and costs in order to prepare and negotiate the Management Agreement and negotiate and establish your relationship with a Clinic Operator, but you will not incur the costs to set up a Chiropractic PC. The high estimate assumes you acquire a Managed Clinic, while the low estimate assumes you acquire a Franchised Clinic.

15. Grand Opening Advertising: During the period beginning 60 days before opening through 60 days after opening, you must spend a minimum of $20,000 on grand opening marketing activities in accordance with the Manual. The high estimate assumes you choose to spend more. This amount does not include (and is not credited towards) your Local Advertising Commitment. Your Local Advertising Commitment requires you to spend, at a minimum, an amount equal to the greater of (a) $3,000 per month or (b) 5% of monthly Gross Sales on local advertising and marketing. The Local Advertising Commitment during your

initial 3 months of operation is included under Additional Funds.

16. Insurance Premiums: Insurance premiums vary depending on the insurance carrier's charges, terms of payment and your history of claims and payments. We estimate that annual insurance premiums will range from $4,000 to $10,000 for malpractice insurance and $2,000 to $2,200 for general liability insurance. The estimate in the table includes premium costs for 3 months for required insurance policies.

17. Additional Funds: This estimates your expenses during the first 3 months of operation including: payroll costs (excluding any wages, salary, draws or other amounts paid to you or other owners); Local Advertising Commitment ($9,000 for initial 3 months); Technology Fees ($1,797 for initial 3 months); utilities; HIPPA compliance tools; and other miscellaneous expenses and required working capital. Your initial 3 months of rent and insurance premiums are separately stated in the table above. You may need to put additional cash into the business until you achieve sales equal to or greater than your operating expenses. These figures are estimates based on: (a) the past experience of our management team in developing, opening and operating company-owned Clinics; and (b) the recent experience of our franchisees in developing, opening and operating franchised Clinics.

18. Budget and Initial Investment Report: We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your Clinic. Within 60 days after your Clinic's opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open the Clinic. We may use this data to update the initial investment estimate in future versions of our Franchise Disclosure Document.

19. Development Fee: Item 5 discusses how the development fee is calculated. This initial investment estimate assumes you commit to develop either 2 Clinics (low estimate) or 5 Clinics (high estimate). If you purchase the right to develop more than 5 Clinics, your development fee will increase. This estimate does not include your costs to develop any Clinic other than the first Clinic you develop under the ADA.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source-Restricted Purchases and Leases - Generally

You must purchase or lease certain "source-restricted" goods and services for the development and operation of your Clinic. By "source-restricted", we mean the good or service must meet our specifications and/or must be purchased from an approved or designated supplier. For some goods or services, there may only be a single designated supplier (which may be us, our affiliate or a third-party we designate). The Manual includes our specifications and supplier list. It includes approved items of equipment, fixtures, inventory, and supplies (by brand name and/or by standards and specifications) and lists of approved suppliers for these items. We notify you of changes to our specifications and suppliers by email, updates to the Manual or through other means of communication. In most cases, we notify you of these changes at least 30 days before they become effective. We provide 60 days' notice of changes to Technology Systems.

Your obligation to comply with our sourcing restrictions remains subject to the Professional Judgment of you (if you are a licensed chiropractor), the Clinic Operator (if you acquire a Managed Clinic) and the Chiropractic Staff with regard to any purchases or leases that pertain to the rendering of chiropractic services or the diagnosis, treatment or care of patients.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the supplier's dependability, reputation, supply capabilities, financial strength and length of operations. At this time, we do not have any written supplier approval criteria and therefore do not furnish supplier criteria to franchisees.

If you wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us a written request for approval and submit all additional information we request. We may require that you send

samples from the supplier to us or to an independent laboratory for testing. We may also require that we be allowed to inspect the supplier's facility. We will notify you of our decision within 45 days after we receive your request for approval and all additional information and samples we require. We may periodically re-inspect the facilities and products of an approved supplier and revoke our approval if the supplier fails to meet our then-current criteria. You must reimburse us for all costs we incur to review products and suppliers you propose.

You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing we negotiate. However, purchasing or leasing from unapproved suppliers is a default under your Franchise Agreement that may result in termination (or non-renewal) of your franchise.

Current Source-Restricted Items

We estimate nearly 30% of the total purchases and leases to establish your Clinic and 15% of ongoing operating expenses will consist of source-restricted goods or services, as further described below.

Site Selection

You must locate and obtain our written acceptance of the site for your Clinic. The site you select must meet our minimum site selection criteria.

Lease

We do not review the terms of your lease. However, if you lease the premises for your Clinic you must use best efforts to ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C".

Design and Construction Services

We will prepare and provide you with a Clinic Design after reviewing the completed pre-construction forms and as-built drawings you submit to us. You must hire an architect and engineer to prepare detailed construction plans which must be: (a) consistent with our Clinic Design; (b) approved by us as meeting our system standards; and (c) compliant with all applicable laws and building codes. Once approved, you must construct and equip your Clinic according to the approved plans and the specifications in the Manual. Your architect and general contractor must be appropriately licensed and bonded (if required by applicable law). We may require that you utilize an architect and/or general contractor that we designate or approve.

Fixtures, Furnishings and Décor

All fixtures, furnishings and décor must meet our standards and specifications and be purchased only from suppliers we designate or approve.

Chiropractic Equipment & Supplies

All chiropractic and other professional equipment and supplies must meet our standards and specifications and be purchased only from suppliers we designate or approve.

Chiropractor Credentialing Reports

You must purchase and send us copies of credentialing reports on all chiropractors before they may provide chiropractic services at the Clinic. You must obtain updated credentialing reports on an annual basis, or on a more frequent basis if there are lawsuits, complaints, etc. involving the chiropractor. You must obtain these reports from reporting agencies that we designate or approve. Currently, we require that you contact with National Integrated Health Group to provide credentialing reports.

HIPAA Compliance

You must purchase HIPAA compliance tools and resources to promote HIPAA compliance at your Clinic. We currently recommend that you purchase a web-based product offering employee training modules, template

policies and procedures and risk assessments. We estimate the cost will range from $35 to $150 per month.

Technology Systems

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain components of your Technology Systems must be purchased from approved or designated suppliers while other components may be purchased from any supplier of your choosing. We may also require that certain services relating to the establishment, use, maintenance, monitoring, security or improvement of your Technology Systems be purchased from approved or designated suppliers. We currently require that you license our proprietary office management software (which also serves as your point-of-sale system and electronic health records management system) exclusively from us.

Merchant Processing Services

You must use the credit card processing company we designate. We currently require you to contract with Paysafe Group. You must sign the Paysafe Merchant Payment Card Application/Agreement included in EXHIBIT "H"-8 to this Disclosure Document.

Signage

All exterior signage must meet our standards and specifications and be purchased from suppliers we designate or approve.

Uniforms

Your employees must wear the uniforms we require. You must purchase uniforms only from suppliers we designate or approve.

Marketing Materials and Services

All marketing materials must comply with our standards and requirements. We must approve your marketing materials prior to use. You must purchase branded marketing materials only from us or other suppliers we designate or approve. We may require that you utilize suppliers we designate or approve for advertising and marketing materials and services. We are currently evaluating whether to designate ourselves as the exclusive or preferred supplier for digital marketing and advertising services.

Insurance Policies

You must obtain the insurance coverage we require (whether listed in the Franchise Agreement or Manual) from licensed insurance carriers rated A-VIII or better by Alfred M. Best & Company, Inc., including the following:

Policy Type	Minimum Coverage
“All risk” Property Insurance	Replacement Value
Comprehensive General Liability Insurance	$1,000,000 per occurrence and $3,000,000 in the aggregate
Automobile Liability Insurance	$1,000,000 per occurrence and $3,000,000 in the aggregate
Medical Malpractice Insurance	$1,000,000 per occurrence and $3,000,000 in the aggregate
Commercial Umbrella Insurance	$1,000,000 per occurrence and $3,000,000 in the aggregate
Business Interruption Insurance	At least 6 months
Employer’s Liability Insurance	As required by law
Worker’s Compensation Insurance	As required by law
Landlord-Required Insurance	As required by lease
Licensure-Required Insurance	As required by law or government regulation

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide us with at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. We must approve the insurance company you use, and we reserve the right to require that you purchase certain insurance policies only from an insurance company we designate.

Purchase Agreements

We have negotiated purchase agreements (including favorable pricing terms) with suppliers of certain goods and services that must be purchased by franchisees. You may purchase these items at the discounted prices we negotiate (less any rebates or other consideration paid to us). We may also purchase items in bulk and resell them to you at our cost plus a reasonable markup. Currently there are no purchasing cooperatives but we may establish them in the future.

Franchisor Revenues from Source-Restricted Purchases

We are currently the exclusive designated supplier for: (a) the clinic design services provided in exchange for the clinic design fee; and (b) our proprietary office management software that we license to you as part of the Technology Fee. We may designate ourselves as an approved or designated supplier for other items in the future. No person affiliated with us is currently an approved (or the only approved) supplier. There are no approved or designated suppliers in which any of our officers own an interest.

We may receive rebates, payments or other material benefits from suppliers based on franchisee purchases and we have no obligation to pass them on to our franchisees or use them in any particular manner. We expect most rebates will range from 0 to 10% of the purchase price of the goods or services sold by the supplier to franchisees. As of the issuance date of this Disclosure Document, we receive the following supplier rebates:

- Paysafe Group (merchant credit card services) pays us a rebate calculated as 37 basis points (0.37%) on each credit card transaction
- 3form, LLC (hardware vendor) pays us a rebate calculated as 5% net on product sales to franchisees

Our total revenue during the fiscal year ended December 31, 2023 was $117,696,356. During that year, we received $6,614,846 in revenue as a result of purchases or leases made by company-owned and franchised Clinics of goods and services from designated or approved suppliers (including purchases from us, Technology Fees, clinic design fees and supplier rebates), which represents 5.6% of our total revenue for that year.

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement (FA), Area Development Agreement (ADA), Managed Clinic Addendum (MCA) and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	FA: 8.1 & 8.2 ADA: 4.2 MCA: 5	Item 7 & Item 11
b. Pre-opening purchases/leases	FA: 8.4, 12.7 & 16.1 ADA: Not Applicable MCA: Not Applicable	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: 8.4 & 8.5 ADA: 4.2 MCA: 5	Item 6, Item 7 & Item 11

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
d. Initial and ongoing training	FA: 6 ADA: Not Applicable MCA: 4.1	Item 6 & Item 11
e. Opening	FA: 8.5 ADA: 4.1 MCA: 8.1	Item 11
f. Fees	FA: 5.2, 6.6, 6.7, 7.2, 7.3, 7.7, 7.8, 8.3, 8.5, 8.6, 9.5, 11, 12.7, 12.9, 12.10, 12.12 12.17, 14, 16.1, 17, 20.2, 20.3 & 22.3 ADA: 5 MCA: 3.3	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manual	FA: 7.1, 8.1, 8.4, 11.3, 12 & 18.1 ADA: 4.2 MCA: 4 & 6	Item 11
h. Trademarks and proprietary information	FA: 18 ADA: 2 MCA: 3.3	Item 13 & Item 14
i. Restrictions on products/services offered	FA: 12.3 ADA: Not Applicable MCA: 4.3	Item 16
j. Warranty and client service requirements	FA: 12.15 ADA: Not Applicable MCA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: Not Applicable ADA: 4.1 MCA: Not Applicable	Item 12
l. Ongoing product/service purchases	FA: 12.7 ADA: Not Applicable MCA: Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	FA: 12.8 & 12.10 ADA: Not Applicable MCA: Not Applicable	Item 11
n. Insurance	FA: 16.1 ADA: Not Applicable MCA: 7	Item 6, Item 7 & Item 8
o. Advertising	FA: 11 ADA: Not Applicable MCA: 4.3	Item 6, Item 7 & Item 11
p. Indemnification	FA: 19 ADA: Not Applicable MCA: 10	Item 6
q. Owner's participation/management/ staffing	FA: 9 ADA: Not Applicable MCA: 2 & 3.3	Item 11 & Item 15

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
r. Records/reports	FA: 9.3, 16.2 & 16.3 ADA: Not Applicable MCA: 6	Item 6, Item 8 & Item 11
s. Inspections/audits	FA: 17 ADA: Not Applicable MCA: 6	Item 6 & Item 11
t. Transfer	FA: 20 ADA: 7 MCA: 12.4	Item 17
u. Renewal	FA: 5 ADA: 4.4 MCA: 8.5	Item 17
v. Post termination obligations	FA: 22 ADA: Not Applicable MCA: Not Applicable	Item 17
w. Non-competition covenants	FA: 15 ADA: Not Applicable MCA: 4.2	Item 17
x. Dispute resolution	FA: 23 ADA: 9 MCA: Not Applicable	Item 17
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: 10 & ATTACHMENT "D" ADA: 6 MCA: Not Applicable	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

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

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

Before you open your Clinic, we will:

1. Provide access to our Manual which will help you establish and operate your Clinic, as discussed below under "Manual". (§7.1)

2. Review and accept or reject sites you propose for your Clinic, as discussed below under "Site Selection". (§8.1, 8.4 & 8.5) (also see ADA §4.2)

3. Provide our written specifications for goods and services you must purchase to develop, equip and operate your Clinic and a list of suppliers. We do not deliver or install any items that you purchase. However, we do assist with the configuration and setup of required software. (§12.2)

4. Prepare and send you a Clinic Design, as discussed below under "Site Development". (§8.3)

5. Review and approve or disapprove the construction plans prepared by your architect, as discussed below under "Site Development". (§8.3 & 8.5)

6. Review and approve or disapprove the buildout of your Clinic, as discussed below under "Site Development". (§8.4 & 8.5)

7. Assist you in developing a grand opening marketing campaign, as discussed below under "Advertising and Marketing". (§11.2)

8. Provide an initial training program, as discussed below under "Training Program". (§6.1)

9. Send an opening supervisor to your Clinic to provide 3 days of onsite training and assist you with the opening of your Clinic. (§6.2)

During the operation of your Clinic, we will:

1. Provide our guidance and recommendations to improve the operation of your Clinic. (§7.3)

2. Provide periodic training programs, as discussed below under "Training Program". (§6.3)

3. Maintain a corporate website to promote our brand and a local webpage to promote your Clinic, as discussed below under "Advertising and Marketing". (§7.5 & 11.3)

4. Provide access to approved advertising and marketing materials, as discussed below under "Advertising and Marketing". (§11.2)

5. Administer the brand fund, as discussed below under "Advertising and Marketing". (§11.1)

6. License you the right to utilize our proprietary office management software, as discussed below under "Computer System". (§7.2)

7. Provide you with our suggested retail pricing. You may deviate from our suggested retail pricing at your discretion. However, you must obtain our approval of any deviation more than 5% higher or lower than our suggested retail pricing, unless the pricing is part of a temporary advertising campaign we approved. To the extent permitted by applicable law, we may set maximum or minimum prices or establish specific prices for the membership fees you charge and the goods and services you sell. You must implement any pricing matrix we establish. However, if you operate a Managed Clinic your pricing may be modified to conform to applicable law or to comply with the pricing mandated by the Clinic Operator. (§12.5)

During the operation of your Clinic, we may, but need not:

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Clinic. (§7.4)

2. Provide additional training or assistance that you request, as discussed below under "Training Program". (§6.3)

3. Develop retail items or other goods or services for use by, or sale from, a Clinic. (§7.9)

4. Negotiate purchase agreements with suppliers to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus shipping and a reasonable markup. (§7.7)

5. Host periodic conferences to discuss relevant business and operational issues such as industry changes or new services, products, technology or marketing strategies. (§6.7)

6. Develop and administer a call center (either ourselves or through a third-party provider) for purposes of answering calls, setting patient appointments and routing new patient leads to an appropriate Clinic. If we establish a call center program, you must participate and pay the associated fees. (§7.8)

We do not provide area developers with any support under their ADA other than the site selection assistance described above.

Manual (§7.1, 12.2 & 25.8)

We provide access to our Manual in text or electronic form during the term of the Franchise Agreement. The following documents and resources are considered part of the Manual:

- Operations Manual (87 pages)
- Brand Guide (18 pages)
- Clinic Management Training Guide (81 pages)
- In Clinic Participation Guide (84 pages)
- Onboarding Guide (31 pages)
- Construction Manual (37 pages)

Topics covered by the Manual may include, among other things:

- architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Clinic
- a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Clinic and (b) designated and approved suppliers
- a description of the authorized goods and services you may offer and sell
- specifications, techniques, methods, operating procedures and quality standards
- policies and procedures pertaining to matters such as: (a) marketing and advertising; (b) accounting; (c) bookkeeping; (d) reporting; (e) insurance; (f) data ownership, protection, sharing and use; and (g) any gift card program, loyalty program or membership model we establish

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. All mandatory provisions in the Manual are binding on you, subject to the Professional Judgment of you (if you are a licensed chiropractor), the Clinic Operator (if you acquire a Managed Clinic) and the Chiropractic Staff. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the Franchise Agreement. Modifications are effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes (for example, implementing new software or technology or changes to standards and specifications). The Manual is confidential and remains our property. The Manual contains a total of 338 pages. A copy of the Table of Contents to the Manual is attached to this Disclosure Document as EXHIBIT "E".

Training Program (§6)

Initial Training Program

We will provide an initial training program for the Managing Owner and your General Manager(s) at least 30 days prior to your opening date. You may send other owners to initial training, but it is not required. Your Managing Owner and General Manager(s) must successfully complete initial training to our satisfaction before your Clinic opens.

Initial training includes the following components (number of hours / days listed are approximate):

- 10 hours of online training modules
- 3.5 days of on-the-job training with a certified trainer at a Clinic we designate (typically in Arizona)
- 3.5 days of live virtual training with leaders from our corporate office
- 3 days of onsite training conducted by an opening supervisor at your Clinic

Onsite training, which begins the day before your Clinic opens, is an informal training program where the opening supervisor monitors your operations, provides onsite training and assists you with the opening of your Clinic.

We reserve the right to conduct all (or any portion) of the training program remotely via webinar, conference call or similar means. The training materials consist of handouts, our Manual, online programs and lectures. We can modify the training program at our discretion based on our subjective assessment of the skills, abilities and prior experience of your Managing Owner and General Manager(s). Currently, we intend to offer initial training on a monthly basis, assuming sufficient demand. The initial training program currently consists of the following:

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Introduction to The Joint®	2.5	0	Live Virtual
System/Compliance Protocols	0.75	0	Live Virtual
Real Estate/ Site Location	1.0	0	Live Virtual
Clinic Construction	1.0	0	Live Virtual
Human Resources	1.25	0	Live Virtual
Compliance	1.25	1.0	Live Virtual & Designated Training Clinic
Patient Acquisition/Marketing	5.0	2.0	Live Virtual, Online Modules & Designated Training Clinic
Clinic Operations/Customer Service/Roles & Responsibilities	6.75	18.0	Live Virtual, Online Modules & Designated Training Clinic
POS Software	4.0	3.0	Live Virtual, Online Modules & Designated Training Clinic
Technology	2.0	1.0	Live Virtual & Designated Training Clinic
Financial Management & Business Analytics	2.0	1.0	Live Virtual & Designated Training Clinic
Quizzes, Exams & Activities	2.0	2.0	Virtual / Online
Total	**29.5 hours**	**28.0 hours**	

Most of these subjects are integrated throughout the training program, which is comprised of approximately 29.5 hours of classroom/online training and 28 hours of on-the-job training. The training described in the table above does not include the 3 days of onsite training provided by our opening supervisor at your Clinic.

Ongoing Training Programs

From time to time, we may provide refresher or supplemental training programs for your Managing Owner, General Manager(s) and other employees. We may designate these training programs as mandatory or optional. Any new Managing Owner or General Manager you appoint must successfully complete our initial training program before assuming responsibility for the management of your Clinic. If we inspect your Clinic and determine you are not operating in compliance with the Franchise Agreement and/or the Manual, we may require that the Managing Owner, General Manager(s) and other employees attend remedial training to address your operational deficiencies. You may also request that we provide additional training at corporate headquarters or at your Clinic. We are not required to provide additional training you request.

Limited Scope of Training

All Chiropractic Staff must complete online training to ensure they understand and adhere to our brand standards and policies. However, your Managing Owner retains responsibility for training your staff. We do not

provide any training regarding the manner or methods by which chiropractors make clinical decisions. Chiropractors retain complete discretion on all decisions that may impact their chiropractic license.

Instructors

Our current instructors include the individuals listed below. Although the individual instructors of the training program may vary, all instructors have significant experience in their designated subject area.

Name	Title	Background
Laurie Coté	Manager of Franchise Onboarding and Training	Laurie Coté joined The Joint in March 2020 at the height of the pandemic in a newly-created patient service role. She has since transitioned to a new position focused on the on-boarding of new franchisees, leading our Regional Training Clinic program, and providing training support in the field. She has over 18 years of experience in the hospitality and restaurant industries, supporting both corporate and multi-unit franchise locations in marketing and creative development, expansion and store design, event planning and project management.
Dr. Steven Knauf	Vice President of Chiropractic & Compliance	Dr. Steven Knauf joined The Joint in January, 2015 and now serves as our Vice President of Chiropractic & Compliance. In his tenure with The Joint he has held both clinical and administrative positions, and teaches a wide variety of topics related to chiropractic and compliance. Steve Knauf, DC has been a practicing chiropractor since 2010 with a current practicing license in Arizona. Dr. Knauf has approximately 12 years of experience in this field.
Roxanne Nichols	Vice President of Operations Services & Training	Roxanne Nichols joined The Joint in August, 2018 and serves as our Director of Operations Services & Training. Roxanne focuses her instruction on process improvement and operational excellence. Roxanne has a B.S. in Business Management from ASU and a Lean Six Sigma Green Belt from the University of La Verne. Roxanne has over 14 years of experience and discipline managing large scale projects and in the field generally.
Chad Covington	Director of Operations & Analytics	Chad Covington joined The Joint in October 2021 as our Director of Operations and Analytics. He is focused on understanding our data while providing simple automated solutions for our franchisees to make data-driven decisions to improve Clinic performance. Prior to The Joint, Chad acquired analytics, system implementation, process improvement, and automation experience across several industries (government, distribution, logistics, consulting, supply chain, retail, etc.). Chad earned his bachelor's degree in business management from Radford University and Green Belt Six Sigma from Villanova university. Chad has multiple years of helping organizations leverage information to drive growth and improve. Chad has 15 years of experience in this field.
Josh Grove	Sr. Director of Media & Clinic Marketing	Josh Grove joined The Joint in March 2016 and is our Director of Media & Clinic Marketing. Josh assists co-ops and individual Clinics with developing local advertising and promotional plans, deploying our marketing toolkit and creating marketing training programs. Josh also oversees the allocation of national working media. Prior to working with The Joint, Josh was employed by Great Clips as a Marketing and Operational Business Consultant. Josh has approximately 23 years of experience in the marketing field.

Name	Title	Background
Rick Carlisle	Franchise Marketing Manager - West Region	Rick Carlisle joined The Joint in April 2020 and serves as our Franchise Marketing Manager for the West Region. Rick assists franchisees and co-ops by providing consultation, analysis and reporting on their marketing programs. Prior to working at The Joint, Rick served in marketing roles at both Insight and Domino's. Rick has 5 years of experience in this field.
Tyler Brandt	Franchise Marketing Manager - East Region	Tyler Brandt joined The Joint in December 2020 and is our Franchise Marketing Manager for the East Region. Tyler assists franchisees and co-ops by providing consultation, analysis and reporting on their marketing programs. Prior to working at The Joint, Tyler worked for Great Clips in various marketing capacities and has over 15 years of experience in the field of marketing.
Richard Matthews	Sr. Director of Real Estate	Richard Matthews joined The Joint in December 2014 and serves as our Sr. Director of Real Estate. Richard's primary role is to evaluate potential Clinic locations through the use of statistical modeling based on trade area demographics and site characteristics. Prior to joining The Joint, he helped locate 700 PetSmart stores over 10 years. He was also a Professor of Geography at The University of South Carolina. He holds a Ph.D. in Economic Geography, which is the science of the location of business and industry. Richard has approximately 25 years of experience in the field.
Tyler Doolittle	Director of Construction	Tyler Doolittle joined The Joint in July 2022 and is our Director of Construction for corporate and franchised Clinics. Tyler oversees the Construction Department and its employees. He is responsible for all phases of construction, development and facilities/maintenance for the entire system. Prior to working at The Joint he was a General Contractor until his company was acquired in late 2021. He has more than 12 years' experience in the industry.
Sloan Taub	Director of Information Technology	Sloan Taub joined The Joint in October 2017 and serves as our Director of Information Technology. He has 27 years of information technology and operations experience. Sloan served 17 of his 27 years' worth of experience in the United States Marine Corps.

Training Fees and Costs

We provide our pre-opening initial training program at no additional charge. We also do not charge a training fee for any online training we make available to your staff. We may charge a training fee (not to exceed $1,000 per day) for each person who: (a) attends our initial training program after opening; (b) retakes training after failing a prior attempt; (c) attends remedial training; (d) attends additional training requested by you; or (e) attends system-wide refresher or supplemental training. If we provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur (this reimbursement obligation does not apply to the onsite initial training we conduct at the time your Clinic opens). You are responsible for all wages and Travel Expenses that you and your trainees incur.

Currently, we do not charge additional fees for training materials. However, we reserve the right to impose reasonable charges for training materials in the future. If we do so, we will notify you of the additional charges before you enroll in the training program.

Site Selection (§8.1 & 8.2)

A typical Clinic ranges in size from 1,000 to 1,400 square feet. We do not select the site for your Clinic and we

do not purchase the premises and lease it to you. You must identify and obtain our acceptance of the site for your Clinic. We do impose any deadline for obtaining our approval of your site.

Your Clinic must be located within the Site Selection Area identified in Part I of ATTACHMENT "A" to the Franchise Agreement (the "Site Selection Area") and conform to our minimum site selection criteria. You must send us a complete site submission package that includes all information we require about your proposed site.

We try to accept or reject sites you propose within 15 business days after receipt of a complete site submission package. Your site is deemed rejected if we fail to issue our written acceptance within the 15 business-day period. We consider the following factors when reviewing proposed sites:

- parking
- visibility, size, condition and characteristics of the building
- traffic counts
- general location
- existence and location of competitive businesses
- general character of the neighborhood
- local demographic information
- various economic indicators

If we accept your site before signing the Franchise Agreement, we will list the address in Part J of ATTACHMENT "A" to the Franchise Agreement. If we do not accept your site before signing, we will send you a Site Acceptance Notice (in the form attached to the Franchise Agreement as ATTACHMENT "B") within 15 days after both (a) we accept your site and (b) you sign the lease or purchase contract for your premises. The Site Approval Notice will list the address of your accepted site and identify your territory. If you sign an ADA, we must approve the site for each Clinic you develop applying our then-current site selection criteria.

If you lease the premises for your Clinic, you must ensure your landlord signs the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C". The Lease Addendum is designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease. If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may either (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord) or (b) require you to find a new site for your Clinic.

Site Development (§8.3, 8.4 & 12.10)

The Manual includes our standards and specifications for the design, layout, equipping and trade dress for a Clinic. We prepare and provide you with a Clinic Design based on the completed pre-construction forms and "as-built" drawings you must submit to us. You must hire a licensed and bonded architect and engineer to prepare detailed constructions plans for your Clinic that: (a) are consistent with our Clinic Design; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all federal, state and local ordinances, building codes, permit and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. Once approved, you must construct and equip your Clinic according to the approved construction plans and the requirements of the Manual. You must purchase (or lease) and install all Technology Systems, equipment, fixtures, signs and other items we require.

You must remodel and make all improvements and alterations to your Clinic that we reasonably require from time to time to reflect our then-current standards and specifications. However, we will not impose this requirement on you: (a) unless we have implemented similar changes in at least 25% of similarly-situated company-owned Clinics and have developed a plan to implement similar changes in the remaining similarly-situated company-owned Clinics; or (b) during the last 24 months of the term of your Franchise Agreement,

except as a condition to renewal or transfer of your franchise rights. There are no other limitations on the frequency or cost of these remodeling obligations. At a minimum, we require you to spend at least $20,000 every 4 years on remodeling, expansion, redecorating and/or refurnishing the Clinic's premises. You may not remodel or significantly alter your premises without our prior approval.

Opening Requirements (§8.5)

We expect most franchisees will open between 10 and 13 months after signing the Franchise Agreement. Factors that may affect this time include:

- the amount of time needed to find a site we accept
- protracted lease negotiations with your landlord
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of your building and extent of required upgrades, remodeling and renovations
- construction delays due to labor or materials shortages, inclement weather or other reasons
- delayed delivery or installation of equipment and fixtures
- the amount of time needed to comply with zoning requirements and other laws and regulations
- the amount of time needed to complete training
- the amount of time needed to hire and train your staff
- the amount of time needed to identify the Clinic Operator and negotiate and sign the Management Agreement (only applicable if you purchase a Managed Clinic)

You may not open your Clinic prior to receipt of our written authorization to open. Unless we agree to the contrary, you must open your Clinic by the Required Opening Date listed in Part G of ATTACHMENT "A". In most cases, the Required Opening Date will be 300 days after signing the Franchise Agreement. You may request an extension of the Required Opening Date, which we may approve or deny in our discretion. However, we will not unreasonably withhold approval if you have used diligent efforts to open by the Required Opening Date. If we deny your request, you may cure the default by opening the Clinic before the expiration of the cure period. Regardless of whether we deny or approve your extension request, you must pay us Imputed Royalty Fees of $700 per month from your Required Opening Date until the earlier of (a) the date your Clinic actually opens or (b) the date your Franchise Agreement is terminated for failure to cure the default.

Advertising and Marketing (§11)

We provide the advertising and marketing support discussed below. You must participate at your own expense in all advertising, promotional and marketing programs we require. The NFAB (discussed further below) is a franchisee advisory council that advises us on marketing and advertising matters, among other things. There is no other franchisee advisory council in effect that advise us on marketing and advertising matters.

Grand Opening Marketing

We will assist you in preparing a grand opening marketing plan to promote the opening of your Clinic during the 120-day period that begins 60 days prior to your Clinic's anticipated opening date. The grand opening marketing plan must: (a) comply with all grand opening marketing requirements in the Manual; and (b) be approved by us. You must spend a minimum of $20,000 on approved local marketing and advertising activities in accordance with your approved grand opening marketing plan. We reserve the right to require that you engage a marketing company we designate to help design and implement your grand opening marketing plan.

Ongoing Local Marketing By You

Commencing with your Clinic's opening date, you must spend a monthly amount equal to or greater than your Local Advertising Commitment on approved local advertising. Your Local Advertising Commitment is the

greater of (a) $3,000 per month or (b) 5% of monthly Gross Sales. Your minimum grand opening marketing expenditure is in addition to, and not credited towards, your Local Advertising Commitment. We measure your compliance on a rolling 6-month basis, meaning as long as your average monthly expenditure on local advertising over the 6-month period equals or exceeds your Local Advertising Commitment, you are deemed in compliance even if your expenditure in any given month is less than your Local Advertising Commitment. Each month, you must send us a report of your local advertising and marketing expenditures incurred during the prior month together with a year-to-date report. We may also require that you prepare and send us an annual marketing plan that: (a) describes your proposed advertising and marketing expenditures for the following year; and (b) includes your proposed budget to implement the marketing plan.

You may develop your own advertising and marketing materials and programs, provided we approve them in advance. We must also approve the media you intend to use. You may not use any advertising materials, programs or media that we have not approved. We have 15 days to review and approve or disapprove advertising and marketing materials and programs you submit for approval. Our failure to disapprove them within the 15-day period constitutes our approval. Our approval is good for a period of 12 months, but may be revoked by us at any time.

Local Marketing Assistance From Us

We provide reasonable marketing consulting, guidance and support throughout the franchise term on an "as-needed" basis. As noted above, we will assist you in developing your grand opening marketing plan.

We may create and make available to you advertising and marketing materials for your purchase. We may use the brand fund to pay for the creation and distribution of these materials, in which case there will be no additional charge. We may provide online access to these materials, in which case you must print the materials at your expense. We may also contract with third-party suppliers to create advertising or marketing materials that you may purchase.

We may at any time designate ourselves or a third-party as the exclusive or preferred supplier for certain (or all) digital marketing and/or other advertising services, in which case you must stop using other suppliers for these services no later than the later to occur of: (a) the expiration date of any existing supplier contracts you entered into for these services; or (b) 30 days after we notify you of the change. Any fees you pay us, in our capacity as the designated supplier for digital marketing and/or other advertising services (excluding services relating to administration of the brand fund) will be credited towards your Local Advertising Commitment.

Websites, Social Media and Digital Advertising

We will maintain a corporate website to promote our brand. We will also create and host a local webpage to promote your Clinic, which will be linked to our corporate website. Your webpage will list certain information about your Clinic that we designate, such as address, contact information, hours of operation and information regarding your chiropractors. We can modify or discontinue our website and/or your local webpage at any time.

Under current policy you may not: (a) develop, host, or otherwise maintain any website (other than the local webpage we provide) or other digital presence relating to your Clinic, including any website bearing our Marks; (b) utilize the Internet to conduct digital or online advertising; or (c) engage in ecommerce. However, we do permit you to market your Clinic through approved social media channels subject to the following requirements:

- you may only conduct social media utilizing the social media platforms we approve
- you must strictly comply with our social media policy, as revised from time to time
- you must immediately remove any post we disapprove, even if it complies with our social media policy
- we may require that you contract with and utilize a social media company we designate
- any Clinic-level social media pages must be created by us or a preferred supplier (unless we grant you approval to create the social media pages)

- you must provide us with full administrative rights to your social media accounts
- we must own all social media accounts relating to your Clinic

Gift Card and Loyalty Programs

We may require that you participate in a gift card or other loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment, software and/or Apps and pay fees relating to the use of these items. We have the right to determine how proceeds from gift card sales are divided or otherwise accounted for and we may retain proceeds from unredeemed gift cards. You must follow all policies we establish for gift card and/or loyalty programs.

Advertising Cooperatives

We may, but need not, form advertising cooperatives for the benefit of all Clinics located in a particular region. We will determine the boundaries of the cooperative. In most instances, the boundaries will coincide with a Designated Market Area ("DMA"), which is a geographic area in which the population can receive the same (or similar) television and radio station offerings (although it may be defined by reference to other types of media such as newspapers or internet content). We may specify the manner in which the cooperative is organized and governed. We may require that each cooperative be formed as a separate legal entity. We may choose between: (a) administering the cooperative ourselves; or (b) establishing an advertising council, comprised by the cooperative's members, to administer the cooperative. We may require that the cooperative be administered in accordance with written bylaws, organizational documents or other governing documents that we approve.

If your Clinic is located within a region subject to an advertising cooperative you must: (a) participate in the cooperative according to its rules and procedures and abide by its decisions; and (b) pay a cooperative advertising fee. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the fee based on majority vote of its members. All cooperative advertising fees you pay are credited against your Local Advertising Commitment if properly documented and spent according to our defined criteria for local advertising. Any company-owned Clinic located in a cooperative will contribute on the same basis as franchisees. Advertising cooperatives prepare unaudited financial statements that are made available to members upon request.

As of December 31, 2023, there were 45 advertising cooperatives throughout the United States. We reserve the right to form, change, merge or terminate advertising cooperatives at any time.

Brand and System Development Fund

We administer the Brand Fund to promote public awareness of our brand and improve our System. There is currently 1 national Brand Fund but we may establish separate regional Brand Funds in the future. We may use the Brand Fund to pay for any of the following at our discretion:

- developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs
- conducting and administering promotions, contests or giveaways
- participating in national or regional trade shows
- expanding public awareness of the Marks
- public and consumer relations and publicity
- brand development
- sponsorships
- charitable and nonprofit donations and events
- research and development of technology, products and services

- website development and search engine optimization
- development and maintenance of an ecommerce platform
- development and implementation of quality control programs, including the use of mystery shoppers or member satisfaction surveys
- conducting market research
- changes and improvements to the System
- the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts
- collecting and accounting for contributions to the Brand Fund
- preparing and distributing financial accountings of the Brand Fund
- any other programs or activities we deem appropriate to promote or improve the System
- direct and indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates in relation to any of these activities (including salary, benefits and other compensation of any of our, and any of our affiliate's, officers, directors, employees or independent contractors based upon time spent working on any brand fund matters described above)

We control and have complete discretion over all advertising programs paid for by the Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used. Advertising may be local, regional or national in coverage. We may utilize any media we deem appropriate, such as digital, print, television, radio or billboard. The Brand Fund is not used to pay for advertisements principally directed at selling additional franchises, although consumer advertising may include notations such as "franchises available" and one or more pages on our website may promote the franchise opportunity.

You must contribute to the Brand Fund the amount we specify from time to time (currently 2% of Gross Sales, but not to exceed 3% of Gross Sales). We deposit all brand fund fees we collect into the Brand Fund. Any company-owned Clinic will contribute on the same basis as our franchisees. However, if we modify the amount or timing of required contributions, any company-owned Clinic established or acquired after the modification may contribute to the Brand Fund utilizing the modified amount or timing. Except for brand fund fees paid by company-owned Clinics, we have no obligation to expend our own funds or resources for any marketing activities in your area. Currently, all franchisees contribute at the same rate.

All monies deposited into the Brand Fund that are not used in the fiscal year in which they accrue will be utilized in the following fiscal year. Any surplus of monies may be invested and we may lend money if there is a deficit. An unaudited financial accounting of the operations of the Brand Fund will be prepared annually and made available to you upon request. During the fiscal year ended December 31, 2023, we spent marketing funds in the following manner:

Allocation of Marketing Expenditures (2023)				
Use of Funds	**Production**	**Media Placement**	**Administrative Expenses**	**Other***
Percentage Allocation	8.6%	28.2%	13.5%	49.7%

* "Other" includes digital marketing and SEO, public relations, marketing research, chiropractor recruiting marketing and clinic/employee contests.

We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Brand Fund. The Brand Fund is not a trust. We have no fiduciary obligations with respect to our administration of the Brand Fund. We may discontinue the Brand Fund upon 30 days' prior notice.

National Franchise Advisory Board (§13)

We established the National Franchise Advisory Board ("NFAB") to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. The NFAB serves in an advisory capacity and does not have decision-making authority. We consider all suggestions in good faith, but we are not bound by them. The NFAB has been established and operates according to rules and regulations we periodically approve, including procedures governing the selection of council representatives to communicate with us on matters raised by the NFAB. The NFAB is currently comprised of 9 franchisees elected by other franchisees. Company-owned Clinics are not eligible to serve as representatives on the NFAB. We have the power to form, change or dissolve the NFAB (or other councils we choose to establish) in our discretion.

Computer System (§7.6, 12.7, 12.8, 12.9, 16.3 & 17.1)

You must purchase and use all Technology Systems we designate. One component of our Technology Systems is your "computer system", which consists of the following items: 1 Front Desk PC; 1 Receipt Printer; 1 Key Tag Scanner; 3 Tablets; 1 Printer; and 2 DC Laptops. You must procure and maintain broadband Internet connection with static IP at all times. You must license our proprietary office management software from us. You must purchase HIPAA-compliant privacy screens for all of your laptop screens, desktop monitors and other electronic devices. We may change the components of the Technology Systems from time to time, including your computer system.

Email Addresses

We may, but need not, provide you with one or more email addresses for use with your Clinic. If we do so, you must exclusively use the email address(es) we provide for all communications with us, patients, suppliers and other persons relating to your Clinic. You may not use them for any purpose unrelated to your Clinic. We will own the email addresses and accounts but allow you to use them during the term of your Franchise Agreement.

How Computer System Is Used

The computer system will used for a variety of purposes, including: recording sales; scheduling patient visits; preparing operational and financial reports; completing and storing patient forms; managing all facets of patient records. Our proprietary office management software also serves as your point-of-sale system, allowing you to process and record sales transactions. You must purchase and utilize appropriate HIPAA compliance tools and resources. We will provide you with our recommendation for a web-based HIPPA compliance product, which includes employee training modules, template policies and procedures and risk assessments.

Fees and Costs

We estimate the initial cost of your computer system will range from $5,000 to $10,000. You must pay us a technology fee for certain software, technology and related services that we provide. Our current technology fee is $599 per month ($7,188 per year) and covers use of our proprietary office management software. We may increase the licensing fee for our proprietary office management software up to $799 per month ($9,588 per year) upon at least 30 days' prior written notice. The table below identifies the ongoing fees and costs you must pay for the software, technology, Apps, subscriptions and related services (including the software, technology and related services covered by the technology fee). These fees are subject to change from time to time.

COMPUTER SYSTEM – ONGOING FEES AND COSTS			
Item	**Fee (Monthly)**	**Fee (Annual)**	**To Whom Paid?**
Office Management Software License (covered by technology fee)	$599	$7,188	Us
High-speed Internet & Static IP Address	$100 to $350	$1,200 to $4,200	Third-Party Supplier
Tablet Security Fee	N/A	$20	Third-Party Supplier

COMPUTER SYSTEM – ONGOING FEES AND COSTS			
Item	**Fee (Monthly)**	**Fee (Annual)**	**To Whom Paid?**
HIPAA Compliance Tools & Resources	$35 to $150	$420 to $1,800	Third-Party Supplier

Maintenance, Support, Updates and Upgrades

In exchange for the licensing fees listed in the table above, we (or our designee) will provide all required maintenance, support, updates and upgrades for our proprietary office management software.

Except as otherwise disclosed above: (a) neither we nor any other party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system; and (b) we are not aware of any optional or required maintenance, updating, upgrading or support contracts relating to your computer system.

Ownership, Collection and Protection of Data

Your computer system will collect and store various data pertaining to your patients, including name, contact information, employment information, insurance information, payment information and Protected Health Information. "Protected Health Information" means any data identifiable to a particular patient that pertains to the patient's medical history, file, records, diagnoses or treatments. Your computer system will also collect credit card information and sales data. We have independent unlimited access to all of this data and there are no contractual limits imposed on our access. Your computer system may also collect Clinic employee data and marketing data, although we will not have independent access to this data stored locally on your hard drive. However, we may access this data as part of an inspection.

We own all data relating to your Clinic's operations and patients other than Protected Health Information. We grant you a license to use this data solely for purposes of operating your Clinic. We serve as the custodian of all Protected Health Information pertaining to the Clinic's patients. You must protect all patient data with a level of control proportionate to the sensitivity of data. You must comply with data protection laws and any data processing and data privacy policies in the Manual. In our capacity as custodian of Protected Health Information, we will also comply with applicable privacy laws with respect to our collection, storage, sharing and use of the data. We may require that you sign a Business Associate Agreement, which governs the use and handling of Protected Health Information. Our current form of Business Associate Agreement is attached to the Franchise Agreement as ATTACHMENT "G".

The Payment Card Industry ("PCI") Data Security Standard ("DSS") is a comprehensive set of requirements applicable to all merchants who accept credit cards. It is designed to ensure the safe handling of cardholder data. You are responsible for knowing and complying with PCI DSS, as updated from time to time. You must stay abreast of periodic enhancements or changes to PCI DSS. With the exception of the services we provide in exchange for the technology fee, you have full responsibility for using all required tools and vendors for ongoing PCI compliance, including quarterly external security scans and annual Self-Assessment Questionnaires. You are responsible for all costs relating to PCI compliance and data security issues, such as security threats, breaches and malware. You must alert our Head of Technology within 24 hours of any suspected or confirmed data security breach so appropriate action can be taken to protect patient data.

Computer System Maintenance and Changes

You must maintain the computer system in good condition at your cost. We may require that you upgrade, update or otherwise change your computer system and other Technology Systems to conform to our then-current specifications. There are no contractual limitations on the frequency or cost of these updates or upgrades (except we will not increase the licensing fee for our proprietary office management software to more than $799 per month during the term of your Franchise Agreement). We will provide you with at least 60 days to implement changes to our required Technology Systems.

ITEM 12 TERRITORY

You will not receive an exclusive territory or development 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.

Location of Clinic

The Franchise Agreement grants you the right to operate one Clinic from a site you propose and we accept. You must identify a site for your Clinic within the Site Selection Area described in your Franchise Agreement or LOI, as applicable. You may relocate your Clinic with our prior written approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) pay us a $2,500 relocation fee and a $1,000 clinic design fee for a new Clinic Design; (b) obtain our acceptance of a new site for your Clinic within the Site Selection Area, but outside any territory granted or reserved to us, our affiliate or any other franchisee; (c) comply with our then-current site selection and development requirements; (d) remove trade dress and alter the premises of the Clinic at the former site to eliminate any resemblance to a THE JOINT® Clinic; and (e) open your Clinic at the new site and resume operations within 30 days* after closing your Clinic at the former site.

* If your Clinic is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, you will instead have 300 days to relocate and resume operations at the new site.

Description of Territory (Franchise Agreement)

We will identify the boundaries of your territory. If we accept your site before you sign the Franchise Agreement, then we may identify your territory in Part K of ATTACHMENT "A" to your Franchise Agreement. Otherwise, we will identify your territory in the Site Acceptance Notice we send to you after (a) we accept your site and (b) you sign the lease or purchase contract for the premises. Your territory will include between 10,000 and 25,000 households, as determined according to data generated by ArcGIS mapping and analytics software. If you renew your franchise rights or engage in a Transfer (other than a Permitted Transfer) we may modify the boundaries of your territory in accordance with our then-current territory guidelines and criteria.

Description of Development Territory (ADA)

If you acquire area development rights, we will identify the boundaries of your development territory in Part E of ATTACHMENT "A" to your ADA. A development territory typically consists of a geographic area that coincides with the boundaries of a municipality, such as a city, county or state. There is no specific minimum or maximum size for a development territory. In determining the size of your development territory, we primarily consider the number of Clinics you commit to develop.

You must sign a separate Franchise Agreement for each Clinic you develop. All Clinics you develop must be located within your development territory. We must approve the site for each Clinic you develop under our then-current site selection criteria. We send you a complete execution copy of the ADA that includes your development territory, development fee and development schedule at least 7 days before you sign it.

Territorial Protections and Limitations

During the term of your Franchise Agreement we will not develop or operate, or license a third party to develop or operate, a Clinic that is located in your territory and operates under our Marks, except as otherwise permitted below with respect to Captive Venues and Acquisitions (each defined below).

During the term of the ADA (if applicable) we will not develop or operate, or license a third party to develop or operate, a Clinic using our Marks that is located in your development territory other than: (a) any Clinic that is located within your development territory as of the date you sign the ADA (either open, under construction or for which a Franchise Agreement has been signed); and (b) as otherwise permitted below with respect to Captive Venues and Acquisitions.

We reserve the right to develop and operate, and license third parties to develop and operate, Clinics that are located in Captive Venues, including Captive Venues located within your territory and development territory, if applicable. A "Captive Venue" means a non-traditional outlet for a Clinic that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose unrelated to the Clinic. Examples include Clinics located within:

- hotels or casinos
- college campuses or universities
- airports, train stations, bus stations or cruise terminals
- stadiums or sporting arenas
- shopping malls
- military bases
- concert venues
- amusement parks
- grocery stores
- urgent care centers
- medical spas

We reserve the right to acquire, or be acquired by, another business or chain that may sell competitive or identical goods or services, and those businesses may be converted into Clinics operating under the Marks regardless of their location (an "Acquisition"). Any such acquired or converted businesses may be located within your territory and development territory, if applicable.

Site Selection Area

You must identify a site for the Clinic within your designated Site Selection Area. During the Protected Search Period, we provide the same territorial rights and protections for your Site Selection Area that we provide for your territory (as described above). If you sign an LOI, you will only receive territorial protections for the Site Selection Area if you choose to acquire a protected Site Selection Area by paying the higher $15,000 Deposit. The "Protected Search Period" means the period of time that begins when the parties sign the Franchise Agreement or LOI, as applicable, and ends on the earlier to occur of: (a) the 180th day after the parties sign the Franchise Agreement or LOI, as applicable; or (b) the date we designate the territory for your Clinic in your Franchise Agreement. All territorial rights and protections for the Site Selection Area immediately terminate upon the expiration of the Protected Search Period.

Alternative Channels of Distribution

We reserve the right to sell, and license others to sell, competitive or identical goods and services under our Marks (or different trademarks) through Alternative Channels of Distribution, including within your territory, development territory, if applicable, and Site Selection Area. An "Alternative Channel of Distribution" means any channel of distribution other than retail sales made to patients while present at a Clinic. Examples of Alternative Channels of Distribution include:

- sales through direct marketing, such as over the Internet or through catalogs or telemarketing
- sales through retail stores that do not operate under the Marks
- providing off-site chiropractic care to patients in their homes or at their place of business
- providing chiropractic care from a mobile vehicle

You are not entitled to any compensation for sales that take place through Alternative Channels of Distribution.

Restrictions on Your Sales and Marketing Activities

You may sell to any patient of your choosing, regardless of where the patient resides. You can market and advertise outside of your territory and development territory, if applicable as long as you comply with all policies and procedures in the Manual governing extra-territorial marketing. There are no extra-territorial marketing policies in effect as of the issuance date of this Disclosure Document but we may implement them at any time. You may not market or sell using Alternative Channels of Distribution (such as the Internet, catalog sales, telemarketing or other direct marketing) either within or outside of your territory or development territory, if applicable. Under current policy, you may promote your Clinic using social media, subject to the restrictions described in Item 11 under the Section entitled "*Websites, Social Media and Digital Advertising*". You must comply with any minimum advertised pricing policy that we establish. There are no other restrictions on your right to solicit patients, whether from inside or outside of your territory or development territory, if applicable.

Minimum Performance Requirements

Your territorial protections under the Franchise Agreement do not depend on achieving a certain sales volume, market penetration or other contingency. If you sign an ADA and fail to satisfy your development schedule by opening and operating the prescribed number of Clinics within the required periods of time, we may terminate your ADA and you will lose the territorial protections associated with your development territory.

Additional Franchises and Territories

We may reduce the size of your territory at the time of renewal in accordance with our then-current territory guidelines and criteria. If the reduction in territory includes removal of a geographic area large enough to qualify as a territory for another Clinic, then we will give you the first option to acquire franchise rights to develop a Clinic within that territory. You are not granted any other options, rights of first refusal or similar rights to acquire additional territories or franchises, other than your right and obligation to develop the prescribed number of Clinics within your development territory if you sign an ADA

Competing Businesses Under Different Marks

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered by a Clinic. However, we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

We grant you the right to operate a Clinic under the name THE JOINT® and the associated logo. By trademark, we mean trade names, trademarks, service marks and logos used to identify your Clinic or the products or services you sell. We may change the trademarks you may use from time to time, including by discontinuing use of the Marks listed in Item 13. If this happens, you must change to the new trademark at your expense.

We registered the following Marks on the Principal Register of the United States Patent and Trademark Office:

REGISTERED MARKS		
Mark	**Registration Number**	**Registration Date (Renewal Date)**
THE JOINT®	4723892	April 21, 2015
The Joint… the chiropractic place®	3922558	February 22, 2011 (July 29, 2020)
THE JOINT CHIROPRACTIC®	5095943	December 6, 2016

REGISTERED MARKS		
Mark	**Registration Number**	**Registration Date (Renewal Date)**
THE JOINT ...the chiropractic place®	4323810	April 23, 2013
RELIEF. ON SO MANY LEVELS.®	4871809	December 15, 2015
WHAT LIFE DOES TO YOUR BODY, WE UNDO.®	5396012	February 6, 2018
RELIEF RECOVERY WELLNESS®	5398367	February 6, 2018
PAIN RELIEF IS AT HAND®	5395995	February 6, 2018
YOU'RE BACK, BABY®	5940161	December 17, 2019
YOU'RE BACK, BABY®	6131833	August 18, 2020
BE CHIRO-PRACTICAL®	5313693	October 17, 2017
BACK-TOBER®	5571732	September 25, 2018
DON'T DO PAIN. DO YOU.®	6810062	August 2, 2022
	6331815	April 27, 2021
THE JOINT chiropractic	6331917	April 27, 2021
THE JOINT chiropractic	6331918	April 27, 2021

We also applied to register the following Marks on the Principal Register of the United States Patent and Trademark Office:

UNREGISTERED MARKS		
Mark	**Serial Number**	**Application Date**
WELLNESS STARTS HERE™	97821666 (application based on actual use)	March 3, 2023

UNREGISTERED MARKS		
Mark	**Serial Number**	**Application Date**
THE JOINT CHIROPRACTIC™	97847430 (application based on actual use)	March 20, 2023
WHERE CHAMPIONS ALIGN™	98096286 (intent-to-use application)	July 21, 2023

We do not have a federal registration for the Marks in the table immediately above. Therefore, these Marks do not have many legal benefits and rights as a federally registered trademark. If our right to use any of these Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We have filed all required affidavits and intend to file all required renewals when due.

You must follow our rules when using the Marks. You cannot use the Marks as part of a corporate name or with modifying words, designs, or symbols unless you receive our prior written consent. You cannot use the Marks relating to the sale of any product or service we have not authorized. If you acquire a Managed Clinic, you may not sublicense the right to use any of our Marks to the Clinic Operator.

You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we deem appropriate. We are not required to take any action if we do not feel it is warranted. We may require your assistance, but you may not control any proceeding or litigation relating to our Marks. You must not directly or indirectly contest our rights to the Marks.

We will indemnify you against and reimburse you for: (a) all damages for which you are held liable in a judicial or administrative proceeding based on your use of the Marks in compliance with the Franchise Agreement and Manual; and (b) all costs you reasonably incur in defending against any such claim. Our indemnification obligation only applies if you notify us of the claim or proceeding in a timely manner and you are in full compliance with the Franchise Agreement and Manual.

Except as disclosed above, the Franchise Agreement does not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (c) participate in your defense or indemnify you for expenses or damages you incur if you are a party to an administrative or judicial proceeding involving our Marks or if the proceeding is resolved in a manner unfavorable to you.

There are currently no: (a) effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court; (b) pending material infringements, oppositions or cancellations; (c) pending material litigation matters involving any of the Marks; (d) agreements that limit our right to use, or sublicense the use of, any of the Marks; or (e) infringing uses we are aware of that could materially affect your use of the Marks.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise.

Although we have not filed an application for copyright registration for the Manual, our website or our marketing materials, we do claim a copyright to these items.

During the term of the Franchise Agreement, we allow you to use certain confidential and proprietary information (some of which constitute “trade secrets”) relating to the development, marketing and operation of a Clinic. Examples include:

- architectural plans, drawings and specifications for a prototype Clinic
- site selection criteria

- methods, techniques, policies, procedures, standards and specifications
- supplier lists and information
- marketing and merchandising strategies
- financial information
- information comprising the System

We will own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a Clinic. We also own all operational and patient data relating to your Clinic and your Clinic's patients (other than Protected Health Information). You must treat this data as confidential and proprietary. We license you the right to use this data during the term of your Franchise Agreement.

We provide access to our confidential information through the Manual, training programs and other periodic support and guidance. You may use this information solely for purposes of developing, marketing and operating your Clinic in compliance with the Franchise Agreement and Manual. You may not disclose our confidential information to any person, other than your employees on a need-to-know basis, without our prior permission. If you acquire a Managed Clinic, you may disclose our confidential information to the Clinic Operator and the Chiropractic Staff to the extent necessary for them to perform their obligations. We consider all information in the Manual to be confidential. All of your other employees, agents and representatives (other than General Managers) must sign the Confidentiality Agreement attached to the Franchise Agreement as ATTACHMENT "F" before you provide them with access to our confidential information.

You must promptly notify us if you discover any unauthorized use of our proprietary information or copyrighted materials. We are not obligated to act, but will respond as we deem appropriate. You may not control any proceeding or litigation involving allegations of unauthorized use of our proprietary information or copyrighted materials. We have no obligation to indemnify you for any expenses or damages arising from any proceeding or litigation involving our proprietary information or copyrighted materials. There are no infringements known to us at this time.

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

Owner Participation

You must designate an owner with overall responsibility for the management and operation of your Clinic (the "Managing Owner"). The Managing Owner must be approved by us and successfully complete all training programs we require. At all times, the Managing Owner must hold a 5% or greater ownership interest in the franchised business. The Managing Owner is not required to provide onsite management of your Clinic as long as a trained General Manager is onsite. However, we believe having the Managing Owner onsite is the best way to ensure the Clinic is operated in accordance with our quality standards and other requirements. We also believe having the Managing Owner onsite improves the overall profitability and likelihood of success of the franchised business. Any new Managing Owner you appoint must successfully complete our then-current initial training program before assuming responsibility for the supervision, management or operation of the Clinic.

Except for the Managing Owner, your owners are not required to be personally involved with operation or management of your Business. If you are an entity, each owner (i.e., each person holding an ownership interest in you) and the spouse of each owner must sign the Franchise Owner Agreement attached to the Franchise Agreement as ATTACHMENT "D".

General Manager

We may, but need not, allow you to hire a person to assist the Managing Owner with onsite management and supervision of the Clinic (a "General Manager"). Any person you hire as a General Manager must:

- be approved by us

- successfully complete all training programs we require
- have authority to speak with us on matters involving the Clinic
- have binding decision-making authority
- dedicate full-time efforts to the onsite management and supervision of the Clinic
- sign a Confidentiality Agreement

At all times during normal business hours, either the Managing Owner or a trained General Manager must be present at the Clinic to provide onsite management and supervision. The Managing Owner must monitor and supervise each General Manager to ensure the Clinic is operated in accordance with the Franchise Agreement and Manual. We do not require that the General Manager own any equity interest in the franchise.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Subject to the Professional Judgment of you (if you are a licensed chiropractor), the Clinic Operator (if you acquire a Managed Clinic) and the Chiropractic Staff, you must: (a) offer, sell and provide all goods and services we require from time to time in our commercially reasonable discretion; (b) comply with our instructions regarding any changes we make to these goods and services; (c) not offer, sell or provide any goods or services we have not approved; and (d) participate in any market research program we conduct by offering and promoting new or modified goods or services we prescribe on a trial basis. We will not require you to offer any goods or services that: (a) are not reasonably related to our franchise system or business model; or (b) you (if you are a licensed chiropractor), the Clinic Operator (if you acquire a Managed Clinic) or the Chiropractic Staff determine, in their Professional Judgment, are not required for the care of the patient. We may require you to participate in a gift card or other loyalty program (including utilization of a "membership" model) in accordance with our policies and procedures.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise agreement (FA), Area Development Agreement (ADA), Managed Clinic Addendum (MCA) and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
a. Length of franchise term	FA: 1 (Definition of "Term") & 5.1	Term is equal to 10 years.
	MCA: 12.2	Coterminous with Franchise Agreement.
	ADA: 1 (Definition of "Term")	Term expires on the opening date listed in the development schedule for the last Clinic you are required to develop.
b. Renewal or extension of the term	FA: 5.1 & 5.2	If you meet our conditions for renewal, you can enter into 1 consecutive successor franchise agreement. The renewal term will be 10 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	MCA: 12.2	Coterminous with Franchise Agreement.
	ADA: 4.4	No renewal rights (subject to state law).

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
c. Requirements for you to renew or extend	FA: 5.1 & 5.2	You must: not be in default; give us timely notice; sign then-current form of franchise agreement and related documents (e.g., Franchise Owner Agreement, etc.); sign general release (subject to state law); pay renewal fee; pay clinic design fee and remodel Clinic in accordance with new Clinic Design; upgrade furniture, fixtures and equipment to current standards; and extend lease for duration of renewal term. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	MCA: 8.5	Coterminous with Franchise Agreement. The MCA provides that as an additional condition to renewal of the Franchise Agreement, you must sign our then-current form of Managed Clinic Addendum. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
	ADA: 4.4	You may not renew or extend the term of ADA (subject to state law).
d. Termination by you	FA: 21.1	You can terminate if we default and fail to timely cure.
	MCA: Not Applicable	You can terminate under any grounds permitted by law.
	ADA: Not Applicable	
e. Termination by us without cause	FA: 21.3 & 21.4	We can terminate without cause if you and we mutually agree to terminate. We may also terminate if our counsel advises our business model or fee structure is unlawful in your state and either you and we fail to agree on changes to the business model or fee structure to make it lawful or the required changes would result in fundamental changes to the Franchise Agreement. This would be deemed a "no fault" termination and we would not impose liquidated damages.
	MCA: Not Applicable	Not applicable
	ADA: Not Applicable	
f. Termination by us with cause	FA: 21.2	We can terminate if you default.
	MCA: 11	
	ADA: 8.2	
g. "Cause" defined - curable defaults	FA: 21.2	You have 10 days to cure any: monetary default; failure to maintain required insurance; or failure to procure required credentialing reports. You have 20 days to cure any failure to maintain a license (other than a license necessary to treat patients or operate the Clinic in which case there is no cure period). You have 90 days after receipt of a default notice to cure a failure to open by the Required Opening Date (but in no event will the cure period extend more than 180 days after the Required Opening Date, regardless of when we send a default notice). You have 30 days to cure any other default, other than defaults described below under "non-curable defaults".
	MCA: 11	You have 30 days to cure any default, other than defaults described below under "non-curable defaults".
	ADA: 8.2	

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
h. "Cause" defined - non-curable defaults	FA: 21.2 & 21.3	The following defaults cannot be cured: insolvency, bankruptcy or seizure of assets; abandonment; failure to maintain required license or permit to treat patients or operate Clinic; conviction of certain crimes or subject of certain administrative actions; failure to comply with material law; failure to timely notify us of any event or occurrence described in §16.5(d); commission of act that may adversely affect reputation of System or Marks; health or safety hazards; material misrepresentations; unauthorized Transfers; unauthorized use of our intellectual property; violation of brand protection covenant; breach of legal compliance representations; breach of Franchise Owner Agreement; termination of lease due to your default; 3 or more default notices in a 12-month period; or termination of any other agreement between you (or your affiliate) and us (or our affiliate) due to your default. However, termination of an ADA due to breach of the development schedule is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	MCA: 11	The following defaults cannot be cured: failure to identify Clinic Operator and sign Management Agreement in timely manner; failure to sign Management Agreement with a substitute Clinic Operator in timely manner following discontinuation of relationship with former Clinic Operator; or termination of Acceptance and Acknowledgment Agreement due to Clinic Operator's default.
	ADA: 8.2	If we terminate a franchise agreement due to your default, we may terminate the ADA without opportunity to cure.
i. Your obligations on termination/ non-renewal	FA: 22.1	Obligations include: remove trade dress and alter premises to eliminate any resemblance to a Clinic; enter all patient information into the operating system and shred or destroy all other copies or records of patient information; cease use of intellectual property, including office management software; return Manual and branded materials; delete social media accounts; assign telephone numbers, listings and domain names; provide us with a patient list and all associated records, membership agreements and/or contracts (subject to applicable privacy laws); cancel fictitious names; comply with data retention policies; and pay amounts due including, if applicable, liquidated damages (also see "r", below).
	MCA: Not Applicable	The MCA does not impose any post-term obligations on you.
	ADA: Not Applicable	The ADA does not impose any post-term obligations on you.
j. Assignment of contract by us	FA: 20.1	No restriction on our right to assign.
	MCA: 12.4	
	ADA: 7.1	

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
k. "Transfer" by you – definition	FA: 1 (definition of "Transfer") & 20.2	Includes ownership change or transfer of contract or assets.
	MCA: 12.4	
	ADA: 1 (definition of "Transfer") & 7.2	
l. Our approval of transfer by you	FA: 1 (definition of "Permitted Transfer"), 20.2 & 20.3	You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval.
	MCA: 12.4	The Transfer provisions of the Franchise Agreement control.
	ADA: 1 (definition of "Permitted Transfer") & 7.2	You may engage in a Permitted Transfer without approval. You may not engage in any other Transfer involving the ADA (subject to state law).
m. Conditions for our approval of transfer	FA: 20.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; agree in writing to assume your obligations under agreements relating to the Clinic; sign then-current form of franchise agreement for remainder of term (with no renewal fee) or for a full 10-year term (with payment of prorated renewal fee) (or at our option, transferee must assume existing franchise agreement); remodel Clinic and upgrade furniture, fixtures and equipment to conform to then-current standards within 6 months after Transfer (and pay clinic design fee if we decide a new Clinic Design is required); and upgrade furniture, fixtures and equipment to current standards. If you own a Franchised Clinic but the transferee is not eligible to own a Franchised Clinic, the transferee must also take the steps necessary to convert the business to a Managed Clinic. You must: be in compliance with Franchise Agreement; assign lease (if applicable); pay transfer fee; subordinate transferee's ongoing payments owed to you (if any) to transferee's financial obligations owed to us; and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.
	MCA: 12.4	The Transfer provisions of the Franchise Agreement control, except the MCA may not be assigned to an assignee of the Franchise Agreement who is eligible to acquire franchise rights for a Franchised Clinic.
	ADA: 7.2	You do not need approval for a Permitted Transfer but we may require a corporate guarantee if the Permitted Transfer is to an affiliated business entity.
n. Our right of first refusal to acquire your business	FA: 20.6	We can match any offer for your business.
	MCA: Not Applicable	Right of first refusal from Franchise Agreement governs.
	ADA: Not Applicable	Not Applicable
o. Our option to purchase your business	FA: 22.2	We have the option to purchase your Clinic at the expiration or termination of the Franchise Agreement. If we exercise this option, the parties must sign an Asset Purchase Agreement, our current form of which is attached to this Disclosure Document as EXHIBIT "H"-5.
	MCA: Not Applicable	Purchase option from Franchise Agreement governs.
	ADA: Not Applicable	The ADA does not include a purchase option.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
p. Your death or disability	FA: 20.5	Within 180 days, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers. We may designate manager to operate the Clinic prior to Transfer.
	MCA: Not Applicable	Transfer provision from Franchise Agreement governs.
	ADA: 7.2	Interest must be assigned through a Permitted Transfer.
q. Non-competition covenants during the term of the franchise	FA: 15.3	No involvement in competing business. A "competing business" is limited to a private pay, non-insurance based chiropractic business that operates under a membership model and derives (or is expected to derive) at least $10,000 per year from chiropractic services. It does not otherwise restrict you or your owners from operating a chiropractic business.
	MCA: Not Applicable	The MCA does not impose any noncompetition covenants.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
r. Non-competition covenants after the franchise is terminated or expires	FA: 15.3 & 22.1	No involvement for 2 years in competing business at your Clinic's premises, within 10 miles of your Clinic or within 10 miles of any other Clinic.
	MCA: Not Applicable	The MCA does not impose any noncompetition covenants.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. Modification of the agreement	FA: 25.3 & 25.8	Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants). Other modifications to comply with state laws.
	MCA: 12.1	Requires writing signed by both parties.
	ADA: 11.7	Requires writing signed by both parties. Other modifications to comply with state laws.
t. Integration/ merger clause	FA: 25.8	Only the terms of the Franchise Agreement, MCA (if applicable) and ADA (if applicable) and their attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document, Franchise Agreement, MCA and ADA may not be enforceable. Nothing in the Franchise Agreement, MCA, ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) 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.
	MCA: 12.1	
	ADA: 11.7	
u. Dispute resolution by arbitration or mediation	FA: 23	Subject to state law, all disputes must be mediated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
	MCA: 12.2	Dispute resolution provision in Franchise Agreement governs.
	ADA: 9	Subject to state law, all disputes must be mediated before litigation.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
v. Choice of forum	FA: 23	Subject to state law, mediation and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Maricopa County, Arizona).
	MCA: 12.2	Forum selection clause in Franchise Agreement governs.
	ADA: 9	Subject to state law, mediation and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Maricopa County, Arizona).
w. Choice of law	FA: 25.1	Subject to state law, Arizona law governs (except for matters regulated by the United States Trademark Act).
	MCA: 12.2	Choice of law provision in Franchise Agreement governs.
	ADA: 11.1	Subject to state law, Arizona law governs.

ITEM 18 PUBLIC FIGURES

We do not use any public figures 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.

Defined Terms

For purposes of this financial performance representation, the following terms have the meanings given to them below.

"***Brand Fund Fee***" means the required contribution to the Brand Fund imposed on franchisees that is calculated as 2% of Gross Sales. In the profit and loss statements submitted by franchisees, the Brand Fund Fee was included in "Operating Expenses". We have calculated the Brand Fund Fee as a separate line item by applying 2% to the Gross Sales reported and then subtracting that amount from the Operating Expenses reported in the profit and loss statements.

"***Cost of Goods***" means the direct cost attributable to the production of the goods sold at a Clinic. Because Clinics do not sell any goods or acquire any inventory items for resale, the Cost of Goods is $0.

"***Facilities Expense***" includes the following costs: rent, CAM's, utilities, music, telephone, internet and property taxes, repairs and maintenance.

"***Gross Sales***" means the total gross sales minus refunds. "Gross Sales" is the total of all revenue and receipts derived from the operation of the Clinic, before any reductions related to the total amount of any chargebacks, collections, credit card or payment disputes, or other customer debts. Because no goods are sold at Clinics, franchisees generally do not pay any sales tax. However, a few states like Minnesota impose a healthcare tax (2% of gross sales) that is reflected in the Operating Expenses below for the small minority of Qualifying Clinics that are subject to the tax.

"***Insurance***" includes the cost of general liability insurance and professional liability insurance. The cost of property insurance is reflected in the Facilities Expense line item. For franchisees operating under the

PC model, the franchisee reimburses the PC for malpractice insurance premiums paid on behalf of the PC entity (or the franchisee pays these premiums directly) so the total expenditure is the same under both models.

"***Labor***" includes chiropractor doctor wages, wellness coordinator wages, payroll taxes, payroll expenses, bonuses, contract labor, recruiting costs, employee health insurance, malpractice insurance and workers compensation costs. Note that some franchisees reported payroll expenses as an Operating Expense while others reported it as a Labor expense. For franchisees operating under the PC model, the franchisee pays the PC for compensation paid to chiropractors (the PC is the employer of record) so the total amounts paid for labor is the same under both models.

"***Net Profit***" means Gross Sales minus Cost of Goods, Labor, Facilities Expense, Insurance, Operating Expense, Royalty Fees and Brand Fund Fees.

"***Operating Expenses***" includes the costs for software fees, merchant fees, business licenses and permits, local and Co-op marketing, professional fees which can include attorney and/or accounting fees, healthcare taxes (where applicable), dues and subscriptions. Note that some franchisees reported payroll expenses as an Operating Expense while others reported it as a Labor expense.

"***Royalty Fee***" means the royalty fee imposed on franchisees that is calculated as 7% of Gross Sales. In the profit and loss statements submitted by franchisees, the Royalty Fee was included in "Operating Expenses". We have calculated the Royalty Fee as a separate line item by applying 7% to the Gross Sales reported and then subtracting that amount from the Operating Expenses reported in the profit and loss statements.

System Statistics & Subsets Utilized

This unaudited financial performance representation includes a variety of performance data, including Gross Sales, Net Profit, weekly patient visits, weekly new patient visits, active members and Gross Sales ramp up. The information is based solely upon Clinics operating in the United States. We do not provide data for any Clinics that are located outside of the United States. We do not provide any data for affiliate-owned Clinics. All of the operating Clinics included in this financial performance representation are comparable to the franchise opportunity we offer in this FDD, in that they use the prototypical business format and operating procedures we prescribe for all Clinics.

a. Gross Sales, Weekly Patient Visits (Total), Weekly Patient Visits (New Patients) and Active Members

The financial performance representations based on Gross Sales, weekly patient visits (total), weekly patient visits (new patients) and active members include data from the 696 franchised Clinics in the United States that reported sales during each month from January 1, 2023 through December 31, 2023 (each a "Qualifying Clinic"). We excluded data from: (a) 104 Clinics that opened during 2023 and did not report sales for 1 or more months for 2023; and (b) 16 Clinics that closed or were reacquired during 2023 and did not report sales for 1 or more months for 2023.

We provide the data for the overall system (696 Qualifying Clinics) and we also break down the data into "quartile" subsets that are determined based on the total annual Gross Sales reported by each Qualifying Clinic for 2023, with Quartile 1 being the highest performing quartile and Quartile 4 being the lowest performing quartile.

The financial performance representation regarding 2023 Gross Sales, weekly patient visits (total), weekly patient visits (new patients) and average active members includes data for all 696 Qualifying Clinics that reported sales during each month of 2023. The following table identifies the number of franchised Clinics open for the full measuring period of 2023 as well as the number of Clinics within each Quartile.

Franchise Clinic Statistics for 2023 Gross Sales Financial Performance Representation		
Quartile	(Open January 1, 2023 to December 31, 2023)	
	Qualifying Clinic Count	Percentage of Total System
1	174	25%
2	174	25%
3	174	25%
4	174	25%
Total	696	100%

b. Net Profit

The Net Profit financial performance representation is based upon data from 330 franchised Clinics in the United States that (a) reported sales during each month in 2023; and (b) provided us with profit and loss statements for the 2023 calendar year on or prior to March 20, 2023, which is the date we compiled the data for the financial performance representation. We excluded data from: (a) 104 Clinics that opened during 2023 and did not report sales for 1 or more months for 2023; (b) 16 Clinics that closed, were acquired then resold to new franchisees, or were reacquired during 2023 and did not report sales for 1 or more months for 2023; and (c) 366 Clinics that reported sales during each month in 2023 but failed to provide us with a 2023 profit and loss statement on or prior to March 20, 2023. We provide the Net Profit data for all 330 franchised Clinics that met the criteria above and we also break down the data into "quartile" subsets, with Quartile 1 being the highest performing clinics and Quartile 4 being the lowest performing quartile. In addition, we extracted the clinics in Quartile 1 with Gross Sales in excess of $1 million ("Million Dollar Clinics" or "$1M Clinics") and added an additional chart B-2.

The table below lists the number of franchised Clinics in each quartile for purposes of the Net Profit financial performance representation. The quartiles were determined based upon the 2023 Gross Sales figures of the various outlets. Specifically, if an outlet was included in Quartile 2 for purposes of the Gross Sales financial performance representation for the 2023 calendar year, then it was included in Quartile 2 for purposes of the Net Profit financial performance representation. As a result, the number of outlets in each quartile varies for the Net Profit financial performance representation.

The average period of operation for the 330 franchised Clinics in 2023 whose Net Profit data has been provided was 72.5 months (see table below). The average period of operations for the 696 franchised Clinics whose Gross Sales data has been provided closely approximates the average period of operation of 69.7 months.

Statistics and Period of Operation for 2023 Net Profit Financial Performance Representation						
Quartile	Number of Clinics	Period of Operations (Months)				
		Average	Longer than Average (Number & Percent)	Median	Longest	Shortest
1	83	92.4	45 of 83 (54%)	94 months	187 months	14 months
2	82	85.3	42 of 82 (51%)	86.5 months	223 months	14 months
3	82	68.2	37 of 82 (45%)	59.5 months	148 months	12 months
4	83	44.2	28 of 83 (34%)	26 months	143 months	12 months
Total	330	72.5	153 of 330 (46%)	62 months	223 months	12 months

c. Gross Sales Ramp Up

The Gross Sales ramp up financial performance representation presents the average monthly Gross Sales for the initial 12 months of operation for all franchised Clinics that opened during 2023. There were 104 franchised Clinics that opened in 2023. The Gross Sales Ramp Up financial performance representation includes Gross Sales data for all 104 franchised Clinics that opened in 2023.

Financial Performance Representation

The following operating results are unaudited.

Gross Sales

Part A includes 2023 annual Gross Sales for January 1, 2023 through December 31, 2023. The data includes the average, median, highest and lowest Gross Sales and is broken down into Quartiles. The data is based on the actual historical Gross Sales figures for these outlets. The data is presented in the following table:

- Table A – Gross Sales for 2023 (696 Franchised Clinics)

Net Profit

Part B includes 2023 Net Profit data for January 1, 2023 through December 31, 2023. The data includes the average, median, highest and lowest Net Profit and is broken down into Quartiles. The data is based on the actual historical Net Profit figures for these outlets. The data is presented in the following 6 tables:

- Table B-1 - Net Profit for 2023: All Qualifying Outlets (330 Franchised Clinics)
- Table B-2- Net Profit for 2023: Million Dollar Franchised Clinics (29 Franchised Clinics)
- Table B-3 - Net Profit for 2023: Quartile 1 (83 Franchised Clinics)
- Table B-4 - Net Profit for 2023: Quartile 2 (82 Franchised Clinics)
- Table B-5 - Net Profit for 2023: Quartile 3 (82 Franchised Clinics)
- Table B-6 - Net Profit for 2023: Quartile 4 (83 Franchised Clinics)

The expenses in the Net Profit tables cover certain customary and typical expenses of The Joint Chiropractic Clinics operating in the normal course of business throughout the United States. The Net Profit financial performance data is based upon the profit and loss statements from franchisees and includes all operating expense information. However, for purposes of the Net Profit financial performance representation, we have excluded (a) any labor costs that were designated as owner compensation and (b) any labor costs for an operations manager. An operations manager position is necessary only for franchisees that operate a significant number of Clinics. The operations manager oversees all of the Clinics owned by the multi-unit franchisee, although each Clinic must still have a dedicated manager. As a result, the operations manager compensation is not representative of the labor costs incurred by a franchisee that only owns a small number of Clinics.

Weekly Patient Visits

Part C includes 2023 weekly patient visits statistics for January 1, 2023 through December 31, 2023. We have separately provided data for: (a) all patient visits; and (b) new patient visits. The data includes the average, median, highest and lowest number of weekly patient visits and is broken down into Quartiles. The data is based on the actual historical weekly patient visits figures for these outlets. The data is presented in the following 2 tables:

- Table C-1 - Weekly Patient Visits (Total Patients) for 2023 (696 Franchised Clinics)
- Table C-2 - Weekly Patient Visits (New Patients) for 2023 (696 Franchised Clinics)

Active Members

Part D includes 2023 monthly "active member" data for January 1, 2023 through December 31, 2023. An "active member" refers to a patient that has signed a membership agreement and paid the monthly membership fee for the applicable month. The data includes the average, median, highest and lowest number of monthly active members and is broken down into Quartiles. The data is based on the actual active member figures for these outlets. The data is presented in the following table:

- Table D - Active Members for 2023 (696 Franchised Clinics)

Gross Sales Ramp Up

Part E includes data regarding the average monthly Gross Sales generated by new Clinics during their first 12 months of operation. The data includes:

- Monthly Gross Sales for the initial 12 months of operation by each of the 104 franchised Clinics that opened in 2023.

The 12-month Gross Sales ramp up period for each Clinic is a rolling 12-month period commencing with the month in which the Clinic opened. With respect to Clinics that opened in 2023, we measured their monthly Gross Sales from the opening month through December 31, 2023. As a result, we did not provide a full 12 months of Gross Sales data for any Clinic that opened on or after February 1, 2023.

For purposes of this financial performance representation, "Month 1" Gross Sales includes the total Gross Sales generated by the Clinic during the month in which the Clinic opened, regardless of the total number of days the Clinic was open during that month. The data is based on the actual historical Gross Sales figures for these outlets. The data is presented in the following table:

- Table E – Gross Sales Ramp Up (104 Franchised Clinics)

Part A: Gross Sales Financial Performance Representation

Table A - Gross Sales for 2023 (696 Franchised Clinics)							
Quartile	**Number of Clinics**	**Percent of Network (sample)**	**Average**	**Median**	**Highest**	**Lowest**	**Number and Percentage that Attained or Exceeded Average**
1	174	25%	$931,078	$869,390	$1,708,357	$729,518	65 of 174 (37%)
2	174	25%	$623,437	$619,738	$728,182	$532,321	86 of 174 (49%)
3	174	25%	$453,915	$453,461	$531,867	$388,293	86 of 174 (49%)
4	174	25%	$288,786	$297,328	$386,886	$144,036	93 of 174 (53%)
Total	696	100%	$574,304	$532,094	$1,708,357	$144,036	304 of 696 (44%)

Part B:

Table B-1 - Net Profit for 2023: All Qualifying Outlets (330 Franchised Clinics)						
Financial Metric	**Average**	**Achieved or Surpassed Average**	**Percentage of Gross Sales**	**Median**	**Highest**	**Lowest**
Average Gross Sales	$615,487	146 of 330 (44%)	100.0%	$579,944	$1,547,543	$142,288
Cost of Goods	$0	330 of 330 (100%)	0.0%	$0	$0	$0
Labor Expense	$292,170	142 of 330 (43%)	47.5%	$270,474	$743,285	$33,397
Facilities Expense	$64,307	143 of 330 (43%)	10.4%	$62,163	$151,225	$30,565
Insurance	$8,299	160 of 330 (48%)	1.3%	$8,056	$33,210	($2,621)
Operating Expense	$84,507	144 of 330 (44%)	13.7%	$80,874	$202,544	$16,854
Royalty Fee	$43,084	146 of 330 (44%)	7.0%	$40,596	$108,328	$9,960
Brand Fund Fee	$12,310	146 of 330 (44%)	2.0%	$11,599	$30,951	$2,846
Net Profit	$110,810	154 of 330 (47%)	18.0%	$101,873	$703,325	($230,140)

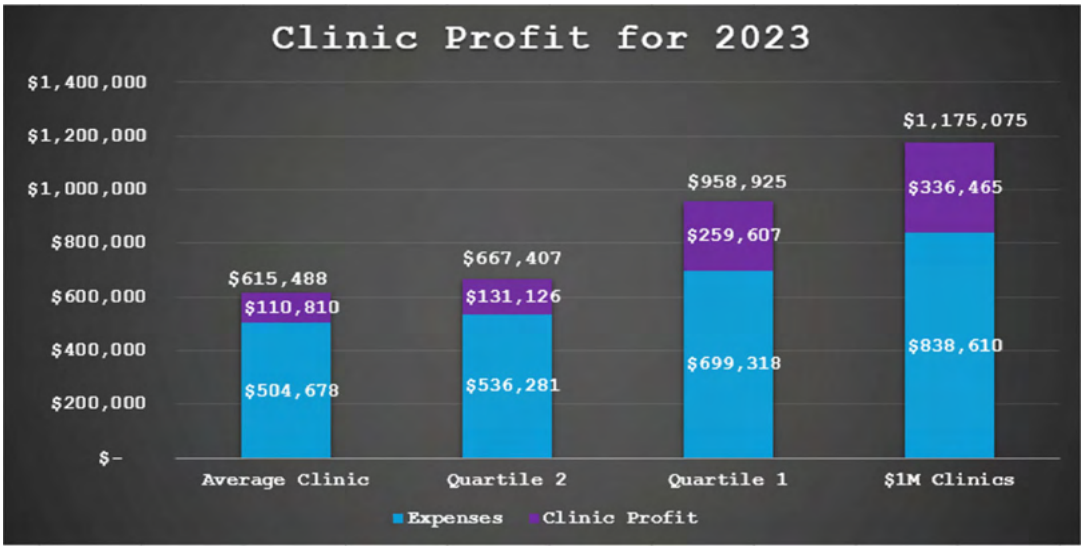
Table B-2 - Net Profit for 2023: $1 Million Outlets (27 Franchised Clinics)						
Financial Metric	**Average**	**Achieved or Surpassed Average**	**Percentage of Gross Sales**	**Median**	**Highest**	**Lowest**
Average Gross Sales	$1,175,075	15 of 27 (56%)	100.0%	$1,210,347	$1,547,543	$1,000,114
Cost of Goods	$0	27 of 27 (100%)	0.0%	$0	$0	$0
Labor Expense	$523,223	13 of 27 (48%)	44.5%	$521,594	$743,285	$350,420
Facilities Expense	$78,194	11 of 27 (41%)	6.7%	$69,443	$142,535	$38,746
Insurance	$14,432	11 of 27 (41%)	1.2%	$11,992	$27,713	$6,518
Operating Expense	$117,004	8 of 27 (30%)	10.0%	$108,560	$202,544	$62,036
Royalty Fee	$82,255	15 of 27 (56%)	7.0%	$84,724	$108,328	$70,008
Brand Fund Fee	$23,502	15 of 27 (56%)	2.0%	$24,207	$30,951	$20,002
Net Profit	$336,465	12 of 27 (44%)	28.6%	$304,532	$703,325	$129,941

Table B-3 - Net Profit for 2023: Quartile 1 (83 Franchised Clinics)						
Financial Metric	**Average**	**Achieved or Surpassed Average**	**Percentage of Gross Sales**	**Median**	**Highest**	**Lowest**
Average Gross Sales	$958,925	32 of 83 (39%)	100.0%	$900,368	$1,547,543	$755,632
Cost of Goods	$0	83 of 83 (100%)	0.0%	$0	$0	$0
Labor Expense	$426,442	35 of 83 (42%)	44.5%	$409,435	$743,285	$143,184
Facilities Expense	$70,834	32 of 83 (39%)	7.4%	$64,687	$142,535	$31,454
Insurance	$11,796	30 of 83 (36%)	1.2%	$9,800	$33,210	($2,621)
Operating Expense	$103,943	34 of 83 (41%)	10.8%	$98,529	$202,544	$18,897
Royalty Fee	$67,125	32 of 83 (39%)	7.0%	$63,026	$108,328	$52,894
Brand Fund Fee	$19,179	32 of 83 (39%)	2.0%	$18,007	$30,951	$15,113
Net Profit	$259,607	37 of 83 (45%)	27.1%	$248,824	$703,325	$33,485

Table B-4 - Net Profit for 2023: Quartile 2 (82 Franchised Clinics)						
	Average	**Achieved or Surpassed Average**	**Percentage of Gross Sales**	**Median**	**Highest**	**Lowest**
Average Gross Sales	$667,407	40 of 82 (49%)	100.0%	$667,084	$754,474	$580,439
Cost of Goods	$0	82 of 82 (100%)	0.0%	$0	$0	$0
Labor Expense	$316,902	36 of 82 (44%)	47.5%	$310,063	$501,461	$182,623
Facilities Expense	$66,272	39 of 82 (48%)	9.9%	$65,896	$151,225	$37,300
Insurance	$9,065	42 of 82 (51%)	1.4%	$9,169	$27,600	$0
Operating Expense	$83,976	40 of 82 (49%)	12.6%	$83,451	$141,250	$24,757
Royalty Fee	$46,718	40 of 82 (49%)	7.0%	$46,696	$52,813	$40,631
Brand Fund Fee	$13,348	40 of 82 (49%)	2.0%	$13,342	$15,089	$11,609
Net Profit	$131,126	39 of 82 (48%)	19.6%	$128,287	$260,496	($80,929)

Table B-5 - Net Profit for 2023: Quartile 3 (82 Franchised Clinics)						
	Average	**Achieved or Surpassed Average**	**Percentage of Gross Sales**	**Median**	**Highest**	**Lowest**
Average Gross Sales	$505,293	39 of 82 (48%)	100.0%	$501,401	$579,449	$426,699
Cost of Goods	$0	82 of 82 (100%)	0.0%	$0	$0	$0
Labor Expense	$236,772	35 of 82 (43%)	46.9%	$231,365	$335,429	$168,690
Facilities Expense	$60,262	36 of 82 (44%)	11.9%	$57,376	$108,679	$34,499
Insurance	$6,074	34 of 82 (41%)	1.2%	$5,572	$24,000	$0
Operating Expense	$76,340	36 of 82 (44%)	15.1%	$74,116	$135,653	$23,899
Royalty Fee	$35,371	39 of 82 (48%)	7.0%	$35,098	$40,561	$29,869
Brand Fund Fee	$10,106	39 of 82 (48%)	2.0%	$10,028	$11,589	$8,534
Net Profit	$80,369	43 of 82 (52%)	15.9%	$82,228	$180,670	($56,346)

Table B-6 - Net Profit for 2023: Quartile 4 (83 Franchised Clinics)						
	Average	**Achieved or Surpassed Average**	**Percentage of Gross Sales**	**Median**	**Highest**	**Lowest**
Average Gross Sales	$329,622	49 of 83 (59%)	100.0%	$356,031	$420,470	$142,288
Cost of Goods	$0	83 of 83 (100%)	0.0%	$0	$0	$0
Labor Expense	$188,196	42 of 83 (51%)	57.1%	$189,307	$281,532	$33,397
Facilities Expense	$59,837	33 of 83 (40%)	18.2%	$55,638	$112,403	$30,565
Insurance	$6,244	36 of 83 (43%)	1.9%	$5,884	$23,213	$0
Operating Expense	$73,665	37 of 83 (45%)	22.3%	$71,728	$128,673	$16,854
Royalty Fee	$23,074	49 of 83 (59%)	7.0%	$24,922	$29,433	$9,960
Brand Fund Fee	$6,592	49 of 83 (59%)	2.0%	$7,121	$8,409	$2,846
Net Profit	($27,986)	46 of 83 (55%)	(8.5%)	($23,261)	$95,724	($230,140)



Part C: **Weekly Patient Visits**

Table C-1 – Weekly Patient Visits (Total Patients) for 2023 (696 Franchised Clinics)							
Quartile	**Number of Clinics**	**Percent of Network (sample)**	**Average**	**Median**	**Highest**	**Lowest**	**Number and Percentage that Attained or Exceeded Average**
1	174	25%	499	478	807	388	73 of 174 (42%)
2	174	25%	331	331	387	282	86 of 174 (49%)
3	174	25%	243	241	282	205	85 of 174 (49%)
4	174	25%	158	164	205	67	97 of 174 (56%)
Total	696	100%	308	282	807	67	296 of 696 (43%)

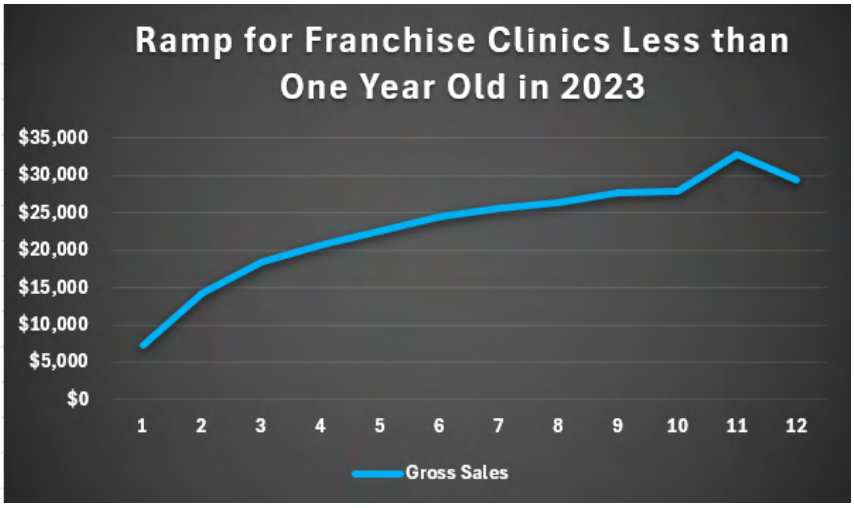
Table C-2 – Weekly Patient Visits (New Patients) for 2023 (696 Franchised Clinics)							
Quartile	**Number of Clinics**	**Percent of Network (sample)**	**Average**	**Median**	**Highest**	**Lowest**	**Number and Percentage that Attained or Exceeded Average**
1	173	25%	32	30	76	24	62 of 173 (36%)
2	174	25%	21	21	24	18	78 of 174 (45%)
3	174	25%	16	16	18	14	84 of 174 (48%)
4	175	25%	11	12	14	4	98 of 175 (56%)
Total	696	100%	20	18	76	4	281 of 696 (40%)

Part D: **Active Members**

Table D – Active Members for 2023 (696 Franchised Clinics)							
Quartile	**Number of Clinics**	**Percent of Network (sample)**	**Average**	**Median**	**Highest**	**Lowest**	**Number and Percentage that Attained or Exceeded Average**
1	174	25%	995	924	2,489	759	62 of 174 (36%)
2	172	25%	656	654	758	554	84 of 172 (49%)
3	175	25%	467	462	553	394	83 of 175 (47%)
4	175	25%	289	299	393	98	97 of 175 (55%)
Total	696	100%	601	553	2,489	98	309 of 696 (44%)

Part E: **Gross Sales Ramp Up**

Table E – Gross Sales Ramp Up (Clinics Opened in 2023)		
Months	**Sample**	**Gross Sales**
1	104	$7,216
2	97	$14,178
3	86	$18,461
4	76	$20,769
5	68	$22,639
6	59	$24,505
7	52	$25,679
8	42	$26,286
9	34	$27,780
10	29	$27,803
11	16	$32,847
12	12	$29,420



Some The Joint® Clinics have earned the amounts and achieved the results set forth above. Your individual results may differ. There is no assurance that you will earn as much.

You are strongly encouraged to consult with your own financial advisors in reviewing the tables and, in particular, in estimating your gross sales (and the revenue of the outlet) as well as the types and amounts of costs and expenses that you will or may incur in operating your own Franchised Business.

We recommend that you make your own independent judgment investigation about your Franchised Business' potential financial performance, and that you consult with your attorney and other advisors before signing any Franchise Agreement.

Written substantiation for the financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations about a Franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Eric Simon, VP of Franchise Sales and Development (16767 N. Perimeter Dr., Suite 110, Scottsdale, Arizona 85260, Telephone: (480) 245-5960), Email: eric.simon@thejoint.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	515	610	+95
	2022	610	712	+102
	2023	712	800	+88
Company-Owned	2021	64	96	+32
	2022	96	126	+30
	2023	126	135	+9
Total Outlets	2021	579	706	+127
	2022	706	838	+132
	2023	838	935	+97

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023

State	Year	Number of Transfers
Alabama	2021	0
	2022	1
	2023	0
Arizona	2021	0
	2022	0
	2023	0

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023		
State	**Year**	**Number of Transfers**
Arkansas	2021	0
	2022	3
	2023	0
California	2021	1
	2022	0
	2023	1
Colorado	2021	2
	2022	4
	2023	0
Florida	2021	3
	2022	0
	2023	7
Georgia	2021	1
	2022	0
	2023	0
Illinois	2021	0
	2022	2
	2023	0
Louisiana	2021	4
	2022	1
	2023	0
Maryland	2021	0
	2022	2
	2023	0
Minnesota	2021	0
	2022	0
	2023	1
Missouri	2021	1
	2022	0
	2023	3
Nebraska	2021	0
	2022	1
	2023	0
Nevada	2021	0
	2022	9
	2023	0

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023		
State	**Year**	**Number of Transfers**
New Jersey	2021	0
	2022	1
	2023	0
North Carolina	2021	0
	2022	2
	2023	0
Pennsylvania	2021	1
	2022	0
	2023	1
South Carolina	2021	0
	2022	1
	2023	1
Texas	2021	2
	2022	15
	2023	6
Washington	2021	0
	2022	0
	2023	0
Wisconsin	2021	0
	2022	4
	2023	4
Total Outlets	2021	14
	2022	46
	2023	24

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
Alabama	2021	4	3	0	0	0	0	7
	2022	7	4	0	0	0	0	11
	2023	11	2	0	0	0	0	13
Alaska	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Arizona	2021	23	1	0	0	2	0	22
	2022	22	3	0	0	5	0	20
	2023	20	2	0	0	0	1	21

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
Arkansas	2021	3	3	0	0	0	0	6
	2022	6	1	0	0	0	0	7
	2023	7	3	0	0	0	0	10
California	2021	53	9	0	0	0	0	62
	2022	62	5	0	0	6	1	60
	2023	60	8	0	0	3	0	65
Colorado	2021	28	2	0	0	0	0	30
	2022	30	1	0	0	0	0	31
	2023	31	2	0	0	0	1	32
District of Columbia	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	2	0	0	0	0	3
Florida	2021	43	10	0	0	0	0	53
	2022	53	10	0	0	0	0	63
	2023	63	20	0	0	0	2	81
Georgia	2021	41	3	0	0	0	0	44
	2022	44	8	0	0	0	2	50
	2023	50	2	0	0	0	0	52
Idaho	2021	2	3	0	0	0	0	5
	2022	5	2	0	0	0	0	7
	2023	7	2	0	0	0	0	9
Illinois	2021	17	3	0	0	0	0	20
	2022	20	3	0	0	0	1	22
	2023	22	2	0	0	0	1	23
Indiana	2021	3	4	0	0	0	0	7
	2022	7	1	0	0	0	0	8
	2023	8	1	0	0	0	0	9
Iowa	2021	0	2	0	0	0	0	2
	2022	2	3	0	0	0	0	5
	2023	5	1	0	0	0	0	6
Kansas	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
Kentucky	2021	0	1	0	0	0	0	1
	2022	1	5	0	0	0	0	6
	2023	6	3	0	0	0	0	9
Louisiana	2021	7	2	0	0	0	0	9
	2022	9	0	0	0	0	0	9
	2023	9	1	0	0	0	0	10
Maryland	2021	5	2	0	0	0	0	7
	2022	7	5	0	0	0	0	12
	2023	12	2	0	0	0	0	14
Massachusetts	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	3	0	0	0	0	4
Michigan	2021	0	3	0	0	0	0	3
	2022	3	6	0	0	0	0	9
	2023	9	1	0	0	0	2	8
Minnesota	2021	9	2	0	0	0	0	11
	2022	11	1	0	0	0	0	12
	2023	12	0	0	0	0	0	12
Missouri	2021	11	5	0	0	0	0	16
	2022	16	1	0	0	0	0	17
	2023	17	3	0	0	0	0	20
Mississippi	2021	0	2	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	1	0	0	0	0	4
Montana	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nebraska	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Nevada	2021	15	1	0	0	0	0	16
	2022	16	0	0	0	0	0	16
	2023	16	0	0	0	0	0	16

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
New Hampshire	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
New Jersey	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	1	0	1	3
New York	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
North Carolina	2021	30	6	0	0	10	0	26
	2022	26	3	0	0	5	0	24
	2023	24	1	0	0	0	0	25
Ohio	2021	10	5	0	0	0	0	15
	2022	15	4	0	0	0	0	19
	2023	19	2	0	0	0	0	21
Oklahoma	2021	5	3	0	0	0	0	8
	2022	8	2	0	0	0	0	10
	2023	10	1	0	0	0	0	11
Oregon	2021	8	0	0	0	0	2	6
	2022	6	2	0	0	0	0	8
	2023	8	0	0	0	0	0	8
Pennsylvania	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4
South Carolina	2021	17	2	0	0	0	0	19
	2022	19	1	0	0	0	0	20
	2023	20	2	0	0	0	0	22
Tennessee	2021	18	9	0	0	0	0	27
	2022	27	1	0	0	0	0	28
	2023	28	3	0	0	0	0	31
Texas	2021	112	10	0	0	0	1	121
	2022	121	27	0	0	0	1	147
	2023	147	19	0	0	0	2	164

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Termin-ations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
Utah	2021	17	5	0	0	0	0	22
	2022	22	1	0	0	0	0	23
	2023	23	1	0	0	0	0	24
Virginia	2021	8	2	0	0	0	0	10
	2022	10	5	0	0	0	0	15
	2023	15	2	0	0	0	0	17
Washington	2021	8	3	0	0	0	0	11
	2022	11	5	0	0	0	0	16
	2023	16	5	0	0	0	1	20
West Virginia	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Wisconsin	2021	4	2	0	0	0	0	6
	2022	6	7	0	0	0	0	13
	2023	13	2	0	0	0	1	14
Total	2021	515	110	0	0	12	3	610
	2022	610	123	0	0	16	5	712
	2023	712	104	0	1	3	12	800

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
Arizona	2021	13	6	2	0	0	21
	2022	21	2	5	0	0	28
	2023	28	0	0	0	0	28
California	2021	44	7	0	0	0	51
	2022	51	5	6	0	2	60
	2023	60	4	3	2	0	65
Florida	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	1	0	0
Georgia	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	1	0	0	0	3

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023							
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Outlets Reacquired From Franchisee**	**Outlets Closed**	**Outlets Sold to Franchisee**	**Outlets at End of Year**
Kansas	2021	0	0	0	0	0	0
	2022	0	4	0	0	0	4
	2023	4	0	0	0	0	4
Missouri	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
New Mexico	2021	3	1	0	0	0	4
	2022	4	2	0	0	0	6
	2023	6	2	0	0	0	8
New Jersey	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
North Carolina	2021	0	0	10	0	0	10
	2022	10	0	5	0	0	15
	2023	15	1	0	1	0	15
South Carolina	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Texas	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Virginia	2021	0	6	0	0	0	6
	2022	6	1	0	0	0	7
	2023	7	0	0	0	0	7
Total Outlets	2021	64	20	12	0	0	96
	2022	96	16	16	0	2	126
	2023	126	10	3	4	0	135

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
Alaska	1	1	0
Alabama	6	2	0
Arizona	5	2	0
Arkansas	0	0	0

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
California	18	6	0
Colorado	3	1	0
Connecticut	4	2	0
Delaware	1	1	0
District of Columbia	1	0	0
Florida	32	13	0
Georgia	6	1	0
Idaho	1	0	0
Iowa	1	0	0
Illinois	3	1	0
Indiana	5	1	0
Kansas	0	0	0
Kentucky	4	2	0
Louisiana	1	0	0
Maryland	6	1	0
Massachusetts	3	1	0
Michigan	3	1	0
Minnesota	1	0	0
Mississippi	1	0	0
Missouri	2	1	0
Montana	2	1	0
New Jersey	1	0	0
New Mexico	0	0	0
New York	9	2	0
North Carolina	6	2	0
Ohio	1	0	0
Oklahoma	1	1	0
Oregon	6	1	0
Pennsylvania	3	0	0
Puerto Rico	2	1	0
South Carolina	2	1	0
Tennessee	3	1	0
Texas	18	9	0
Utah	1	0	0
Virginia	3	1	0
Washington	6	2	0
West Virginia	0	0	0

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023			
State	**Franchise Agreements Signed But Outlet Not Opened**	**Projected New Franchised Outlets in the Next Fiscal Year**	**Projected New Company-Owned Outlets in the Next Fiscal Year**
Wisconsin	2	1	0
Total	174	60	0

Notes to Tables:

1. In 2021, 16 Franchise Agreements we terminated before the Clinics opened. In 2023, 10 Franchise Agreements were terminated before the Clinics opened.

2. In 2021, 1 franchised Clinic in Colorado was transferred twice during the course of the year.

3. In 2021, 1 franchised Clinic opened in North Carolina and was reacquired by the franchisor before the end of the year.

4. The franchised Clinic in Texas that closed in 2021 was located in Austin International Airport, a Captive Venue.

A list of all current franchisees is attached to this Disclosure Document as EXHIBIT "F" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2023. In addition, EXHIBIT "F" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

In the last 3 fiscal years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We have endorsed the National Franchise Advisory Board (NFAB), which is staffed by franchisees. You may contact the NFAB by emailing its President, LS Carper, at ls.carper@the joint.com.

On April 28, 2023, we received notification regarding the creation of the Aligned Franchisee Association (AFA), which is an independent franchisee organization. The notification did not specify the number or identity of the constituent franchisees other than Board members Alexander Klaus, Philip Davis and Chris O'Neal. AFA does not have any operational or decision-making authority.

Except for the NFAB and AFA, there are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Our fiscal year ends on December 31st. Attached to this Disclosure Document as EXHIBIT "G" are: (1) our consolidated audited financial statements as of and for the fiscal years ended December 31, 2023 and 2022, which have been taken from Item 8 of our 10-K Annual Report for 2023; and (2) our consolidated audited financial statements as of and for the fiscal years ended December 31, 2022 and 2021, which have been taken from Item 8 of our 10-K/A Annual Report for 2022. In addition, an unaudited balance sheet as of March 31, 2024, an unaudited income statement and statement of operations and statement of cash flows from January 1, 2024 through March 31, 2024, which have been taken from Item 1 of our 10-Q Quarterly Report, are attached to

this Disclosure Document as **Exhibit D**.

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the Franchise Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	Managed Clinic Addendum
EXHIBIT "H"-3	Waiver Agreement
EXHIBIT "H"-4	Sample Management Agreement
EXHIBIT "H"-5	Asset Purchase Agreement
EXHIBIT "H"-6	General Release
EXHIBIT "H"-7	Letter of Intent
EXHIBIT "H"-8	Third Party Vendor Agreements

Attachments to Franchise Agreement

ATTACHMENT "B"	Site Acceptance Notice
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Confidentiality Agreement
ATTACHMENT "G"	Business Associate Agreement

ITEM 23 RECEIPT

EXHIBIT "J" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

EXHIBIT "A"

TO DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
Commissioner of Financial Protection & Innovation
Department of Financial Protection & Innovation
320 West 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
1-866-275-2677

HAWAII
Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

Agents for Service of Process:
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS
Illinois Attorney General
Chief, Franchise Division
500 South Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA
Secretary of State
Securities Division
Room E-018
302 West Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

Agent for Service of Process:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

MICHIGAN
Franchise Section
Consumer Protection Division
525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor
Lansing, MI 48913
(517) 335-7567

MINNESOTA
Commissioner of Commerce
Director of Registration
85 Seventh Place East, #280
St. Paul, Minnesota 55101-3165
(651) 539-1500

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
Phone: (212) 416-8222

Agents for Service of Process:
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231

NORTH DAKOTA
North Dakota Securities Department
State Capitol, 5th Floor, Dept 414 600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

RHODE ISLAND
Department of Franchise Regulation
1511 Pontiac Avenue, John O. Pastore Complex, Bldg 69-1
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA
Department of Labor and Regulation
Division of Insurance Securities Regulation
124 S Euclid, 2nd Floor
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Agents for Service of Process:
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

Mailing Address:
Department of Financial Institutions
Securities Division
PO BOX 41200
Olympia, WA 98504-1200

WISCONSIN
Department of Financial Institutions
Division of Securities
201 W Washington Avenue, Suite 500, Madison, WI 53703
(608) 261-9555

EXHIBIT "B"

TO DISCLOSURE DOCUMENT

FRANCHISOR'S AGENT FOR SERVICE OF PROCESS

The Corporation Trust Company
Corporation Trust Center, 1209 Orange Street
Wilmington, DE 19801

In states listed in EXHIBIT "A", the additional agent
for Service of Process is listed in EXHIBIT "A"

EXHIBIT "C"

TO DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

[See Attached]



FRANCHISE AGREEMENT

FRANCHISEE: _____
DATE: _____

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ATTACHMENTS AND ADDENDA

ATTACHMENT "A"	Deal Terms
ATTACHMENT "B"	Form of Site Acceptance Notice
ATTACHMENT "C"	Lease Addendum
ATTACHMENT "D"	Franchise Owner Agreement
ATTACHMENT "E"	ACH Authorization Form
ATTACHMENT "F"	Confidentiality Agreement
ATTACHMENT "G"	Business Associate Agreement

ADDENDUM 1	Renewal Addendum
ADDENDUM 2	Transfer Addendum

THE JOINT FRANCHISE AGREEMENT

This The Joint Franchise Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between The Joint Corp., a Delaware corporation ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement have the meanings given to them below:

"*Account*" means the checking account you designate from which we deduct fees and other amounts owed to us and our affiliates in accordance with §14.5.

"*ACH Agreement*" means the ACH Authorization Agreement attached as ATTACHMENT "E", which authorizes us to electronically debit your Account for amounts owed to us and our affiliates.

"*Acquisition*" means either: (a) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise; or (b) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

"*Agreement*" is defined in the Introductory Paragraph.

"*Alternative Channels of Distribution*" means any channel of distribution other than retail sales made to patients while present at a Clinic, including, but not limited to: (a) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (b) sales through retail stores that do not operate under the Marks; (c) providing off-site chiropractic care to patients in their homes or at their place of business; or (d) providing chiropractic care from a mobile vehicle.

"*Anti-Corruption Laws*" means those Laws that make it unlawful to offer, pay, promise or authorize to pay any money, gift or anything of value (including bribes, entertainment, kickbacks or any benefit), directly or indirectly, to: (a) any Government Official in order to assist with obtaining, retaining or securing an improper business advantage; or (b) any other Person with the intention of inducing or rewarding improper performance of a relevant function or activity.

"*Anti-Terrorism Law*" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists, orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war.

"*Authorized Activities*" means all activities we authorize you to conduct in connection with this Agreement, including the development, ownership and operation of the Clinic.

"*Business*" means the franchised business you operate pursuant to this Agreement.

"*Business Associate Agreement*" means our then-current form of Business Associate Agreement that is signed by you and us and governs the use and handling of Protected Health Information (as defined therein), the current form of which is attached as ATTACHMENT "G".

"*Business Data*" means, collectively or individually, Patient Data and Operational Data.

"*Captive Venue*" means a non-traditional outlet for a Clinic that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose unrelated to the Clinic. Examples of Captive Venues include Clinics that are located within hotels, casinos, college campuses, universities, airports, train stations, bus stations, cruise terminals, stadiums, sporting arenas, shopping malls, military bases, concert venues, amusement parks, grocery stores, urgent care centers, medical spas or similar types of establishments.

"*Chiropractic PC*" means a professional corporation or professional limited liability company that, pursuant to applicable Law, is authorized to: (a) own and operate a chiropractic practice; and (b) employ Chiropractic Staff for purposes of providing Chiropractic Services to patients.

"*Chiropractic Services*" means and includes: (a) the diagnosis and treatment of patients whose health problems are associated with the body's muscular, neurological and skeletal system, through the manipulative treatment of misalignments of the joints; and (b) ancillary or related services and treatments that, under applicable Law, may only be rendered by, or under the supervision of, a licensed chiropractor.

"*Chiropractic Staff*" means and includes the licensed chiropractors and other licensed professional staff members who are responsible for rendering, or supervising the rendering of, Chiropractic Services at the Clinic.

"*Claim*" means any action, allegation, assessment, claim, demand, litigation, proceeding or regulatory procedure, investigation or inquiry.

"*Clinic*" means a chiropractic clinic that is authorized to operate under our Marks and use our System, including clinics operated by us, our affiliate, you or another Person, as the context may require.

"*Clinic Design*" means the clinic design plans we prepare for the initial design and development (or subsequent remodeling) of your Clinic in consideration of the clinic design fee.

"*Competing Business*" means any business that meets at least one of the following criteria:

(a) any cash-basis, private-pay chiropractic business that operates using a membership model and derives (or is reasonably expected to derive) at least $10,000 per year from the performance of chiropractic services;

(b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or

(c) any business that manages, services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition.

A Competing Business does not include any THE JOINT® Clinic operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

"*Confidential Information*" means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Definitive Agreements and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; (f) confidential and proprietary information relating to our status as a publicly traded company; and (g) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, patient and customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you or your Owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

"*Confidentiality Agreement*" means the Confidentiality Agreement that must be signed by certain of your employees pursuant to §15.5, the current form of which is attached as ATTACHMENT "F".

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Clinic.

"*CPOM*" means the corporate practice of medicine doctrine as applied to a chiropractic clinic.

"*Definitive Agreements*" means, collectively: (a) this Agreement; (b) the Area Development Agreement

pursuant to which this Agreement is executed (if applicable); (c) any other Franchise Agreement between you (or your affiliate) and us (or our affiliate) for a Clinic or any other franchised concept; (d) any Area Representative Agreement between you (or your affiliate) and us (or our affiliate); and (e) all ancillary agreements executed in connection with any of the foregoing, including each Franchise Owner Agreement and, if applicable, Waiver Agreement. If you acquire a Managed Clinic, Definitive Agreements also include each: (a) Managed Clinic Addendum; and (b) Acceptance and Acknowledgment Agreement.

"*Dispute*" means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement or any other Definitive Agreement; (b) the offer or sale of the franchise; or (c) the relationship between the parties.

"*Effective Date*" is defined in the Introductory Paragraph.

"*Entity*" means a corporation, professional corporation, partnership, professional partnership, limited liability company, professional limited liability company, or other form of association.

"*Equity Interest*" means a direct or indirect ownership or beneficial interest in the capital stock of, partnership or membership interest in, or other equity, ownership or beneficial interest in an Entity (including voting rights).

"*Evaluation Period*" means the period of time during which we may decide whether to exercise our right of first refusal pursuant to §20.6 in connection with a proposed Transfer.

"*Excluded Claim*" means any Claim that, according to §23, is not subject to mandatory mediation.

"*Force Majeure*" means acts or circumstances that are beyond a party's control, including fire, storm, flood, earthquake, explosion or accident, acts of war or terrorism, rebellion, insurrection, sabotage, epidemic, failures or delays of transportation and strikes, provided that: (a) the non-performing party promptly provides written notice to the other party of the Force Majeure event; (b) the non-performing party is without fault and the delay or failure could not have been prevented by reasonable precautions by the non-performing party; (c) nothing herein shall excuse or permit any delay or failure to pay fees or other amounts owed on the applicable due date; (d) insolvency, lack of required funds or financing, currency fluctuations, currency devaluations, foreign exchange controls or inflation shall never be deemed Force Majeure; and (e) an epidemic or pandemic of a contagious illness or disease, or economic or financial changes caused by an epidemic or pandemic of a contagious illness or disease, shall never be deemed Force Majeure except to the extent a Governmental Authority mandates closure (or prevents the opening) of the Clinic as a result of such epidemic or pandemic.

"*Franchise Owner Agreement*" means the Franchise Owner Agreement that must be signed by the Owners and their spouses pursuant to §10, the current form of which is attached as ATTACHMENT "D".

"*Franchised Clinic*" means a Clinic that is owned, operated and managed by a franchisee who: (a) either (i) is a licensed chiropractor operating as a sole proprietorship or through a Chiropractic PC or (ii) signs a Waiver Agreement with us; and (b) employs the Chiropractic Staff who provide Chiropractic Services at the Clinic.

"*Franchisee Entity*" means the Entity, if applicable, that: (a) signs this Agreement as the franchisee (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

"*General Manager*" means a Person you hire, with our approval, who assists the Managing Owner with the onsite management of the Clinic and meets the minimum criteria and requirements set forth in §9.2.

"*General Release*" means our then-current form of Waiver and Release of Claims that you and your Owners must sign pursuant to §5.2 (in connection with a renewal of your franchise rights) or §20.2 (in connection with a Transfer).

"*Government Official*" means any: (a) officer or employee of a Governmental Authority; (b) commercial or similar entity owned or controlled by a Governmental Authority, including state-owned and state-operated companies or enterprises; (c) public international organization (e.g., United Nations, World

Bank); (d) political party or official thereof; or (e) candidate for political office.

"*Governmental Authority*" means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority, including any regulatory board governing chiropractors and/or chiropractic clinics.

"*Gross Sales*" means the sum of all revenue and receipts derived from or invoiced in connection with the operation of the Clinic, whether in the form of cash, check, credit card, debit card, barter, exchange or other credit transaction, including amounts invoiced but not collected and without deduction for any chargebacks or disputed payments. Without limiting the generality of the foregoing, Gross Sales includes: (a) membership fees; (b) fees for chiropractic care; (c) revenue collected or invoiced in connection with the sale of merchandise, retail items or any other goods or services; and (d) revenue and other monies that are collected or invoiced from any other source and for any purpose and that in any way relate to the Clinic, including, without limitation, advertising revenue, sponsorship fees and business interruption insurance proceeds. In calculating Gross Sales, you must include the full retail value of any free or discounted goods or services you or your staff provide to your Owners or staff, or to the friends or family members of your Owners or staff, unless the same pricing is available to the general public as part of an approved promotional program in effect at the time. Gross Sales excludes: (a) sales or use taxes you pay to a Governmental Authority; (b) revenue you collect from a patient and later refund to that patient in a bona fide refund transaction; (c) revenue derived from the sale of furniture, fixtures or equipment in the ordinary course of business; and (d) tips paid to and retained by staff members as a gratuity. The Manual may include policies governing: (a) the manner in which membership fees and proceeds from the sale of gift cards are treated for purposes of calculating Gross Sales; and (b) the calculation of Gross Sales relating to qualifying purchases and redemptions by members under a loyalty or membership program or the purchase of a "package" or "series" of treatments.

"*Healthcare Counsel*" means an attorney who: (a) is engaged by you for purposes of rendering legal advice pertaining to the ownership, development and operation of your Clinic; (b) is licensed to practice law in the state in which your Clinic is located; (c) has significant experience and expertise with Healthcare Laws applicable in the state in which your Clinic is located; and (d) is approved by us, such approval not to be unreasonably withheld.

"*Healthcare Laws*" means and includes all industry-specific Laws that regulate or govern the practice of medicine in general or that specifically apply to the practice of chiropractic, including, without limitation, Laws that:

(a) restrict or limit the Persons who may lawfully own a Clinic, provide Chiropractic Services and/or employ Chiropractic Staff, including CPOM and other comparable Laws;

(b) regulate the practice of chiropractic, including Laws requiring the licensure of chiropractors or other Chiropractic Staff;

(c) restrict physician self-referrals, including the federal Stark Law and comparable state Laws;

(d) restrict or prohibit the payment or receipt of remuneration as an inducement or reward for patient referrals, including the federal Anti-Kickback Statute and comparable state Laws;

(e) restrict or prohibit certain fee splitting arrangements involving physicians or other healthcare professionals;

(f) regulate the use of medical devices;

(g) regulate the privacy of patient records, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Health Information for Economic and Clinical Health Act (HITECH) and other comparable federal and state Laws; or

(h) regulate the advertising of chiropractic clinics or Chiropractic Services.

Healthcare Laws also include rules and regulations promulgated by regulatory boards governing chiropractors and/or chiropractic clinics.

"*Improvement*" means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Clinic, (b) method of operation of a Clinic, (c) processes, systems or procedures utilized by a Clinic, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Clinic or (e) trademarks, service marks, logos or other intellectual property utilized by a Clinic, whether developed by you, your Owners, your employees or any other Person.

"*Imputed Royalty Fees*" means the pre-opening royalty fees imposed pursuant to §8.5(e) if your Clinic fails to open on or prior to the Required Opening Date.

"*Indemnified Party*" or "*Indemnified Parties*" means us and each of our past, present and future owners, members, officers, directors, employees, agents, attorneys and chiropractors, as well as our subsidiaries, affiliates, insurance carries and chiropractic management companies, and each of their past, present and future owners, members, officers, directors, employees, agents, attorneys and chiropractors.

"*Intellectual Property*" means, collectively or individually, the Business Data (excluding Protected Health Information), Copyrighted Materials, Improvements, Know-how, Marks, Office Management Software and System.

"*Interim Manager*" means a Person we designate to temporarily manage your Clinic under the circumstances listed in §9.5.

"*Interim Term*" means a month-to-month extension of the Term under the circumstances listed in §5.3.

"*IP Dispute*" means any: (a) apparent infringement of the Intellectual Property; (b) challenge to your use of the Intellectual Property; or (c) claim by any Person, other than us or our affiliate, of any rights in or to the Intellectual Property.

"*Know-how*" means and includes our (and our affiliates') trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Clinic including, but not limited to: architectural plans, drawings and specifications for a prototype Clinic; site selection criteria; methods and techniques; standards and specifications; policies and procedures; Management Services (for Managed Clinics); patient and customer lists, records, membership agreements and/or contracts; supplier lists and information; marketing strategies; merchandising strategies; training programs and materials; the Office Management Software; financial information; and information comprising the System or included in the Manual.

"*Law*" means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, building codes, advisory opinions, guidelines, or official legal interpretations of any Governmental Authority, including all chiropractic rules and regulations issued by regulatory boards that govern chiropractors or chiropractic clinics.

"*Local Advertising Commitment*" means the minimum amount of money you must spend each month on local advertising and marketing to promote your Clinic in accordance with §11.3(a).

"*Losses and Expenses*" means and includes any or all of the following: compensatory, exemplary and punitive damages; fines and penalties; attorneys' fees; experts' fees; court, mediation or arbitration costs; discovery costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party.

"*Managed Clinic*" means a Clinic: (a) that is owned and operated by a separate Chiropractic PC that is not owned by or under common ownership with the franchisee or the franchisee's owners; and (b) with respect to which the franchisee provides Management Services (pursuant to a Management Agreement signed by the franchisee and the Chiropractic PC) but not Chiropractic Services. As used in this context, and in a similar context elsewhere in this Agreement, "ownership of the Clinic" refers to ownership of the chiropractic practice conducted from the Clinic and does not necessarily refer to ownership of the premises or any of the furniture, fixtures, equipment or other assets located within or utilized at the Clinic.

"*Managed Clinic Addendum*" means our designated form of Managed Clinic Addendum that you must sign if your Clinic is a Managed Clinic, the most current form of which is attached to the Franchise

Disclosure Document you received prior to execution of this Agreement.

"*Management Agreement*" means a management services agreement or comparable agreement pursuant to which, among other things: (a) a Chiropractic PC agrees to own and operate a Clinic and employ the Chiropractic Staff who provide Chiropractic Services at the Clinic; (b) a franchisee agrees to provide Management Services in accordance with our System for the benefit of the Chiropractic PC and the Clinic; and (c) the Chiropractic PC compensates the franchisee for the Management Services it provides.

"*Management Services*" has the meaning given to such term in the Managed Clinic Addendum.

"*Managing Owner*" means the Owner you designate and we approve with primary responsibility for the overall management and operation of your Business in accordance with §9.1.

"*Manual*" means our confidential Operations Manual for the operation of a Clinic, as further described in §12.2. The Manual may be comprised of various documents, tools, audio recordings, video recordings and other resources we designate, including, but not limited to: Operations Manual; Recruiting Toolkit; Grand Opening Workbook; New Clinic Launch Guide; Patient Experience Assessment; Brand Guidelines and Recruiting Resources Guide.

"*Marks*" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Clinics to use, including THE JOINT®, THE JOINT CHIROPRACTIC® and THE JOINT…THE CHIROPRACTIC PLACE®, and the associated logos. The Marks also include any distinctive trade dress used to identify a Clinic or the products it sells.

"*Non-CPOM State*" means a state in which a Person who is neither a licensed chiropractor nor a Chiropractic PC may lawfully own and operate a chiropractic clinic and employ licensed chiropractors for purposes of providing, or supervising the provision of, Chiropractic Services to patients at the clinic.

"*Offer Terms*" means the materials terms of Transfer proposed by a prospective buyer that: (a) are described in §20.6(a); and (b) we must accept as a condition to exercising our right of first refusal.

"*Office Management Software*" means our proprietary software that serves as the Clinic's point-of-sale system and electronic health records system.

"*Opening Date*" means the date your Clinic commences offering Chiropractic Services to the public under our Marks in accordance with §8.5.

"*Operational Data*" means and includes all data and information pertaining to the operation of your Business including employee data, expense data, financial accounting data and Gross Sales data. It also includes all Patient Data other than Protected Health Information.

"*Owner*" means a Person who either: (a) directly signs this Agreement as the franchisee, either alone or in conjunction with one or more other Persons; or (b) directly or indirectly through one or more intermediaries owns any Equity Interest in the Franchisee Entity (if the franchisee under this Agreement is an Entity).

"*Patient Data*" means and includes any and all data that pertains to a Clinic patient including name, address, contact information, date of birth, medical records, treatment history, and any information about the patient collected in connection with a membership program, loyalty program or for any other purpose.

"*PCI-DSS*" means the payment card industry data security standard, which is a set of security requirements established by the following major credit card brands from time to time: American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc., which standards are set forth at https://www.pcisecuritystandards.org as of the Effective Date.

"*Permitted Transfer*" means: (a) a Transfer of less than a 5% ownership interest in the Business or the Franchisee Entity, as applicable; (b) a Transfer from an Owner to the Owner's immediate family member or a related trust; (c) a Transfer from one Owner to another Owner who was an approved Owner prior to the Transfer; and/or (d) a Transfer by the Owners to a newly established Franchisee Entity for which such Owners collectively own and control 100% of the Equity Interests. Notwithstanding the above, a Permitted Transfer shall not include any Transfer that: (a) results in a change of control; or (b) results in the Managing Owner owning less than 5% of the ownership interests in the Business or 5% of the Equity

Interests in the Franchisee Entity, as applicable.

"*Person*" means an individual, Entity, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

"*Post-Term Restricted Period*" means, with respect to you: a period of two (2) years after the termination, expiration or Transfer of this Agreement; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means: a period of one (1) year after the termination, expiration or Transfer of this Agreement.

"*Post-Term Restricted Period*" means, with respect to an Owner: a period of two (2) years after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner's Transfer of his or her entire ownership interest in the Business or Franchisee Entity, as applicable; *provided, however*, that if a court of competent jurisdiction determines the two-year Post-Term Restricted Period is too long to be enforceable, then Post-Term Restricted Period means: a period of one (1) year after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the Owner's Transfer of his or her entire ownership interest in the Business or Franchisee Entity, as applicable.

"*Professional Judgment*" means the independent medical judgment exercised by a Chiropractic PC and the Chiropractic Staff it employs regarding the methods and manner by which Chiropractic Services are provided to patients, including, without limitation: (a) determining what diagnostic tests are appropriate; (b) determining the need for referrals to or consultation with another medical professional or specialist; (c) responsibility for the ultimate overall care of the patient, including treatment options available to the patient; (d) determining how many patients to see in a given period of time or how many hours Chiropractic Staff must work; (e) managing patient medical records and determining the content thereof; (f) the selection, hiring and firing of Chiropractic Staff; and (g) establishing coding and billing procedures for patient care services.

"*Program Participation Rules*" means the policies, procedures, fees and other requirements pertaining to any gift card, loyalty, membership or other system-wide program we implement pursuant to §12.12.

"*Prohibited Activities*" means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competing Business, other than owning an interest of 1% or less in a publicly traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or any Clinic (this provision shall not prohibit the disclosure of truthful information to Governmental Authorities or to other franchisees); (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Clinic patient to transfer their business from a Clinic to a competitor.

"*Protected Health Information*" means and includes any Patient Data identifiable to a particular patient that pertains to the patient's medical/healthcare background, file, records or treatments.

"*Purchase Agreement*" means our form of Asset Purchase Agreement that must be signed pursuant to §20.6(d) (if we exercise our right of first refusal in connection with a proposed Transfer) or §22.2(e) (if we exercise our Purchase Option), our current form of which is attached to the Franchise Disclosure Document we furnished to you prior to signing this Agreement.

"*Purchase Notice*" means the notice we must send to you in accordance with §22.2(b) to confirm our election to exercise our Purchase Option.

"*Purchase Option*" means our option to purchase the Clinic's assets upon the termination or expiration of this Agreement, as further described in §22.2.

"*Purchase Price*" means the price we pay for the Purchased Assets if we exercise our Purchase Option.

"*Purchased Assets*" means any assets associated with your Clinic that we elect to purchase upon termination or expiration of this Agreement, as further described in §22.2.

"*Renewal Addendum*" means the Renewal Addendum attached as ADDENDUM 1, which shall be

deemed to amend this Agreement if this Agreement is being executed in connection with a renewal of your franchise rights.

"*Reportable Event*" means any event or occurrence described in §16.5(d) that you must report to us.

"*Required Opening Date*" means the Opening Date deadline set forth in Part G of ATTACHMENT "A". If no date is listed, the Required Opening Date shall be the date that is 300 days after the Effective Date.

"*Restricted Territory*" means: the geographic area within: (a) a 10-mile radius from your Clinic (and including the Clinic's premises itself); and (b) a 10-mile radius from all other Clinics that are operating or under construction as of the Effective Date and remain in operation or under construction during all or any part of the Post-Term Restricted Period; *provided, however*, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then Restricted Territory means: the geographic area within a 10-mile radius from your Clinic (and including the Clinic's premises itself).

"*Site Acceptance Notice*" means the Site Acceptance Notice attached as ATTACHMENT "B" that we may issue to you in accordance with §4.1 and §8.1 to identify the accepted site for your Clinic and designate the boundaries of your Territory.

"*Site Selection Area*" means the geographic area described in Part I of ATTACHMENT "A" and within which you must find a site we accept for your Clinic.

"*Successor Agreement*" means our then-current form of The Joint Franchise Agreement you must sign pursuant to §5.2 in order to renew your franchise rights.

"*System*" means the business format, model and operating system we developed for the operation of a Clinic.

"*Technology Systems*" means and includes all information and communication technology systems we specify from time to time, including, without limitation, computer systems, point-of-sale systems, electronic health records management systems, medical records management systems, webcam systems, telecommunications systems, security systems, music systems and similar systems, together with the associated hardware, software (including cloud-based software) and related equipment, software applications, mobile apps, and third-party services relating to the establishment, use, maintenance, monitoring, security or improvement of these systems.

"*Term*" means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the term expiration date set forth in Part H of ATTACHMENT "A"; or (b) the date this Agreement is effectively terminated. If no term expiration date is listed in Part H of ATTACHMENT "A", then the term expiration date shall be the 10th anniversary of the Effective Date of this Agreement.

"*Territory*" means the protected territory for your Clinic, as further described in §4.1.

"*Transfer*" means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, encumbrance, subdivision, sublicense or other transfer or disposition of:

(a) this Agreement (or any interest therein);

(b) the franchise or intellectual property rights granted by this Agreement (or any interest therein);

(c) the Business you conduct pursuant to this Agreement (or any interest therein);

(d) the right to manage the Clinic or occupy its premises;

(e) the Clinic's assets, other than the sale of fixtures or equipment in the ordinary course of business; or

(f) an Equity Interest in the Franchisee Entity;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests in the Franchisee Entity; foreclosure of a security interest by a creditor; or operation of Law, will or a trust upon the death of an Owner, including the Laws of intestate succession. A Transfer also includes the grant of a security interest in this Agreement, the Clinic's assets (other than a purchase

money security interest) or any of the Equity Interests in the Franchisee Entity.

"*Transfer Addendum*" means the Transfer Addendum attached as ADDENDUM 2 which shall be deemed to amend this Agreement if this Agreement is being executed in connection with a Transfer of an existing Clinic to you.

"*Travel Expenses*" means and includes all travel, meals, lodging, local transportation and other living expenses and costs incurred: (a) by us and our trainers, field support personnel, auditors and/or other representatives to visit your Clinic; or (b) by you and your Clinic's personnel to attend training programs or conferences.

"*Waiver Agreement*" means our designated form of Waiver Agreement pursuant to which we may authorize a franchisee who is not a licensed chiropractor or Chiropractic PC to own and operate a Franchised Clinic in a Non-CPOM State, the current form of which is attached to the Franchise Disclosure Document you received prior to execution of this Agreement.

"*We*" or "*us*" is defined in the Introductory Paragraph.

"*You*" is defined in the Introductory Paragraph.

2. GRANT OF FRANCHISE.

2.1. Grant of Franchise Rights. We hereby grant you: (a) the right and obligation to own and operate either a Franchised Clinic or a Managed Clinic (as designated by us in Part C of ATTACHMENT "A") from a site you propose and we accept pursuant to §8.1; and (b) a license to use our Intellectual Property solely for purposes of developing and operating your Clinic.

2.2. Franchised Clinic. If we grant you the right to own and operate a Franchised Clinic, you will own, operate and manage your Clinic and employ the Chiropractic Staff who provide Chiropractic Services at the Clinic. You are eligible to own and operate a Franchised Clinic only if: (a) you (i.e., the franchisee) are either a Chiropractic PC or a licensed chiropractor who will own and operate the Clinic as a sole proprietorship; or (b) your Clinic is located in a Non-CPOM State and we sign a Waiver Agreement with you in accordance with §2.4. If you are not eligible to own and operate a Franchised Clinic, you must own and operate a Managed Clinic.

2.3. Managed Clinic. If we grant you the right to own and operate a Managed Clinic, you must:

(i) sign the Managed Clinic Addendum, which amends this Agreement and sets forth your roles and responsibilities associated with the ownership and operation of a Managed Clinic;

(ii) notify us of identity of the Chiropractic PC that will own and operate the Clinic and employ the Chiropractic Staff who provide Chiropractic Services at the Clinic (referred to as the "Clinic Operator") and provide all information we require about Clinic Operator, its owners and the chiropractors and other Chiropractic Staff it employs;

(iii) sign, and cause the Clinic Operator to sign, the Acceptance and Acknowledgement Agreement (which is attached to the Managed Clinic Addendum as Attachment A);

(iv) sign, and cause the Clinic Operator to sign, a Management Agreement; and

(v) provide Management Services in accordance with our System, for the benefit of the Clinic Operator and the Clinic, pursuant to the terms and conditions set forth in the Franchise Agreement, the Managed Clinic Addendum, the Management Agreement and the Manual.

2.4. Waiver Agreement. If you are neither a licensed chiropractor nor a Chiropractic PC and you believe the state in which your Clinic is located qualifies as a Non-CPOM State, you may submit a written request to enter into a Waiver Agreement with us to enable you to own, operate and manage a Franchised Clinic. As a condition to signing the Waiver Agreement, we may require that you provide us with a legal opinion, prepared by your Healthcare Counsel and addressed to us, opining that you may lawfully own, operate and manage a Franchised Clinic and employ the

Chiropractic Staff who will provide Chiropractic Services at the Clinic. The form and content of the legal opinion must be reasonably acceptable to us. You understand that Healthcare Laws change from time to time. If, subsequent to our execution of a Waiver Agreement, there is a change to applicable Healthcare Laws that renders your ownership of a Franchised Clinic and/or employment of Chiropractic Staff unlawful, we may require that you convert from a Franchised Clinic to a Managed Clinic in accordance with §2.3, which may require you to incur significant additional expense. You are solely responsible for all legal fees and expenses charged by your Healthcare Counsel.

2.5. **Transfer or Renewal Addendum.** If this Agreement is being executed in connection with a renewal of franchise rights for an existing and operational Clinic, then the terms set forth in the Renewal Addendum shall apply. If this Agreement is being executed in connection with a Transfer of franchise rights from a former franchisee to you, then the terms set forth in the Transfer Addendum shall apply. Part D of ATTACHMENT "A" shall confirm whether this Agreement is being executed in connection with a renewal or Transfer of franchise rights. If the Renewal Addendum or Transfer Addendum apply, then the terms set forth in the Renewal Addendum or Transfer Addendum, as applicable, shall: (a) be deemed to amend the terms of this Agreement; and (b) govern and control to the extent there is any inconsistency between the terms of this Agreement and the terms set forth in the Renewal Addendum or Transfer Addendum, as applicable. We reserve all rights not expressly granted to you.

3. **PROFESSIONAL JUDGMENT OF CHIROPRACTIC STAFF**. We developed our System, and the standards and specifications associated with our System, to create a framework that enables Clinics to operate in compliance with our brand standards and maintain a uniform experience for patients. However, we understand that the practice of chiropractic is a licensed medical profession requiring independent judgment, skill and training. We do not engage in the practice of chiropractic, and we are not authorized to provide Chiropractic Services. Our franchise training and support programs do not include any training or support regarding the method or manner by which chiropractors make clinical decisions. Chiropractors retain complete discretion on all decisions that may impact their chiropractic license. We do not control or influence (or reserve the right or intend to control or influence) the Professional Judgment exercised by you and other members of your Chiropractic Staff. In recognition of these facts, we acknowledge and agree that if any terms within a Definitive Agreement or the Manual conflict with the Professional Judgment of you or your Chiropractic Staff, the Professional Judgment of you or your Chiropractic Staff will control, and you shall be authorized to act in a manner consistent with the Professional Judgment of you and your Chiropractic Staff without being deemed in breach of this Agreement. You must promptly notify us if any terms within a Definitive Agreement or the Manual conflict with the Professional Judgment of you or your Chiropractic Staff.

4. **TERRITORY**.

4.1. **Territory Description.** We grant you a protected territory (your "Territory") that will include between 10,000 and 25,000 households, as determined via ArcGIS mapping and analytics software or any other source of data that we choose to utilize. Except as otherwise provided in §5.1 (in connection with a renewal of your franchise rights) and §20.2 (in connection with a Transfer), we will not change the boundaries of your Territory during the Term as a result of changes to the number of households unless mutually agreed upon by both parties. If we accept the site for your Clinic prior to execution of this Agreement, we may identify the geographic area that comprises your Territory in Part K of ATTACHMENT "A". Otherwise, we will send you a Site Acceptance Notice that identifies the geographic area that comprises your Territory within 15 days after (a) we accept the site for your Clinic and (b) you sign the lease or purchase contract for your Clinic's premises.

4.2. **Territorial Protections and Limitations.** During the Term we will not develop or operate, or license a third party to develop or operate, a Clinic that is located within the Territory except as otherwise provided in this Section with respect to Captive Venues and Acquisitions. At any time

during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Clinics in Captive Venues that are located within your Territory; and (b) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located within the Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Territory through Alternative Channels of Distribution. As further described in §8.1, your Site Selection Area will receive the same territorial rights and protections set forth in this §4.2 during the Protected Search Period.

5. TERM AND RENEWAL.

5.1. Generally. This Agreement grants you the right to operate your Business only during the Term. Provided that you satisfy all conditions for renewal specified below, you may enter into a maximum of one (1) Successor Agreement following the expiration of the Term. The Successor Agreement shall be the current form of franchise agreement we use in granting franchises as of the expiration of the Term, the terms of which may vary materially and substantially from the terms of this Agreement. Upon renewal, we reserve the right to modify the boundaries of your Territory in accordance with our then-current territory guidelines and criteria. If a reduction in Territory includes the removal of a geographic area large enough to qualify as a territory for another Clinic, we will give you the first option to acquire franchise rights to develop a Clinic within such territory. The renewal term will be 10 years. The parties may agree to further renewals after expiration of the first (1st) renewal term, but neither party is obligated to do so (unless required by applicable state Law, in which case the same renewal terms and conditions set forth in this Agreement shall apply to subsequent renewals). If this Agreement is a Successor Agreement, the renewal provisions in your original franchise agreement will dictate the length of the Term of this Agreement and your remaining renewal rights, if any.

5.2. Renewal Requirements. In order to enter into a Successor Agreement, you and the Owners (as applicable) must:

(i) notify us in writing of your desire to enter into a Successor Agreement not less than 12 months nor more than 24 months before the expiration of the Term;

(ii) not be in default under any Definitive Agreement when you send the renewal notice or sign the Successor Agreement;

(iii) sign the Successor Agreement and all ancillary documents we require franchisees to sign;

(iv) sign a General Release;

(v) pay us a renewal fee equal to 25% of our then-current, non-discounted, initial franchise fee for the purchase of a first franchised Clinic;

(vi) pay us a $600 clinic design fee, but only if we require the preparation of a new Clinic Design for your Clinic;

(vii) remodel the Clinic and upgrade all furniture, fixtures and equipment to conform to our then-current standards and specifications (you must pay us a $600 clinic design fee if we determine a new Clinic Design is necessary); and

(viii) extend the term of your lease for the duration of the renewal term.

If we elect not to renew or offer you the right to renew, we will send you a written notice of non-renewal at least 180 days prior to the expiration date, which shall set forth the basis for our decision not to renew or offer you the right to renew. Our failure to send you a notice of non-renewal at least 180 days prior to the expiration date shall constitute our offer to renew your franchise in accordance with, and subject to, the renewal terms and conditions set forth above. If you have any

objections to our notice of non-renewal, including any dispute as to the basis for our decision not to renew, you must send us a written notice of objection that sets forth the basis for your objections. Your notice of objection must be sent to us no later than 30 days after you receive our notice of non-renewal. Your failure to send us a written notice of objection during such 30-day period shall constitute your agreement to the non-renewal of your franchise.

5.3. **Interim Term.** If you do not sign a Successor Agreement but continue to operate your Clinic after the expiration of the Term, we may choose between treating this Agreement as: (a) expired as of the Term expiration date with you operating in violation of our rights; or (b) continued on a month-to-month basis (the "Interim Term") until either party provides the other party with 30 days' prior written notice of the party's intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

6. TRAINING AND CONFERENCES.

6.1. **Initial Training Program.** The Managing Owner and your General Managers (if any) must attend and successfully complete our initial training program at least 30 days before your Clinic's anticipated opening date. If you hire a new General Manager or appoint a new Managing Owner after we conduct our pre-opening initial training program, the new General Manager or Managing Owner, as applicable, must attend and successfully complete our then-current initial training program before assuming responsibility for the management of your Clinic.

6.2. **Onsite Training & Opening Assistance.** As part of our initial training program and at no additional charge, we will send an opening supervisor to your Clinic for approximately three (3) days to provide onsite training and assist you with the opening of your Clinic.

6.3. **Ongoing Training Programs.** We may offer periodic refresher or supplemental training courses for your Managing Owner, management personnel and other staff that we designate. We may designate each course as mandatory or optional. We may also require your employees to periodically complete online training programs, which must be completed to our satisfaction (including by passing any required tests). If we determine your Clinic is not being operated in full compliance with this Agreement and/or the Manual, we may require that your Managing Owner, management personnel and other staff that we designate attend remedial training relevant to your operational deficiencies. Upon your written request, we may, but need not, provide additional assistance or training to you at a mutually convenient time.

6.4. **Limited Scope of Our Training.** All Chiropractic Staff must complete online training to ensure they understand and adhere to our brand standards and policies. However, your Managing Owner retains responsibility for training your staff. Our franchise training and support programs do not include any training or support regarding the manner or methods by which chiropractors make clinical decisions. Chiropractors retain complete discretion on all decisions that may impact their chiropractic license, including the assessment and diagnosis of patients, the decision to provide Chiropractic Services and the documentation of patient encounters.

6.5. **Training Location.** Our training programs may take place at any location we designate. We reserve the right to conduct training programs virtually.

6.6. **Training Fees and Expenses.** We provide our pre-opening initial training program at no additional charge. We also do not charge a training fee for any online training we make available to you or your staff. We may charge a training fee (not to exceed $1,000 per Person per day) for each Person who: (a) attends our initial training program after the Clinic's Opening Date (such as a new Managing Owner or General Manager); (b) retakes training after failing a prior attempt; (c) attends a remedial training program; (d) attends additional training requested by you; or (d) attends a refresher or supplemental training program we conduct. If we provide onsite training or assistance,

you must also reimburse us for all Travel Expenses we incur (this reimbursement obligation does not apply to any onsite training we conduct prior to the Clinic's Opening Date pursuant to §6.2). You are responsible for all wages and Travel Expenses you and your personnel incur to attend training programs.

6.7. **Conferences.** We may hold periodic conferences to discuss business and operational matters relevant to Clinics. Attendance is mandatory unless: (a) we designate attendance as optional; or (b) we waive your obligation to attend based on showing of good cause. We may charge you a conference registration fee of $1,000 per attendee per day. If any required attendee fails to attend a required conference without a waiver from us, then you must pay us the conference registration fee for that Person despite their non-attendance (upon your request, we will provide you with a copy of any written materials distributed at the conference). You are responsible for all wages and Travel Expenses you and your personnel incur to attend conferences.

7. OTHER FRANCHISOR ASSISTANCE.

7.1. **Manual.** We provide you with access to our Manual during the Term. The Manual will help you develop and operate your Clinic. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

7.2. **Office Management Software**. We will license you the right to use our proprietary Office Management Software. You must use the Office Management Software in the manner we specify. You are responsible for all costs to purchase and install the Office Management Software. You must also pay us a monthly licensing fee for use of the Office Management Software, which will be included as part of the Technology Fee you pay to us pursuant to §12.9(d). The current licensing fee for the Office Management Software is $599 per month, commencing with your opening date. We may increase the licensing fee upon at least 30 days' prior written notice; *provided, however*, that the maximum licensing fee we may impose during the Term for the Office Management Software is $799 per month. The licensing fee is currently debited from your Account in accordance with §14.5 on the fifth (5^{th}) day of each month. We may discontinue licensing the Office Management Software to you upon 30 days' prior written notice.

7.3. **General Guidance.** We will periodically review and evaluate your Clinic and reports you submit to us and provide our guidance and recommendations on ways to improve the operation of your Clinic. We will be available to render advice, discuss problems and offer general guidance to you during normal business hours by telephone, email or other means of communication. If you request onsite training or assistance and we agree to provide it, we may charge you the additional training fee set forth in §6.6 and you must also reimburse us for all Travel Expenses we incur.

7.4. **Field Visits**. We have the right, but not the obligation, to conduct periodic field visits for purposes of providing onsite consultation, assistance and guidance pertaining to the operation and management of your Clinic. We may prepare and provide you with a report detailing any problems or concerns observed during the field visit together with our instructions to address or resolve such problems or concerns. You must implement all required corrective measures in the time and manner we specify.

7.5. **Website.** We currently maintain a corporate website for our brand. We will also develop and host a local webpage for your Clinic that will be linked to our corporate website. Your webpage will include such information about your Clinic that we deem appropriate, such as address, contact information, hours of operation and information regarding your chiropractors. We will own the website (including your webpage) and domain name at all times. We may change or discontinue the website and/or your local webpage at any time.

7.6. **Email Addresses**. We will provide you one or more THE JOINT® email addresses for use with your Business. The email addresses are included as part of what you receive in exchange for the technology fee described in §12.9. You must exclusively use the email addresses we provide for all

communications with us, patients, suppliers and other Persons relating to your Clinic. You may not use them for any purpose unrelated to your Clinic. We own the email addresses and accounts but allow you to use them during the Term.

7.7. **Purchase Agreements.** We may, but need not, negotiate purchase agreements with suppliers to obtain discounted prices for franchisees. We will arrange for you to be able to purchase the goods or services directly from the supplier at the discounted prices we negotiate, subject to any rebates the supplier pays to us. We may also purchase goods from suppliers in bulk and resell them to you at our cost plus shipping fees and a reasonable markup. We are entitled to a profit from these sales.

7.8. **Call Center.** We may operate, or designate a third-party provider to operate, a call center to answer calls, set patient appointments, route new patient leads to an appropriate Clinic and provide other related services. You must participate in the call center program and pay all reasonable setup and monthly fees designated by us or the third-party provider. Participation in the program may include, without limitation:

(i) using and publishing a telephone number that we designate;

(ii) acquiring, installing, and using related technology;

(iii) engaging a designated service provider (which may be us, our affiliate, or a third party) to administer the call center; and

(iv) executing any related user or service agreement designated by us or the third-party provider.

At any time that we are not implementing a call center program, you must arrange for the answering of all incoming phone calls during regular business hours.

7.9. **New Developments**. We may, but need not, develop new merchandise, retail items and other products or services that may be used by or sold from a Clinic. You must comply with any minimum inventory stocking and merchandising requirements in the Manual with respect to any merchandise, retail items or other products we authorize for sale at a Clinic.

8. ESTABLISHING YOUR BUSINESS

8.1. **Site Selection**. You must locate and obtain our written acceptance of the site for your Clinic. The premises must be located within the Site Selection Area and conform to our minimum site selection criteria. During the Protected Search Period, we provide the same territorial rights and protections for your Site Selection Area that we provide for your Territory (as described in §4.2). The "Protected Search Period" means the period of time commencing with the Effective Date and expiring upon the earlier to occur of: (a) the 180th day after the Effective Date; or (b) the date we designate your Territory in accordance with §4.1. All such territorial rights and protections immediately terminate upon the expiration of the Protected Search Period. You must send us a complete site submission package that includes all documents, information, photos and video we require. We may accept or reject each site you propose in our commercially reasonable judgment. We will use best efforts to issue our acceptance or rejection within 15 business days after we receive the complete site submission package. Your site is deemed rejected if we fail to issue our written acceptance within the 15 business day period. If we accept your site prior to execution of this Agreement, then Part J of ATTACHMENT "A" will list the address of the accepted site. Otherwise, we will send you a Site Acceptance Notice that lists the address of your accepted site within 15 days after (a) we accept the site and (b) you sign the lease or purchase contract for your Clinic's premises. Within five (5) business days after we send you the Site Acceptance Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records. Our acceptance of the site (and designation of your Territory) shall be deemed immediately effective and binding on you at the time we issue the Site Acceptance Notice, regardless of whether you send us the signed acknowledgment. Our acceptance of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Clinic. It indicates

only that we believe the site meets our minimum criteria.

8.2. **Lease**. If you lease the premises for your Clinic, you must use best efforts to ensure your landlord signs the Lease Addendum attached to this Agreement as ATTACHMENT "C". If your landlord refuses to sign the Lease Addendum in substantially the form attached to this Agreement we may either: (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord); or (b) require you to find a new site for your Clinic. You must promptly send us a copy of your fully executed lease and Lease Addendum for our records.

8.3. **Clinic Design**. The Manual includes our standards and specifications for the design, layout, equipping and trade dress for a Clinic. As soon as possible, you must send us completed pre-construction forms and "as-built" drawings of the existing premises to be developed as your Clinic. After receiving these items, we will prepare and send you a design plan that includes: a floor plan; flooring specifications; ceiling specifications; and building specifications, including location of walls, counters, retail displays, fixtures and equipment (the "Clinic Design"). Upon execution of this Agreement, you must pay us a clinic design fee in the amount of: (a) $1,000 if your Clinic is a new Clinic; or (b) $600 if you are renewing your franchise rights for your Clinic. The amount of your clinic design fee is listed in Part F of ATTACHMENT "A". If you request changes to a Clinic Design that we prepared and sent to you, we may charge you an additional $500 clinic design fee for each revised Clinic Design we prepare. You must hire a licensed and bonded architect and engineer to prepare detailed architectural and engineering drawings and constructions plans for your Clinic that: (a) are consistent with our Clinic Design; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all Laws (including the Americans with Disabilities Act), permits and lease requirements and restrictions applicable to the premises. You must obtain all required architectural seals, engineering seals and other approvals at your expense. You must submit the final construction plans to us for approval. The limited purpose of our review is to verify the plans are consistent with our Clinic Design and system standards. We do not review them for compliance with applicable Laws. We may require that you obtain our approval of your architect.

8.4. **Construction.** After we approve your construction plans, you must, at your sole expense, construct, equip and decorate the premises according to the approved construction plans and the specifications in the Manual. You must also purchase (or lease) and install all signage, Technology Systems, equipment, fixtures, furniture, decor and other items we require, subject to any deviations deemed reasonably necessary in the Professional Judgment of you or your Chiropractic Staff. We may require that you obtain our approval of your general contractor. At all times during the construction process, you must maintain the minimum general liability and property damage insurance required by the Manual. It is your responsibility to ensure your Clinic complies with all applicable zoning or land use laws, ordinances and restrictive covenants.

8.5. **Opening**.

(a) Required Opening Date. The Clinic's Opening Date must occur no later than the Required Opening Date listed in Part G of ATTACHMENT "A". If no date is listed in Part G of ATTACHMENT "A", then the Required Opening shall be the date that is 300 days after the Effective Date of this Agreement.

(b) Pre-Opening Inspection. You must send us a written notice identifying your proposed opening date at least 90 days before opening. We may conduct a pre-opening inspection of your Clinic. You must make all changes and modifications we require before you may open.

(c) Conditions to Opening. You may not open your Clinic prior to receipt of our written authorization to open. We will not issue our authorization to open before:

(i) your Managing Owner and General Managers (if any) successfully complete our initial training program;

(ii) you purchase all required insurance and furnish us with evidence of coverage;

(iii) you hire the Chiropractic Staff necessary to operate the Clinic;

(iv) you obtain all required licenses, permits and other governmental approvals;

(v) you provide us with credentialing reports for all of your chiropractors;

(vi) you provide us with reasonably acceptable proof that your organizational structure is compliant with all applicable Laws;

(vii) you collect at least 200 leads from prospective new patients from your pre-opening marketing conducted in accordance with §11.3(b);

(viii) we review and approve the construction, build-out and layout of your Clinic; and

(ix) you satisfy all other pre-opening obligations in this Agreement and the Manual.

(d) Opening Date Extension. If you are unable to open your Clinic by the Required Opening Date, you may send us a written notice that: (i) requests an extension of the Required Opening Date; (ii) describes the reason(s) for your inability to open by the Required Opening Date; (iii) describes the efforts you are making towards opening as soon as possible; and (iv) lists the anticipated opening date. Unless the delay results from an event of Force Majeure, we may approve or deny your request in our discretion, but we will not unreasonably withhold our approval if you demonstrate you have made diligent efforts towards a timely opening date.

(e) Imputed Royalty Fees. If you fail to open by the Required Opening Date, you must commence paying us pre-opening royalty fees ("Imputed Royalty Fees") of $700 per month from the Required Opening Date until the earlier of (i) the actual Opening Date of your Clinic or (ii) the date this Agreement is terminated. You must pay Imputed Royalty Fees in advance on the first (1st) day of each month; *provided, however*, you must pay the first (1st) installment of Imputed Royalty Fees, which shall be prorated for the remainder of the month, on the Required Opening Date. Your final payment of Imputed Royalty Fees may be prorated based on your Clinic's actual Opening Date, in which case we will issue you a credit against future royalty fees in an amount equal to the prorated portion of the Imputed Royalty Fee attributable to the period of time between the actual Opening Date and the last day of such month. You must pay Imputed Royalty Fees regardless of whether we agree to extend the Required Opening Date in accordance with §8.5(d), including during any cure period afforded to you pursuant to §21.2(vi). Your failure to pay Imputed Royalty Fees constitutes a separate financial default entitling us to terminate this Agreement if you fail to cure the financial default within 10 days after demand for payment.

8.6. Relocation. You may relocate your Clinic with our prior approval, which we will not unreasonably withhold. If we allow you to relocate, you must: (a) obtain our acceptance of a site for the new Clinic within the Site Selection Area, but outside any territory granted to us, our affiliate or any other franchisee); (b) pay us a $2,500 relocation fee, which is due seven (7) days after we accept the new site; (c) pay us an additional $1,000 clinic design fee for any new Clinic Design we provide; (d) comply with the site selection, lease, design, construction and opening requirements in §8.1 to §8.5 with respect to the new Clinic (excluding the provisions pertaining to the Required Opening Date and extensions thereof); and (e) cause the Clinic's Opening Date at the new site to occur within 30 days after closing your Clinic at the former site; *provided, however*, that if you relocate because your Clinic is destroyed, condemned or otherwise rendered unusable due to the physical condition of the premises, then you have 300 days after closing to reopen at the new site.

9. MANAGEMENT AND STAFFING.

9.1. Owner Participation. You must designate an Owner who will have overall responsibility for the

management and operation of your Business (the "Managing Owner"). The Managing Owner must: (a) be approved by us; (b) successfully complete all training programs we require; and (c) at all times own at least 5% of the ownership interests in the Business or 5% of the Equity Interests in the Franchisee Entity, as applicable. Any new Managing Owner you appoint must successfully complete our then-current initial training program before assuming responsibility for the supervision, management or operation of the Clinic.

9.2. General Manager. With our prior approval, which we may withhold in our commercially reasonable discretion, you may hire a Person to assist the Managing Owner by providing onsite management and supervision of the Clinic (a "General Manager"). Any Person you hire as a General Manager must: (a) be approved by us; (b) have authority to speak with us; (c) have binding decision-making authority; (d) successfully complete all training programs we require; (e) dedicate full-time efforts to the onsite management and supervision of your Clinic; and (f) sign a Confidentiality Agreement. At all times during normal business hours, either the Managing Owner or a trained General Manager must be present at your Clinic to provide onsite management and supervision. The Managing Owner must supervise the General Manager to ensure the Clinic is operated in accordance with this Agreement and the Manual.

9.3. Chiropractors. You must ensure that all Persons providing or supervising Chiropractic Services at your Clinic are licensed chiropractors or other healthcare professionals who are authorized to perform or supervise Chiropractic Services in accordance with applicable Healthcare Laws. You must obtain a credentialing report on every chiropractor who will provide Chiropractic Services at the Clinic (including you, if you are a chiropractor) and ensure the chiropractor satisfies the credentialing policies and guidelines described in the Manual. You must obtain updated credentialing reports on at least an annual basis, or more frequently if there are lawsuits, complaints, etc. involving the chiropractor. You must provide us with copies of all credentialing reports that you obtain. You may not allow a chiropractor to provide Chiropractic Services at the Clinic or access your computer system (or other Technology Systems) unless he or she has a "clean" credentialing report (as further described in the Manual). At least one (1) licensed chiropractor must be present at the Clinic at all times during business hours.

9.4. Employees. You must determine appropriate staffing levels for the Clinic to ensure full compliance with this Agreement and our system standards. You may hire, train and supervise employees to assist you with the proper operation of the Clinic. To protect the goodwill associated with the Marks, all employees must maintain a neat and clean appearance, wear the uniforms we designate, and comply with any other dress code standards set forth in the Manual. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by Law) due for your employees. These employees will be employees of yours and not of ours. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. You must inform your employees that you exclusively supervise their activities and dictate the manner in which they perform their assigned tasks. In this regard, you must use your legal business Entity name (not our Marks or a fictitious name) on all employee applications, paystubs, pay checks, employment agreements, time cards, and similar items. We also do not control the hiring or firing of your employees. You have sole responsibility and authority for all employment-related decisions, including employee selection and promotion, hours worked, rates of pay, benefits, work assignments, training and working conditions. We will not provide any advice or guidance on these matters. You must require that your employees review and sign the acknowledgment form we prescribe that explains the nature of the franchise relationship and notifies the employee that you are his or her sole employer. You must also post a conspicuous notice for employees in the back-of-house area explaining your franchise relationship with us and that you (and not we) are the employee's sole employer. We may prescribe the form and content of this notice. Notwithstanding anything in this Agreement to the contrary, decisions regarding the selection, hiring and firing of Chiropractic Staff shall remain subject to the Professional Judgment of you (if you are a licensed chiropractor) and your Chiropractic Staff.

9.5. **Interim Manager.** We have the right, but not the obligation, to designate a Person of our choosing (an "Interim Manager") to manage your Clinic: (a) if you fail to appoint an approved replacement Managing Owner, who has successfully completed all training we require, within 30 days after your Managing Owner ceases to perform the responsibilities of a Managing Owner for any reason; (b) if you commit a material breach of this Agreement and fail to cure before the expiration of the applicable cure period, if any; or (c) during the period of time described in §22.2(f) following the termination or expiration of this Agreement. The Interim Manager will cease to manage your Clinic at such time (a) that you appoint an approved replacement Managing Owner who has completed training, (b) that you cure the material breach or (c) designated in §22.2(f), as applicable; *provided, however*, that in no event will the Clinic be managed by an Interim Manager for more than 12 consecutive months. If we appoint an Interim Manager, you agree to: (a) pay us a commercially reasonable management fee (not to exceed the greater of $300 per day or 10% of Gross Sales generated during the time the Interim Manager manages your Clinic); and (b) reimburse us for all Travel Expenses incurred by the Interim Manager. The Interim Manager has no liability to you except for gross negligence or willful misconduct. We have no liability to you for the activities of an Interim Manager unless we are grossly negligent in appointing the Interim Manager. For purposes of clarity, under no circumstances will the Interim Manager provide Chiropractic Services or supervise the Chiropractic Staff.

10. **FRANCHISEE AS ENTITY**. You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Franchisee Entity authorizing the execution of this Agreement, a copy of the Franchisee Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). All Owners of the Franchisee Entity and their spouses must sign a Franchise Owner Agreement.

11. **ADVERTISING & MARKETING.**

11.1. **Brand and System Development Fund.** We administer a brand and system development fund to promote public awareness of our brand and improve our System. We may establish and administer separate regional funds in the future. On each royalty payment due date, you must pay us a brand fund fee in the amount we specify from time to time. The current brand fund fee is 2% of Gross Sales. We may adjust the brand fund fee on at least 30 days' notice; *provided, however*, that the maximum brand fund fee we may charge during the Term will not exceed 3% of Gross Sales. We may use the fund to pay for any of the following in our sole discretion:

(i) developing, maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs;

(ii) conducting and administering promotions, contests or giveaways;

(iii) participating in national or regional trade shows;

(iv) improving public awareness of the Marks;

(v) public and consumer relations and publicity;

(vi) brand development;

(vii) sponsorships;

(viii) charitable and non-profit donations and events;

(ix) research and development of technology, products and services;

(x) website development and search engine optimization;

(xi) development and maintenance of an ecommerce platform;

(xii) development and implementation of quality control programs, including the use of mystery

shoppers or member satisfaction surveys;

(xiii) conducting market research;

(xiv) changes and improvements to the System;

(xv) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts;

(xvi) collecting and accounting for contributions to the fund;

(xvii) preparing and distributing financial accountings of the fund;

(xviii) any other programs or activities we deem appropriate to promote or improve the System; and

(xix) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates relating to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, employees or independent contractors based on time spent working on any brand fund matters described above.

We have sole discretion in determining the content, concepts, materials, media, endorsements, frequency, placement, location and all other matters pertaining to marketing or advertising activities. Any surplus in the fund may be invested and we may lend money to the fund if there is a deficit (although we will not charge interest). The fund is not a trust and we have no fiduciary obligations to you with respect to our administration of the fund. We will prepare, and make available to you upon request, an annual statement of fund operations, including deposits and disbursements. In terms of marketing activities paid for by the fund, we do not ensure that: (a) expenditures in (or affecting) a given geographic area are proportionate or equivalent to the brand fund fees paid by franchisees in that geographic area; or (b) franchisees benefit directly or in proportion to their brand fund fees. We may suspend or discontinue the fund at any time in our sole discretion upon at least 30 days' prior notice. If we discontinue the fund, any monies remaining in the fund will be distributed to each Clinic that is open and operating at such time, including company-owned Clinics and franchised Clinics. The amount allocated to each Clinic will be determined on a proportionate basis by comparing the total amount of brand fund fees paid by such Clinic during the prior 12-month period as compared to the total amount of brand fund fees paid during such 12-mont period by all other Clinics that are open and operating at such time.

11.2. Marketing Assistance From Us. We will assist you in developing a grand opening marketing plan you must implement pursuant to §11.3(b). The Manual may include certain required elements for your grand opening marketing plan. We may create and make available to you advertising and other marketing materials. We may: (a) use the brand fund to pay for the creation and distribution of these materials, in which case there will be no additional charge; (b) provide online access to these materials, in which case you must print the materials at your expense; and/or (c) contract with third-party suppliers to create and sell these materials. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis.

11.3. Your Marketing Activities.

(a) Generally. Commencing with the Opening Date, you must spend, on a monthly basis, an amount equal to or greater than your Local Advertising Commitment on local advertising to promote your Clinic. Your "Local Advertising Commitment" is the greater of (i) $3,000 per month or (ii) 5% of monthly Gross Sales. We measure your compliance with this requirement on a rolling six-month basis, meaning as long as your average monthly expenditure on local advertising over the six-month period equals or exceeds the Local Advertising Commitment, you are deemed in compliance even if your expenditure in any given month is less than the Local Advertising Commitment. If you breach your obligation to spend an amount equal to or greater than your Local Advertising Commitment over a given measuring period, we may charge you an amount equal to 10% of the difference

between your Local Advertising Commitment and the amount you actually spent over the measuring period, and deposit such amount into the Brand Fund. Brand fund fees, and your grand opening marketing expenditures, are in addition to, and not credited towards, your Local Advertising Commitment. You must participate at your own expense in all advertising, promotional and marketing programs we require, including any advertising cooperative we establish pursuant to §11.4. We may at any time designate ourselves or a third-party as the exclusive supplier for digital marketing or other advertising services, in which case you must stop using other suppliers for these services no later than the later of: (i) the expiration date of any existing supplier contracts you entered into for these services; or (ii) 30 days after we notify you of the change. Any fees you pay us, in our capacity as the designated supplier for digital marketing and/or other advertising services (excluding services relating to administration of the brand fund) will be credited towards your Local Advertising Commitment.

(b) Grand Opening Marketing. At least 60 days prior to the Opening Date, you must obtain our approval of a grand opening marketing plan that you develop with our assistance. Your grand opening marketing plan must comply with all grand opening marketing requirements in the Manual. During the 120-day period that begins 60 days before the Opening Date, you must spend at least $20,000 on approved grand opening advertising and marketing activities in accordance with your approved grand opening marketing plan. During the 60-day period preceding the Clinic's Opening Date, your pre-opening marketing activities must generate at least 200 leads from prospective new patients.

(c) Standards for Advertising. All advertisements and promotions you create or use must be completely factual, conform to the highest standards of ethical advertising and comply with all Laws. You understand that Chiropractic Services, and the advertising of Chiropractic Services, may be regulated by a chiropractic board or other Governmental Authority in your state and may be subject to various Laws regulating the advertising of chiropractic clinics or Chiropractic Services, including the use of testimonials and the use of tradenames. You are solely responsible for ensuring your advertising and marketing activities comply with all such advertising Laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy we establish from time to time. You must follow any policies we establish from time to time governing a franchisee's right to engage in marketing or advertising outside of the franchisee's territory.

(d) Approval of Advertising. Prior to use, we must approve all advertising and marketing materials and programs you intend to use, including: (i) all advertising and marketing materials we did not prepare or previously approve; and (ii) any materials we prepare or approve and you modify. We must also approve the media you intend to use. Our approval is good for a period of 12 months, but may be revoked by us at any time. You may not use any advertising materials, programs or media that: (i) we have not approved within the prior 12 months; or (ii) we approve and later disapprove. We have 15 days to review and approve or disapprove advertising and marketing materials and programs you submit. Our failure to issue our disapproval within the 15-day period constitutes our approval. Any advertising you propose and we approve will be deemed an "Improvement" for purposes of §18.5.

(e) Annual Marketing Plan. We may require that you prepare and send us an annual marketing plan that: (i) describes your proposed advertising and marketing expenditures for the following year; and (ii) includes your proposed budget to implement the marketing plan.

(f) Social Media. You may promote your Clinic using social media provided that:

(i) you only utilize social media platforms we approve;

(ii) you strictly comply with our social media policy, as revised from time to time;

(iii) you immediately remove any post we disapprove;

(iv) you contract with and exclusively utilize any social media company we designate;

(v) any Clinic-level social media pages must be created by us or a preferred supplier unless we grant you approval to create your own social media pages;

(vi) you provide us with full administrative rights to your social media accounts; and

(vii) we retain ownership of all social media accounts relating to your Clinic.

(g) Internet and Websites. Without our prior approval, which we may withhold in our sole discretion, you may not: (i) develop, host, create or otherwise maintain a website or other online or digital presence in connection with your Clinic, including any website bearing our Marks; (ii) conduct digital or online advertising or marketing; or (iii) engage in ecommerce.

11.4. Advertising Cooperative. We may, but need not, establish regional advertising cooperatives for purposes of creating and/or purchasing advertising programs for the benefit of all Clinics located in a particular region. We may: (a) determine the boundaries of the cooperative; (b) specify the manner in which the cooperative is organized and governed (including the formation of a separate legal Entity); (c) require the cooperative to be administered in accordance with written bylaws, organizational documents or other governing documents that we approve; and (d) require you to participate in the cooperative according to its rules and procedures and abide by its decisions. You must pay the cooperative advertising fee, which will be due on each royalty payment due date or on such other date established by the cooperative. We may set the minimum cooperative advertising fee or we may allow the cooperative to set the cooperative advertising fee based on majority vote of its members. In either case, the cooperative advertising fee will not exceed the amount of your Local Advertising Commitment. We may either: (a) collect cooperative advertising fees and remit them to the cooperative; or (b) require you to pay these fees directly to the cooperative. All cooperative advertising fees you pay are credited towards your Local Advertising Commitment if properly documented and spent according to our defined criteria for local advertising. We reserve the right to form, change, merge or dissolve advertising cooperatives at our discretion.

12. OPERATING STANDARDS.

12.1. Generally. You must operate your Clinic in full compliance with this Agreement, the Manual and our standards in order to maintain the goodwill associated with the Marks.

12.2. Operations Manual. You must develop and operate your Clinic in strict compliance with the Manual. The Manual may contain, among other things:

(i) architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Clinic;

(ii) a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Clinic and (b) designated and approved suppliers;

(iii) a description of the authorized goods and services that Clinics may offer, sell or provide;

(iv) specifications, techniques, methods, operating procedures and quality standards; and

(v) policies and procedures pertaining to: (a) marketing and advertising; (b) accounting; (c) bookkeeping; (d) reporting; (e) insurance; (f) gift card, loyalty or membership programs; (g) data ownership, protection, sharing and use; and (h) other matters we deem appropriate.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by Clinics. We can modify the Manual at any time. Except as otherwise provided in this Agreement, these modifications are binding at the time we notify you of the change, subject to any "grace period" we provide to implement the change. Subject to the

Professional Judgment of you (if you are a licensed chiropractor) and your Chiropractic Staff, all mandatory provisions in the Manual (whether included now or in the future) are binding on you.

12.3. **Authorized Goods and Services.** Subject to the Professional Judgment of you (if you are a licensed chiropractor) and your Chiropractic Staff, you must: (a) offer, sell and provide all goods and services we require from time to time in our commercially reasonable discretion; (b) not offer, sell or provide any other goods or services without our prior written permission; and (c) participate in any market research program we conduct by offering and promoting new or modified goods or services we prescribe on a trial basis. If we require Clinics to offer and sell merchandise or other retail products, you must ensure your Clinic complies with any minimum stocking or other merchandising requirements in the Manual. We may change authorized goods and services at any time and you must, subject to the Professional Judgment of you (if you are a licensed chiropractor) and your Chiropractic Staff, comply with our instructions regarding same. Any such change shall not constitute a termination of this Agreement.

12.4. **Sales Restrictions**. You may only sell to retail customers present at the Clinic. Unless you receive our prior approval, you may not: (a) offer, sell or provide goods or services from any location other than your Clinic's premises; (b) sell or provide goods or services through any other channel of distribution; (c) sell goods to any Person for purposes of resale; or (d) use your Clinic, or permit your Clinic to be used, for any purpose other than offering the goods and services we authorize.

12.5. **Pricing**. We will provide you with our suggested retail pricing. You may deviate from our suggested retail pricing at your discretion; *provided, however*, that: (a) you must obtain our approval of any deviation that is more than 5% higher or lower than our suggested retail pricing unless such pricing is part of a temporary advertising campaign we approve; and (b) we may, to the extent permitted by applicable Law: (i) set maximum or minimum prices (or establish specific prices) you may charge for membership fees or for other goods and services sold at your Clinic; (ii) set maximum or minimum prices (or establish specific prices) for system-wide promotions; and/or (iii) establish mandatory minimum advertised pricing policies.

12.6. **Cash-Basis Payments**. Our current business model is limited to a cash-basis, private-pay model. Accordingly, your Clinic may not accept any of the following as payment for goods or services sold or provided in connection with your Clinic: (a) Medicare, Medicaid or any other state or federal government funded benefit plans or fiscal intermediaries; or (b) third-party private payors such as insurance companies, health plans and health maintenance organization. You must, at your expense, lease or purchase the necessary equipment and/or software and have arrangements in place with Visa, MasterCard, American Express and all other credit card issuers we designate, in order for you to be able to accept such methods of payment from customers. You must accept debit cards, credit cards, stored value cards, and other non-cash systems (including, for example, APPLE PAY and/or GOOGLE WALLET) that we specify. You must acquire and install all necessary hardware and/or software used in connection with these non-cash systems.

12.7. **Suppliers and Purchasing.** Subject to the Professional Judgment of you (if you are a licensed chiropractor) and your Chiropractic Staff, you must purchase or lease and (when applicable) utilize all products, supplies, equipment, services and other items specified in the Manual. The Manual may require that you purchase certain goods and services only from suppliers we designate or approve. These suppliers may include (or be limited exclusively to) us or our affiliate. Our right to specify the suppliers you use is necessary so we can control the uniformity and quality of goods and services used, sold or otherwise provided in connection with the development and operation of Clinics, protect our trade secrets, negotiate bulk purchase discounts, and protect the reputation and goodwill associated with the System and the Marks. We have no liability to you for the acts, errors or omissions of, or any defective goods or services supplied by, any third-party supplier we designate or approve, provided that we exercise our discretion in good faith in designating or approving such supplier. If we receive rebates, royalty fees, or other consideration from suppliers based on your purchases, we have no obligation to pass them through to you or use them for any

particular purpose. If you wish for us to approve a supplier, you must send us a request for approval specifying the supplier's name and qualifications and provide all additional information we request. We will approve or reject your request within 45 days after we receive your request and all information and samples we require. We are deemed to have rejected your request if we fail to issue our approval within the 45-day period. You must reimburse us for all costs and expenses we incur to review suppliers or products you propose.

12.8. Equipment Maintenance and Changes. You must maintain your equipment in good condition and promptly replace or repair any equipment that is damaged, worn-out or obsolete. We may require that you change your equipment. Our right to require significant equipment changes is critical to our ability to administer and change the System and you must comply with these changes within the time periods we reasonably specify.

12.9. Technology Systems.

(a) Generally. You must acquire and utilize all Technology Systems we require from time to time, including the Office Management Software. Technology Systems may relate to matters such as purchasing, pricing, accounting, order entry, inventory control, security, information storage, retrieval and transmission, patient information, membership programs, gift card and loyalty programs, marketing, communications, copying, printing and scanning, or any other business purpose we deem appropriate. Upon 60 days' prior notice, we may require that you acquire new or substitute Technology Systems and/or replace, upgrade or update existing Technology Systems at your expense. You are solely responsible for: (i) the acquisition, operation, maintenance, updating and upgrading of your Technology Systems; (ii) the manner in which your Technology Systems integrate and interface with our computer system and those of third parties; and (iii) any consequences resulting from improper use or operation, or failure to properly maintain, update or upgrade, Technology Systems. You must purchase and install HIPAA-compliant privacy screens for all laptops, desktop monitors and other electronic devices used at the Clinic. The Clinic must have high-speed, private, password-protected and encoded Internet network for Internet access.

(b) Use and Access. You must utilize your Technology Systems in accordance with the Manual and comply with all associated data entry policies. You may not load or permit any unauthorized programs or games on your Technology Systems. You must ensure your employees are adequately trained in the use of the Technology Systems. Subject to applicable privacy Laws, you agree to take all steps necessary to provide us with independent and unlimited access to all data collected through your Technology Systems, including Gross Sales data for purposes of calculating fees owed. Upon request, including upon termination or expiration of this Agreement, you must provide us with the user IDs and passwords for your Technology Systems.

(c) Disruptions. You are solely responsible for protecting against computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Upon request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions.

(d) Fees and Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading the Technology Systems. Certain components of the Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary software, technology or other components of the Technology Systems that will become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, enter into a license agreement with us (or our affiliate) in a form we prescribe governing your use of the proprietary software, technology or other component of the Technology Systems. We may enter into master agreements with

third-party suppliers relating to any components of the Technology Systems and charge you for all amounts we pay these suppliers based on your use of their software, technology, equipment, or services. The "technology fee" includes all amounts you pay us and/or our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers based on your use of their systems, software, technology or services. The amount of the technology fee may change based on changes to the Technology Systems or prices charged by third-party suppliers with whom we enter into master agreements. We may include within the technology fee a commercially reasonable administrative fee to compensate us for the time, money and resources we invest in administering the technology platform and associated components, negotiating and managing contracts with third-party licensors, and collecting and remitting technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include any amounts you pay directly to third-party suppliers. The technology fee is due 10 days after invoicing or as we otherwise specify. We will list the current technology fee in the Manual.

12.10. Remodeling and Renovations. From time to time, we may consider, test and implement modifications to the standard design, appearance, branding, trade dress and/or layout of a Clinic. You must remodel, renovate and make all improvements to your Clinic that we reasonably require to reflect our then-current standards and specifications; *provided, however*, that we will not impose this requirement: (a) unless we have implemented similar changes in at least 25% of similarly-situated company-owned Clinics and developed a plan to implement similar changes in the remaining similarly-situated company-owned Clinics; or (b) during the last 24 months of the Term, except as a condition to Transfer or renewal of your franchise rights. There are no other limitations on the frequency or cost of these remodeling obligations. At a minimum, we require that you spend at least $20,000 every four (4) years on approved remodeling, expansion, redecorating and/or refurnishing of the Clinic's premises. The $20,000 cap on expenditures excludes any clinic design fee you pay to us. You may not remodel or significantly alter the Clinic's premises without our prior written approval. We will not approve any proposed remodeling or alteration that is inconsistent with our then-current standards and specifications. Unless we waive the requirement, you must procure a new Clinic Design from us, and pay us a $600 clinic design fee, prior to initiating any modifications to the structure of your Clinic.

12.11. Maintenance and Upkeep. You must maintain your Clinic in good order and condition, reasonable wear and tear excepted, and make all necessary repairs, including replacements, renewals and alterations, at your sole expense, to conform to our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Clinic's premises at the intervals we prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Clinic's premises as needed. You must comply with any maintenance, cleaning or facility upkeep schedule we prescribe.

12.12. System Programs.

(a) Generally. We may periodically develop and implement membership programs, loyalty programs, gift card programs and other system-wide programs. You must fully participate in all programs we designate as mandatory. In order to participate you must: (i) comply with all policies and procedures we establish for participation in the program; (ii) purchase (or license) and utilize all equipment, software, mobile applications (Apps), technology and others items we designate as being necessary for participation in the program, and pay all associated fees and costs; and (iii) pay us, our affiliate, or a third party we designate, all program fees and other amounts we specify as being necessary for participation in the program (collectively, "Program Participation Rules"). Program Participation Rules may be set forth in the Manual. We may change Program Participation Rules at any time and you must comply with these changes. We may develop and implement new or successor

programs and/or modify or terminate existing programs at any time in our discretion.

(b) Membership Program. We may require that all Clinics operate under a membership model, in which case your Clinic must honor memberships and the associated benefits and privileges regardless of whether the member purchased their membership from your Clinic. We have the right to: (i) determine how membership fees are divided or otherwise accounted for; (ii) require that all membership fees be paid to us or deposited into a trust account we control for subsequent disbursement to the Clinic(s) visited by the member; (iii) adopt policies regarding cooperation between franchisees relating to members who utilize the services of, or enjoy membership privileges at, multiple Clinics; and (iv) designate the use of new Technology Systems to monitor sales and allocate payments to the Clinic(s) visited by the member, either in whole or on a percentage basis. We may require that you utilize the form of membership agreement we specify. You must hire an attorney, licensed in your state, to review the membership agreement and advise you of any changes necessary to comply with any local Laws affecting the form of membership agreement you use.

(c) Loyalty Program. You must fully participate and implement all required loyalty, rewards and other affinity programs designed to increase customer loyalty, generate new customers or improve overall demand for and utilization of the services offered by Clinics.

(d) Gift Card Program. You must participate in any gift card program we establish and honor all gift cards, even if purchased from us or another Clinic. You may not offer or sell any gift cards we have not approved. We have the right to: (i) determine how gift card proceeds are divided or otherwise accounted for; (ii) require that gift card proceeds be paid to us or deposited into a trust account we control for subsequent disbursement to the Clinic(s) where the gift card is redeemed; and (iii) retain proceeds from unredeemed gift cards.

12.13. Package Sales. If we allow Clinics to sell treatment "series" or "packages" that may be redeemed on multiple visits, we may adopt policies regarding cooperation between franchisees relating to patients who purchase a series or package, including policies applicable when a patient purchases the series or package at one Clinic and redeems treatments or services at another Clinic. We have the right to: (a) determine how the sales proceeds are divided or otherwise accounted for; (b) require that sales proceeds be paid to us or deposited into a trust account we control for subsequent disbursement to the Clinic(s) where services are redeemed; and (c) retain proceeds for unredeemed services. You must comply with all policies and procedures we specify from time to time.

12.14. Hours of Operation. Your Clinic must be open for business during the minimum days and hours of operation set forth in the Manual, subject to: (a) any conflicting requirements in your lease or imposed by Law; and (b) the Professional Judgment of you (if you are a licensed chiropractor) and your Chiropractic Staff. You must establish specific days and hours of operation and submit them to us for approval.

12.15. Patient Complaints. If you receive a patient complaint, you must follow the complaint resolution process we specify to protect the goodwill associated with the Marks.

12.16. Quality Assurance Programs. For quality control purposes we may: (a) periodically inspect your Clinic in accordance with §7.4 and §17.1; (b) engage the services of a "mystery shopper" or quality assurance firm to inspect your Clinic; and/or (c) implement patient satisfaction surveys or comparable programs, in which case you must provide your patients with any survey or evaluation form we prescribe with instructions for submitting same to us. Inspections may address a variety of issues, including customer service, sanitation, inventory rotation, etc. You must fully cooperate with all inspections. If we engage a mystery shopper or quality assurance firm, we may require that you directly pay the mystery shopper or firm for the cost of the inspection. Alternatively, we may pay for the cost of the inspection, in which case you must reimburse us. We may implement a scoring system pursuant to which each Clinic receives a "grade" or "score" based on the inspection or survey results. Your failure to achieve a passing grade or score constitutes a default under this

Agreement. You must implement all corrective measures we require within the time period we specify to rectify any noncompliance issues revealed by an inspection or patient survey program.

12.17. Failure to Comply with Standards. You acknowledge the importance of every one of our standards and operating procedures to the reputation and integrity of the System and the goodwill associated with the Marks. If we notify you of a breach of our standards or operating procedures (including failure to submit required reports in a timely manner or selling unauthorized goods or services) and you fail to correct the noncompliance within the period of time we prescribe, then in addition to any other remedies available to us under this Agreement, we may impose a noncompliance fee of $100 per occurrence. We may impose an additional $100 fee every 24 hours the same noncompliance issue remains uncured after we impose the initial fee. Any noncompliance fees we collect are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. If we take steps to cure a default committed by you after the expiration of any applicable cure period, including, without limitation, obtaining required insurance coverage on your behalf or paying amounts you owe to approved or designated suppliers, then you must reimburse us for all costs and expenses we directly or indirectly incur in connection with our efforts to cure the default. Our acceptance of noncompliance fees and default expense reimbursements shall not be construed as a waiver of any of our rights or remedies under this Agreement and we retain the right to terminate this Agreement in accordance with §21 should the default continue after we collect these amounts. Notwithstanding the above, if any of our standards or operating procedures conflict with the Professional Judgment of you (if you are a licensed chiropractor) or your Chiropractic Staff, the Professional Judgment of you (if you are a licensed chiropractor) or your Chiropractic Staff will control, and you shall be authorized to act in a manner consistent with the Professional Judgment of you (if you are a licensed chiropractor) and your Chiropractic Staff without being deemed in breach of this Agreement.

13. FRANCHISE ADVISORY COUNCIL. We have established the National Franchise Advisory Board ("NFAB") to provide us with suggestions to improve the System, including matters such as marketing, operations and new product or service suggestions. We consider all suggestions in good faith but are not bound by them. The NFAB has been established and operates according to rules and regulations we periodically approve, including eligibility criteria and election procedures for the selection of council members to communicate with us on matters raised by the council. If you are selected as a council member, you would be entitled to all voting rights and privileges granted to other council members.

14. FEES

14.1. Initial Franchise Fee. You agree to pay us an initial franchise fee, in the amount set forth in Part E of ATTACHMENT "A", in one lump sum at the time you sign this Agreement. The initial franchise fee is fully earned by us and nonrefundable once this Agreement is signed.

14.2. Royalty Fee. On each royalty payment due date, you must pay us a royalty fee equal to 7% of Gross Sales generated during the immediately preceding reporting period; *provided, however*, that you must pay us a minimum monthly royalty fee of $700 per month, with the minimum royalty fee commencing upon the earlier of: (a) the Required Opening Date for the Clinic; or (b) the Clinic's actual Opening Date. The current royalty payment due dates are the 1st and 16th day of each month. The current reporting periods include: (a) the 1st day through the 15th day of each month (the royalty fee for this bi-monthly reporting period is due on the 16th day of such month); and (b) the 16th day through the last day of each month (the royalty fee for this bi-monthly reporting period is due on the 1st day of the following month). We may periodically change the reporting period(s) and royalty payment due date(s) through updates to the Manual.

14.3. Other Fees and Payments. You must pay all other fees, expense reimbursements and other amounts specified in this Agreement in a timely manner as if fully set forth in §14. You also agree to promptly pay us an amount equal to all taxes levied or assessed against us based on goods or services you sell or goods or services we furnish to you, excluding income taxes imposed on us based on fees you pay us under this Agreement.

14.4. **Due Date & Late Fee.** Payments are due 10 days after invoicing unless otherwise specified. If any sum due under this Agreement has not been received by us when due or there are insufficient funds in your Account to cover the sum when due, then in addition to this sum you must pay us $100 plus default interest on the amount past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable Law. We will not impose a late fee for any amount paid pursuant to §14.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payment when due; *provided, however*, that if we are unable to determine the amount due because of your failure to record sales or submit Gross Sales reports in a timely manner, we may assess a late fee on the entire amount that was due. This §14.4 shall not constitute our agreement to accept late payments or extend credit to you.

14.5. **Method of Payment.** No later than 15 days after the Effective Date, you must send us a completed and fully executed ACH Agreement authorizing us to electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date, excluding any amounts due within 15 days after the Effective Date. You must sign all other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late fee imposed pursuant to §14.4. We may also impose a $35 NSF fee for each instance where either: (a) there are insufficient funds in your Account to cover amounts owed when due; or (b) a check you issue to us is returned due to insufficient funds.

14.6. **Working Capital.** Throughout the Term, you must maintain sufficient working capital in order to: (a) pay all amounts owed to us and our affiliates; (b) pay all amounts owed to employees, third-party suppliers and creditors; and (c) fulfill all of your other obligations under this Agreement.

14.7. **Security Interest.** In order to secure payment of all amounts owed under this Agreement, we will have a lien upon, and you hereby grant us a security interest in, the following collateral and any and all additions, accessions, and substitutions to or for it and the proceeds from all of the same: (a) all inventory now owned or after-acquired by you and the Clinic, including but not limited to all inventory and supplies transferred to or acquired by you in connection with this Agreement; (b) all accounts of you and/or the Clinic now existing or subsequently arising, together with all interest in you and/or the Clinic, now existing or subsequently arising, together with all chattel paper, documents, and instruments relating to such accounts; (c) all contract rights of you and/or the Clinic, now existing or subsequently arising; and (d) all general intangibles of you and/or the Clinic, now owned or existing, or after-acquired or subsequently arising. You agree to execute such financing statements, instruments, and other documents, in a form satisfactory to us, that we deem necessary so that we may establish and maintain a valid security interest in and to these assets.

14.8. **No Fees for Referral of Patients.** The royalty fees, brand fund fees and other fees imposed under this Agreement do not represent payment for the referral of patients to you or your Clinics. You acknowledge and agree that the services we offer to you and our other franchisees do not include the referral of patients.

14.9. **Modification to Fee Structure.** If applicable Healthcare Laws prohibit us from charging a royalty fee and/or brand fund fee calculated as a percentage of Gross Sales, then you and we will negotiate in good faith in an effort to agree upon an alternative fee structure that complies with applicable Healthcare Laws while fairly and adequately funding the brand fund and compensating us for the ongoing support and services we provide as well as the valuable Intellectual Property licensed to you pursuant to this Agreement. If you and we are unable to agree upon an alternative fee structure, then we may terminate this Agreement pursuant to §21.3; *provided, however*, that any such termination would be deemed a "no fault" termination and we would not pursue liquidated damages or other damages resulting from such termination provided that you sign our prescribed form of Mutual Termination and Release Agreement.

15. BRAND PROTECTION COVENANTS.

15.1. **Reason for Covenants**. The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You agree that competition by you, the Owners or Persons associated with you or the Owners (including family members) could seriously jeopardize our franchise system because you and the Owners received an advantage through knowledge of our day-to-day operations and Know-how. You and the Owners agree to comply with the covenants in §15 to protect the Intellectual Property and our franchise system.

15.2. **Intellectual Property and Confidential Information**. You and the Owners agree to:

(i) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your Clinic pursuant to this Agreement;

(ii) maintain the confidentiality of all Confidential Information at all times;

(iii) refrain from making unauthorized copies of documents containing Confidential Information;

(iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and

(v) stop using the Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner), except to the extent authorized by another Franchise Agreement in effect at such time.

15.3. **Unfair Competition**. You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competing Business during the Post-Term Restricted Period as long as the Competing Business is not located within the Restricted Territory. If you or an Owner engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competing Business permitted by this Section), then the Post-Term Restricted Period applicable to you or the non-compliant Owner, as applicable, shall be extended by the period of time during which you or the non-compliant Owner, as applicable, engaged in the Prohibited Activity.

15.4. **Family Members**. Because (a) an Owner could circumvent the intent of §15 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild) and (b) it would be difficult for us to prove whether the Owner disclosed Confidential Information to the family member, each Owner agrees that he or she will be presumed to have violated the terms of §15 if any member of his or her immediate family engages in any Prohibited Activity during the Term or Post-Term Restricted Period or uses or discloses Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Confidential Information to the family member.

15.5. **Employees.** You must ensure all employees, officers, directors, partners, members, independent contractors and other Persons associated with you or your Clinic sign and send us a Confidentiality Agreement before they are given access to any Confidential Information. You must: (a) use best efforts to ensure these individuals comply with the Confidentiality Agreements; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse us for all expenses we incur to enforce a Confidentiality Agreement, including attorneys' fees and court costs.

15.6. **Covenants Reasonable.** You and the Owners agree that: (a) the covenants in §15 are reasonable both in duration and geographic scope; (b) our use and enforcement of similar covenants with respect to other franchisees benefits you and the Owners by preventing others from unfairly competing with your Clinic; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the covenants in §15.

15.7. **Breach of Covenants**. You and the Owners agree that: (a) any failure to comply with §15 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at Law; and (b) we are entitled to injunctive relief if you or an Owner breaches §15, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at Law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

16. YOUR OTHER RESPONSIBILITIES

16.1. **Insurance.** Subject to the Professional Judgment of you (if you are a licensed chiropractor) and your Chiropractic Staff, you agree to procure, and maintain throughout the Term, the following insurance policies for your protection and ours:

(i) "all risk" property insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your Clinic, which must include coverage for fire, theft, cash theft, vandalism and malicious mischief and have coverage limits of at least full replacement cost;

(ii) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Clinic, containing minimum liability protection of $1,000,000 combined single limit per occurrence and $3,000,000 in the aggregate;

(iii) medical malpractice insurance against claims for bodily and personal injury and death caused by or occurring in conjunction with the operation of your Clinic, containing minimum liability protection of $1,000,000 combined single limit per occurrence and $3,000,000 in the aggregate;

(iv) automobile liability and property damage insurance covering all loss, liability, claim or expense of any kind whatsoever resulting from the use, operation, or maintenance of any automobiles or motor vehicles, owned, leased or used by you or your officers, directors, employees, partners or agents in the operation of your Clinic, containing minimum liability protection of $1,000,000 combined single limit per occurrence and $3,000,000 in the aggregate;

(v) business interruption insurance providing coverage for 100% of all expenses and financial obligations for a minimum period of six (6) months, including fees owed to us, which shall be deemed to include average monthly royalty fees and brand fund fees imposed during the six (6) month period preceding the event triggering coverage under the insurance policy;

(vi) umbrella insurance containing minimum liability protection of $1,000,000 combined single limit per occurrence and $3,000,000 in the aggregate;

(vii) worker's compensation insurance and employer's liability insurance as required by Law;

(viii) any insurance required under your lease or by Law or as a condition to licensure; and

(ix) any other insurance we specify in the Manual from time to time.

You must provide us with proof of coverage: (a) prior to the Opening Date; (b) within 10 days after the renewal of a policy and (c) at any other time on demand. You must obtain these policies from licensed insurance carriers rated A-VIII or better by A.M. Best. We must approve the insurance companies you use and we may require that you obtain medical malpractice insurance from an insurance company we designate. Each policy must be endorsed to: (a) name us and our members, officers, directors, and employees as additional insureds; (b) contain a waiver by the insurance

carrier of all subrogation rights against us; and (c) provide that we receive at least 30 days' prior written notice of the termination, expiration, cancellation or modification of the policy. Insurance policies must be written on an occurrence basis. If any policy fails to meet these criteria, we may disapprove the policy and you must immediately secure a new policy meeting our criteria. Upon 10 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance due to inflation, special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy, we may, at our option, obtain the policy on your behalf. If we do so, you must: (a) promptly sign any application or other form required to obtain the policy; (b) procure and provide us with an application for insurance for any member of your Chiropractic Staff who is offered a position to work at your Clinic; and (c) reimburse us for all premiums and other costs we incur, together with any noncompliance fee we impose pursuant to §12.17.

16.2. Books and Records. You must prepare complete and accurate books, records, accounts and tax returns pertaining to your Business and keep copies for at least four (4) years after their preparation. You must send us copies of your books and records within seven (7) days of our request.

16.3. Reports.

(a) Generally. You must prepare all reports we require including, without limitation, the reports described below. Reports must be prepared using the forms we designate and in accordance with our instructions. You must send us a copy of any report we require upon request. We also have the right to independently access your Technology Systems to retrieve and compile Business Data and generate any reports we deem appropriate, including Gross Sales reports.

(b) Report of Initial Investment Costs. To assist us in updating our Franchise Disclosure Document, you must complete and send us a report, in the form we designate, listing all expenses you incur in connection with the development and opening of your Clinic. You must send us the completed report within 90 days after the Opening Date of your Clinic.

(c) Gross Sales Reports. No later than each royalty payment due date, you must prepare and send us a report of your Gross Sales generated during the immediately preceding reporting period. If you miscalculate Gross Sales, you must notify us of the error no later than the end of the next Gross Sales reporting period. Otherwise, you will not be entitled to any refund or credit of any fees paid to us based on previously reported Gross Sales.

(d) Advertising Expenditure Reports. No later than 90 days after the Clinic's Opening Date, you must prepare and send us a report that: (i) details your expenditures on your grand opening marketing campaign in accordance with §11.3(b); and (ii) includes all additional information we require. No later than the 30th day of each month, you must prepare and send us reports detailing your expenditures on local advertising and marketing activities in accordance with §11.3(a), including: (i) a monthly report of expenditures incurred during the prior calendar month; and (ii) a year-to-date report of expenditures incurred from the beginning of the calendar year through the end of the prior calendar month. All advertising expenditure reports must include copies of receipts for the reported expenditures.

(e) Credentialing Reports. You must obtain and send us credentialing reports on all of your chiropractors in accordance with §9.3.

16.4. Financial Statements. No later than the 30th day of each month, you must prepare and send us: (a) a profit and loss statement and balance sheet for the preceding calendar month; and (b) a year-to-date profit and loss statement and balance sheet. Within 90 days after the end of your fiscal year, you must prepare and send us a fiscal year-end balance sheet and an annual profit and loss statement for that fiscal year, reflecting all year-end adjustments. Financial statements must be: (a) verified and signed by you certifying to us that the information is true, complete, and accurate;

(b) prepared on an accrual basis in compliance with Generally Accepted Accounting Principles; and (c) submitted in any format we reasonably require. We may require that your financial statements be reviewed or audited by an independent certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You must send us a copy of any financial statement required by this Section upon request. You hereby authorize us to disclose Operational Data to prospective franchisees, Governmental Authorities and other Persons for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law.

16.5. Legal Compliance.

(a) Generally. You must: (i) secure (prior to the Opening Date) and maintain all required licenses, permits and regulatory approvals, including all required building, utility, sign, health, sanitation, occupancy and business permits and licenses; and (ii) operate your Clinic in compliance with all applicable Laws including, without limitation, all applicable Healthcare Laws. You must acquire (from a supplier we designate or approve) and utilize the web-based HIPAA compliance tools and resources we require.

(b) Engagement of Healthcare Counsel. Prior to execution of this Agreement, you must engage Healthcare Counsel, who must be reasonably acceptable to us, to advise you on matters involving Healthcare Laws. Your Healthcare Counsel must review: (i) your business and ownership structure to ensure it complies with CPOM Laws in your state; and (ii) this Agreement and its attachments to ensure they comply with any applicable Healthcare Laws. Throughout the Term, you must maintain an ongoing relationship with your Healthcare Counsel to advise you of changes to applicable Healthcare Laws that may materially affect the franchised business model, our fee structure, or the ownership or operation of the Clinic. You must promptly notify us in writing of any such changes to Healthcare Laws brought to your attention. You are solely responsible for all legal fees and expenses charged by your Healthcare Counsel.

(c) Regulatory Changes. We may periodically monitor and analyze developments in the healthcare and chiropractic industry. You acknowledge that Chiropractic Services, and businesses that offer Chiropractic Services, are heavily regulated by various Governmental Authorities and Healthcare Laws. Changes to these Laws and/or the requirements imposed by Governmental Authorities may require that: (i) we periodically modify the terms of the Franchise Agreement and Manual and/or restructure the franchise business model; (ii) your Owners, General Manager, and/or members of your Chiropractic Staff obtain additional licenses or certifications; (iii) you retain, or establish relationships with, additional professionals or specialists in the chiropractic and/or healthcare industries; and/or (iv) you modify your ownership or organizational structure, including converting from a Franchised Clinic to a Managed Clinic. You hereby acknowledge and consent to all such changes and agree to fully cooperate and implement such changes at your expense. If our regulatory counsel advises us that our business model or fee structure is unlawful in your state and either (i) you and we fail to agree on changes to the business model or fee structure to make it lawful or (ii) the changes necessary to make the business model or fee structure lawful would require fundamental changes to the terms of this Agreement, then we may, but need not, terminate this Agreement pursuant to §21.3; *provided, however*, that any such termination would be deemed a "no fault" termination and we would not pursue liquidated damages or other damages resulting from such termination provided that you sign our prescribed form of Mutual Termination and Release Agreement.

(d) Reportable Events. You must notify us in writing within five (5) days of the occurrence of any of the following (each, a "Reportable Event"):

(i) your receipt or knowledge of any notice of violation issued by a Governmental Authority (or the commencement of any inquiry by a Governmental Authority that may lead to a notice of violation) that (1) relates to any health, safety or Healthcare

Law and (2) involves your Clinic and/or any personnel associated with your Clinic;

(ii) your receipt or knowledge of any other Claim (including the initiation of any investigation), or any order, demand or disciplinary action issued by a Governmental Authority, that is reasonably likely to adversely affect the operation of your Clinic, your reputation, our reputation, or the goodwill associated with the Marks;

(iii) the occurrence (or your suspicion of the occurrence) of any other action, event or circumstance involving your Clinic and/or any personnel associated with your Clinic that is reasonably likely to adversely affect the operation of your Clinic, your reputation, our reputation, or the goodwill associated with the Marks, including, without limitation, any lawsuit or other Claim alleging malpractice brought against you and/or any chiropractor or other Clinic Staff member who works at your Clinic;

(iv) you are, or any Owner or other Person associated with your Clinic is, indicted for, convicted of, or pleads guilty to a felony or any other crime or offense that is reasonably likely to adversely affect the operation of your Clinic, your reputation, our reputation, or the goodwill associated with the Marks.

We may at any time conduct background, criminal and/or credit checks on you and your Owners and Chiropractic Staff, and obtain credentialing reports on your Chiropractic Staff, to verify that no Reportable Events have occurred. You and your Owners hereby consent to us obtaining such background, criminal and/or credit checks and agree to fully cooperate with any such background, criminal and/or credit checks. You agree to assist us by obtaining from your Chiropractic Staff members any consents necessary to conduct background, criminal and/or credit checks or obtain credentialing reports. We assume no obligation to conduct these checks.

16.6. **Ownership and Protection of Data.** We are the exclusive owner of all Business Data collected by you, us or any other Person (other than Protected Health Information). We hereby grant you a license to utilize the Business Data solely for purposes of operating your Clinic in compliance with this Agreement. We will also act as the custodian (but not the owner) of all Protected Health Information generated or collected with respect to patients who visit your Clinic. You must protect all Patient Data with a level of control proportionate to the sensitivity of data. In order to protect sensitive patient health information and comply with patient privacy Laws, you agree to sign our most current form of Business Associate Agreement. We may periodically require you to sign updated versions of our Business Associate Agreement that reflect our most current terms and conditions. You must adhere to applicable privacy Laws with respect to data which, if compromised, could have a negative impact on our image or consumer confidence. You agree to: (a) comply with all applicable data protection Laws and our data processing and data privacy policies in the Manual (if any); and (b) upon request, sign any data processing or data privacy agreement required by us or by Law. You further agree to:

(i) obtain, maintain and adhere to all applicable compliance standards established by PCI-DSS;

(ii) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of any credit card information, in any form whatsoever, that you store, process, transmit or come in contact with;

(iii) promptly notify us if you suspect there is, or has been, a security breach or potential compromise of any such credit card information;

(iv) provide us with updates regarding the status of PCI-DSS, which update may be through a completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other method mutually agreed; and

(v) promptly notify us of any noncompliance with PCI-DSS requirements to discuss your

remediation efforts and timeline.

17. INSPECTION AND AUDIT

17.1. Inspections. For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your Clinic, evaluate your operations and inspect your books, records, accounts and tax returns. We will determine the scope of the inspection, which may include, among other things:

(i) evaluating the physical condition of your Clinic for cleanliness, sanitation and state of repair;

(ii) examining and copying your books, records, accounts and tax returns;

(iii) inspecting patient documentation and records;

(iv) inspecting and testing your equipment;

(v) removing samples of inventory items for testing purposes;

(vi) monitoring and speaking with your staff; and

(vii) contacting your landlord and patients.

We may conduct inspections at any time without prior notice. During the inspection, we (or our representative) will use reasonable efforts to minimize any interference with the operation of your Clinic. You and your employees must cooperate and not interfere with the inspection. You consent to us accessing your Technology Systems and retrieving any Business Data (other than Protected Health Information) we deem appropriate, subject to applicable privacy Laws. You must reimburse us for all Travel Expenses and other costs we incur to conduct an inspection to determine if you remedied: (a) a health or safety issue identified by a Governmental Authority; or (b) a breach of our system standards we brought to your attention. We bear the cost of all other inspections.

17.2. Audit. We may audit your books and records at any time. You must fully cooperate with us and any Person we hire to conduct the audit. If an audit reveals an understatement of Gross Sales, you must immediately pay us all additional fees you owe together with any late fee imposed pursuant to §14.4. You must reimburse us for the cost of any audit (including reasonable accounting and attorneys' fees and Travel Expenses incurred by us or the auditor) that: (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement; or (b) reveals an understatement of Gross Sales by at least 2%. We bear the cost of all other audits. We shall not be deemed to have waived our right to terminate this Agreement by accepting reimbursement of our audit costs.

18. INTELLECTUAL PROPERTY

18.1. Ownership and Use. You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; (b) your right to use the Intellectual Property is derived solely from this Agreement; and (c) your right to use the Intellectual Property is limited to a license to operate your Clinic during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our rights. You must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.

18.2. Changes to Intellectual Property. We may change the Intellectual Property at any time in our sole discretion, including by changing the Copyrighted Materials, Know-how, Marks, Office Management Software and/or System. You must, at your expense, implement all Intellectual Property changes we require in accordance with our instructions. We are not liable for any expenses, losses or damages you incur (including the loss of any goodwill associated with a Mark)

as a result of any change to the Intellectual Property.

18.3. **Use of Marks**. You agree to: (a) use the Marks as the sole identification of your Clinic; *provided, however*, that you must identify yourself as the independent owner of your Clinic in the manner we prescribe; (b) prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, displays, receipts, stationery and forms we designate to give notice of trademark and service mark registrations and copyrights; and (c) obtain any fictitious or assumed name registrations required by applicable Law. You may not: (a) use the Marks in any modified form or as part of a corporate or trade name or with any prefix, suffix, or other modifying words, designs or symbols (other than logos we license to you); (b) use the Marks when signing a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations; (c) register or attempt to register any Marks, or any other trademarks confusingly similar to the Marks, with any Governmental Authority; or (d) challenge or contest the validity or ownership of our Marks.

18.4. **Use of Know-how**. We disclose our proprietary Know-how to you during training programs, in the Manual and through other guidance furnished during the Term. You do not acquire any interest in the Know-how other than the right to utilize it, during the Term, solely for purposes of developing and operating your Clinic in compliance with this Agreement and the Manual.

18.5. **Improvements**. If you, an Owner or your employee conceives of or develops an Improvement, you must send us a written notice describing the Improvement. You must obtain our approval prior to using any such Improvement. Any Improvement we approve may be used by us and any third parties we authorize to operate a Clinic, without any obligation to pay royalties or other fees to you or any other Person. You or your Owner or employee, as applicable, must assign to us or our designee, without charge, all rights to the Improvement, including the right to grant sublicenses. In return, we will authorize you to use Improvements developed by other Persons that we approve for use in connection with the operation of a Clinic.

18.6. **IP Disputes**. You must immediately notify us of any IP Dispute. You may not communicate with any Person other than us and our counsel in connection with any IP Dispute. We have sole discretion in deciding what action, if any, to take in response to the IP Dispute. We may exclusively control any litigation or other proceeding relating to the IP Dispute. You must execute all documents, render all assistance, and perform all acts that are, in our counsel's opinion, necessary or advisable to protect or maintain our interest in the litigation or proceeding and/or protect the Intellectual Property.

19. INDEMNITY.

19.1. **By You**. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with:

(i) the marketing, use or operation of your Clinic;

(ii) the rendering of Chiropractic Services or patient care at your Clinic;

(iii) the breach of a Definitive Agreement committed by you or your Owners or affiliates;

(iv) the breach of an agreement with a third party committed by you or your Owners or affiliates;

(v) your failure to name us as an additional insured on any required insurance policy;

(vi) any Claim relating to taxes or penalties a Governmental Authority assesses against us as a direct result of your failure to pay or perform functions required of you under this Agreement;

(vii) libel, slander or disparaging comments made by you or your Owners, officers, employees or independent contractors regarding the System, a Clinic or an Indemnified Party (this

provision shall not apply to the disclosure of truthful information to Governmental Authorities or other franchisees);

(viii) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging we are a joint employer of your employees) or our relationship with you or your Owners (including Claims alleging we are an employer of you and/or any of your Owners); or

(ix) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You and your Owners must immediately notify us of any Claim or proceeding described above. The Indemnified Parties shall have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of the Claim. You must reimburse the Indemnified Parties for all of their costs and expenses in defending the Claim, including, without limitation, mediation, arbitration or court expenses, expert fees and Travel Expenses incurred by attorneys or expert witnesses to attend mediation, arbitration or legal or administrative proceedings or hearings relating to the matter. Your indemnification obligations described shall continue in full force and effect after, and notwithstanding, the Transfer, termination or expiration of this Agreement.

19.2. **By Us**. Provided that you and your Owners and affiliates are in full compliance with all Definitive Agreements, we will indemnify you and your Owners and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with any Claim asserted against you and/or your Owners alleging that your use of our Marks in strict compliance with the terms of this Agreement and the Manual violates a third-party's intellectual property rights. We have the exclusive right to: (a) retain counsel of our choosing to defend the Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. You must promptly notify us of any such Claim and fully cooperate with our defense of the Claim. You may not settle, compromise, discharge or admit any liability with respect to the Claim unless we provide our prior consent to do so.

20. TRANSFERS

20.1. **By Us**. This Agreement is fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for any obligations incurred by us prior to the effective date of the assignment. We may also delegate our obligations under this Agreement to one or more Persons without assigning the Agreement.

20.2. **By You**. The rights and duties created by this Agreement are personal to you and the Owners. We are granting you franchise rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior approval. Any Transfer (other than a Permitted Transfer) without our approval is void and constitutes a breach of this Agreement. We will not unreasonably withhold approval if all of the following conditions are satisfied:

(i) the proposed transferee submits a complete Franchise Application in the form we designate;

(ii) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to own and operate the Clinic and meets our minimum criteria for franchisees;

(iii) you and your affiliates and Owners are in full compliance with all Definitive Agreements;

(iv) the transferee's owners successfully complete, or make arrangements to attend, the initial training program (and the transferee pays us any applicable training fee);

(v) your landlord consents to the assignment of your lease to the transferee, or the transferee is diligently pursuing an approved substitute location within the Site Selection Area;

(vi) the transferee and its owners obtain all licenses and permits required by applicable Law to own and operate the Clinic and we receive "clean" credentialing reports on all of the transferee's chiropractors;

(vii) if the transferee is not eligible to own and operate a Franchised Clinic, the transferee complies with all steps referenced in §2.3 to own and operate a Managed Clinic;

(viii) the transferee (a) agrees to discharge and guarantee your obligations under this Agreement and any other agreement relating to the Clinic (including supplier contracts, membership agreements, etc.) and (b) signs any agreement we require to confirm the foregoing;

(ix) the transferee and its owners sign our then-current form of franchise agreement (unless we instruct you to assign this Agreement to the transferee) except that: (a) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement unless we agree to the contrary; (b) the transferee need not pay a separate initial franchise fee; and (c) we may modify the boundaries of the Territory in accordance with our then-current territory guidelines and criteria;

(x) the transferee agrees to remodel the Clinic and upgrade all furniture, fixtures and equipment to conform to our then-current standards and specifications within six (6) months after the Transfer or such shorter period of time we specify (transferee must also pay $600 clinic design fee if we determine a new Clinic Design is required);

(xi) you pay us a transfer fee in the amount of (a) $2,500 for a Permitted Transfer, (b) $5,000 for a Transfer of ownership to your Clinic's DC pursuant to our DC Path to Ownership Program or (c) $15,000 for all other completed Transfers (if the transferee is found by a broker we engage, you must also reimburse us for all commissions we pay the broker, which amount shall be in addition to the transfer fee);

(xii) you and your Owners sign a General Release;

(xiii) you agree to subordinate the transferee's financial obligations to you to the transferee's financial obligations owed to us pursuant to the franchise agreement (we may require you to enter into a written subordination agreement);

(xiv) we choose not to exercise our right of first refusal described in §20.6; and

(xv) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of: (a) any Claims we have against the transferor; or (b) our right to demand the transferee comply with all terms of the franchise agreement. If you propose a Transfer that is not completed for any reason, you must pay us a transfer fee equal to the lesser of $5,000 or the actual costs we incur to evaluate the proposed Transfer and transferee.

20.3. **Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior written notice; pay us a $2,500 transfer fee; and (c) upon our request, cause any Entity that was the Franchisee Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Franchisee Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) must sign all documents we reasonably request to effectuate and document the

Permitted Transfer.

20.4. Grant of Security Interest. The grant of a security interest in this Agreement, the Clinic's assets (other than a purchase money security interest) or any Equity Interests in the Franchisee Entity constitutes a Transfer and requires our prior written consent, which we may grant or withhold in our sole discretion. As a condition to granting our consent, we may require that the creditor sign a written agreement, in a form we designate or approve, acknowledging that if at any time during the Term you breach any of your obligations owed to the creditor, prior to initiating any action to enforce its security interest, the creditor must: (a) send us a written notice that describes the nature of your breach and specifies the total amount of your remaining financial obligations owed to the creditor, including amounts currently due and amounts due in the future (the "Outstanding Debt"); and (b) provide us with the option, but not the obligation, to acquire and assume the creditor's rights under the security agreement and related agreements by paying the creditor an amount equal to the Outstanding Debt within 30 days after we receive the notice of breach from the creditor. If we decline to exercise this option, the creditor may proceed with enforcement of its security interest, subject to satisfaction of all conditions for Transfer set forth in §20.2.

20.5. Owner Death or Disability. Within 180 days after the death or permanent disability of an Owner, the Owner's ownership interest must be Transferred to another Owner or to a third party we approve. Any Transfer to a third party (other than a Permitted Transfer) will be subject to all terms and conditions of §20.2. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem preventing him/her from substantially complying with his/her obligations under this Agreement or operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

20.6. Our Right of First Refusal.

(a) Submission of Offer. Before you or an Owner may engage in a Transfer, you or the Owner, as applicable, must send us a true and complete copy of the offer and comply with the right of first refusal procedures set forth in this Section. The offer must be a bona-fide offer submitted by the prospective buyer after completion of due diligence. The offer must include a fully executed purchase agreement and evidence of the prospective buyer's payment of an earnest money deposit equal to at least 5% of the purchase price. The scope of the offer must be limited to the purchase of the Clinic, the Clinic's assets or the Equity Interests in the Franchisee Entity. If a buyer's proposal includes the purchase of any other property or rights owned or held by you, an Owner or any other Person, then: (i) the buyer must submit a separate but contemporaneous offer for such other property or rights; and (ii) the purchase price reflected in the purchase agreement submitted to us must reflect (and be limited to) the bona fide price offered for the Clinic, the Clinic's assets or the Equity Interests in the Franchisee Entity, and exclude the value of any other property or rights owned or held by you, the Owner or such other Person that are the subject of the separate but contemporaneous offer. The purchase agreement must include: (i) the complete purchase price, expressed as a dollar amount; (ii) all payment and financing terms (including amounts owed and the associated due dates); (iii) all other material costs or financial obligations in excess of $5,000 to be borne by the buyer or seller, whether contingent or absolute; (iv) a closing date; (v) any employment-related agreements, promises or representations; and (vi) all other terms and conditions of the proposed sale that a reasonable prospective purchaser would consider material in assessing the offer (collectively, the "Offer Terms").

(b) Right of First Refusal. We have 30 days after receipt of the offer (the "Evaluation Period") to decide whether to purchase the interest upon the Offer Terms, except we may substitute cash, a cash equivalent or marketable securities of equal value for any form of payment proposed in the offer. Our right of first refusal does not apply to Permitted Transfers.

(c) Due Diligence. We may conduct any due diligence we deem appropriate during the Evaluation Period. You must fully cooperate and promptly provide us with all documents

and information we reasonably request. If you fail to do so, we may extend the 30-day Evaluation Period until such time that you have fully complied with all of our reasonable due diligence requests. Upon our request, you agree to provide us with your written consent to contact your landlord in order to: (i) discuss matters involving your lease; (ii) obtain the landlord's consent to an assignment of the lease (if consent is required); and/or (iii) negotiate additional lease terms or options.

(d) Exercise of Right of First Refusal. If, before the expiration of the Evaluation Period, we notify you that we intend to exercise our right of first refusal and purchase the interest, you or the Owner, as applicable, must sell the interest to us. We have an additional 60 days to prepare for closing. You or the Owner, as applicable, must execute our then-current standard form of Purchase Agreement. We are entitled to receive from you or the Owner, as applicable, all customary representations and warranties given by you (with regard to the assets being acquired) or the Owner (with regard to the ownership interest being acquired), including representations and warranties as to: (i) ownership, condition and title; (ii) liens and encumbrances; (iii) validity of contracts; and (iv) liabilities of any kind. Due to our status as a publicly traded company, our purchase of the interest may be subject to financial accounting audits to ensure we comply with federal and state financial reporting requirements.

(e) Waiver of Right of First Refusal and Grounds For Reinstatement. If we do not exercise our right of first refusal, you or the Owner, as applicable, may complete the Transfer to the purchaser pursuant to the Offer Terms but subject to the requirements of §20.2, including our approval of the transferee. However, if there is any material change to the Offer Terms or the sale is not completed within 120 days after the date we receive a copy of the offer then: (i) our right of first refusal shall be reinstated with respect to the offer; (ii) we will have an addition 30-day Evaluation Period to decide whether to purchase the interest; and (iii) you and we will comply with the other terms set forth in this Section governing our right of first refusal.

(f) Multi-Clinic Offer. If (i) you or an Owner intend to engage in a Transfer that involves multiple Clinics and (ii) the right of first refusal provisions set forth in any of the Franchise Agreements executed in connection with such Clinics vary in any material respect, then the right of first refusal provisions set forth in the most recently executed Franchise Agreement shall govern.

21. TERMINATION

21.1. By You. You may terminate this Agreement if we commit a material breach and fail to cure within 90 days after receipt of a default notice specifying the nature of the breach. If you terminate pursuant to §21.1, you must still comply with your post-term obligations described in §22 (other than payment of liquidated damages) and all other obligations that survive the termination of this Agreement.

21.2. By Us. We may terminate this Agreement, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:

(i) if you become insolvent by reason of your inability to pay your debts as they become due;

(ii) if you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(iii) if your Clinic, or a substantial portion of the assets associated with your Clinic, are seized,

taken over or foreclosed by a Government Official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor;

(iv) if a final judgment against you remains unsatisfied for 30 days unless a supersedes or other appeal bond has been filed;

(v) if a levy of execution has been made upon the license granted by this Agreement or any property used in your Business and is not discharged within 30 days of the levy;

(vi) if your Clinic does not open by the Required Opening Date and you fail to cure by causing the Opening Date to occur by the earlier of (a) 90 days after receipt of a default notice from us or (b) 180 days after the Required Opening Date (you must pay us Imputed Royalty Fees in accordance with §8.5(e) and we may terminate pursuant to §21.2(xiii) if you fail to do so);

(vii) if you abandon or fail to operate your Clinic for three (3) consecutive business days, unless due to Force Majeure (in which case §25.6 governs) or another reason we approve;

(viii) if a Governmental Authority suspends or revokes a license or permit held by you or an Owner that is required to treat patients or operate the Clinic (you have 20 days to cure if the suspended or revoked license is not required to treat patients or operate the Clinic);

(ix) if you, an Owner or a member of your Chiropractic Staff (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with a material Law applicable to your Clinic;

(x) if you, an Owner or a member of your Chiropractic Staff commits an act that can reasonably be expected to materially and adversely affect the reputation of the System or the goodwill associated with the Marks;

(xi) if you manage or operate your Clinic in a manner that presents a health or safety hazard to patients, employees or the public;

(xii) if you or an Owner makes a material misrepresentation to us (including by providing false or incomplete statements or by omission of a material fact), including misrepresentations made before or after being granted franchise rights;

(xiii) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment;

(xiv) if you fail to procure and send us any required credentialing report or maintain any required insurance policy in accordance with our requirements, and fail to cure the breach within 10 days after receipt of a default notice from us;

(xv) if you fail to timely notify us of any Reportable Event in accordance with §16.5(d);

(xvi) if you make an unauthorized Transfer;

(xvii) if you use the Intellectual Property in an unauthorized manner;

(xviii) if you breach any brand protection covenants described in §15;

(xix) if you or an Owner breaches any representations in §24.4 or §24.5;

(xx) if an Owner or the spouse of an Owner breaches a Franchise Owner Agreement;

(xxi) if the lease for your premises is terminated due to your default;

(xxii) if we send you three (3) or more valid default notices within any 12-month period regardless of whether you cure the defaults;

(xxiii) if we or our affiliate terminates a Definitive Agreement due to a default by you or your affiliate (other than an area development agreement); or

(xxiv) if you or an Owner breaches any other provision of this Agreement (including any mandatory provision in the Manual) and fails to cure the breach within 30 days after receipt of a default notice from us.

If we send you a default notice pursuant to §21.2 we may cease to perform our obligations under this Agreement until you cure the breach.

21.3. **Termination on Advice of Counsel.** We may terminate this Agreement, effective upon delivery of a written notice of termination to you, without opportunity to cure, if our regulatory counsel advises us that the business model for your Clinic or our percentage-based fee structure is unlawful under the Laws of your state and either: (a) you and we fail to agree on changes to the business model or fee structure to make it lawful; or (b) the changes necessary to make the business model or fee structure lawful would require fundamental changes to this Agreement. Any termination pursuant to this §21.3 will be deemed a "no fault" termination and we will not impose liquidated damages in connection with any such termination provided that you sign our prescribed form of Mutual Termination and Release Agreement.

21.4. **Mutual Agreement to Terminate.** You and we may mutually agree in writing to terminate this Agreement, in which case you and we are deemed to have waived any required notice period.

22. POST-TERM OBLIGATIONS.

22.1. **Obligations of You and the Owners.** After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

(i) immediately cease use of the Intellectual Property;

(ii) pay us all amounts you owe including, if applicable, liquidated damages pursuant to §22.3;

(iii) comply with all covenants in §15 that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;

(iv) comply with our instructions to return or destroy all copies of the Manual and Copyrighted Materials and all signs, brochures, advertising and promotional materials, forms and other materials bearing the Marks or containing Confidential Information;

(v) ensure all patient information has been entered into the operating system and delete or shred any patient information that resides outside of the operating system;

(vi) return all copies of the Office Management Software and delete such software from your computer memory and storage;

(vii) delete all social media accounts pertaining to the Clinic;

(viii) comply with our data retention policies pertaining to the Business Data;

(ix) cancel all fictitious or assumed name registrations relating to your use of the Marks;

(x) provide us with a list of your current, former and prospective patients together with all associated records, membership agreements and/or contracts, subject to applicable privacy Laws and other Healthcare Laws;

(xi) alter the interior and exterior of the premises to the extent necessary, or to the extent we require, to prevent any further resemblance to or connection with a Clinic or our System, including, without limitation, repainting the exterior and interior with new colors and removing trade dress, fixtures and décor items associated with a Clinic as well as exterior and interior signage (including wall décor items and window decals);

(xii) notify all telephone, listing and domain name registration companies of the termination or expiration of your right to use: (a) any telephone numbers and/or domain names associated with your Clinic; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the foregoing companies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(xiii) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

Subsections (iv), (xi) and (xii) above do not apply if you Transfer your Clinic to an approved transferee or we exercise our right to purchase your Clinic.

22.2. Right to Purchase Facility and Assets.

(a) Purchase Option. Upon termination or expiration of this Agreement, we have the option, but not the obligation, to purchase your Clinic and/or its assets (the "Purchase Option"). We also have the option to take an assignment of the lease for your Clinic at no additional charge.

(b) Purchase Notice. In order to exercise the Purchase Option, we will provide you with a written notice (the "Purchase Notice") within 30 days after the termination or expiration of this Agreement that: (i) confirms we have elected to exercise the Purchase Option; (ii) identifies the specific assets we wish to purchase (the "Purchased Assets"); and (iii) confirms whether or not we have elected to take an assignment of the lease for your Clinic.

(c) Purchase Price. The purchase price shall be the fair market value of the Purchased Assets, determined as of the date of the Purchase Notice, less the amount of any outstanding liens or encumbrances, and less the amount of any liabilities we assume on your behalf, such as your future lease payments (the "Purchase Price"). For purposes of §22.2, fair market value shall exclude any value attributable to: (i) the franchise rights or any rights granted under this Agreement or the lease; (ii) the goodwill associated with the Marks; (iii) our brand image or other Intellectual Property; or (iv) any patient lists. The parties shall work together in good faith to agree upon the Purchase Price. If the parties are unable to agree upon the Purchase Price within 10 days from the date of the Purchase Notice, then the Purchase Price will be established through the appraisal process set forth in §22.2(d).

(d) Appraisal Process. The parties shall work together in good faith to identify a mutually agreeable independent third-party appraiser. If the parties cannot agree on a single appraiser within a 15-day period, then each party will appoint one (1) independent appraiser, and those appraisers will appoint a third (3rd) appraiser. You must promptly provide the appraiser(s) with all financial statements, work papers, documents and other information that the appraiser(s) reasonably request. The appraiser(s) may take into account any other information and factors the appraiser(s) deem relevant. Within 30 days of their appointment, the appraiser(s) shall issue a report setting forth the Purchase Price established by the appraiser(s) in accordance with §22.2(c). If the parties jointly appoint a single appraiser, the Purchase Price established by the single appraiser will be the final Purchase Price. If three (3) appraisers are appointed, the final Purchase Price shall be average of the two (2) Purchase Prices established by the appraisers that are closest to each other. Each party must pay 50% of the fees charged by the appraiser(s) when due.

(e) Closing. The closing for the transaction will take place 60 days after the Purchase Price is determined, or on such other date mutually agreed upon by the parties. The parties must execute our then-current standard form of Purchase Agreement. We will be entitled to receive from you all customary representations and warranties pertaining to the Purchased Assets, including representations and warranties as to: (i) ownership, condition and title; (ii)

liens and encumbrances; (iii) validity of contracts; and (iv) liabilities of any kind. We may deduct from the Purchase Price all amounts you (or your affiliates) owe us (or our affiliates) under this Agreement and/or any other Definitive Agreement including, if applicable, liquidated damages. Due to our status as a publicly traded company, our purchase of the interest may be subject to financial accounting audits to ensure we comply with federal and state financial reporting requirements.

(f) Management of Clinic. In accordance with §9.5, we have the right, but not the obligation, to appoint an Interim Manager to manage the Clinic during the period of time commencing with this Agreement's termination or expiration date and ending on (i) the closing date set forth in the Purchase Agreement (if we exercise the Purchase Option) or (ii) the date we notify you we will not exercise the Purchase Option.

22.3. Liquidated Damages. You must pay us liquidated damages if either: (a) we terminate this Agreement due to your default; or (b) you terminate this Agreement without cause or in any manner other than as permitted by §21.1 or §21.4. Liquidated damages shall be calculated as the product of Average Monthly Fees multiplied by the lesser of (a) 24 or (b) the total number of full months remaining under the Term as of the termination effective date. Average Monthly Fees is determined as the combined average monthly royalty fee and brand fund fee (without regard to any fee waivers or other reductions, and regardless of collection) imposed by this Agreement during the 12-month period preceding the termination date (or during the period of time you operated your Clinic if less than 12 months). Liquidated damages are due 30 days after we send you an invoice detailing our calculation of liquidated damages. Liquidated damages are in addition to and not in lieu of: (a) any fees or other amounts incurred by you prior to the termination of this Agreement, all of which must be paid by you in accordance with the terms of this Agreement; or (b) any damages we or our affiliate incur as a result of your breach of this Agreement; *provided, however*, that we may not pursue a claim against you for recovery of lost future profits if you pay us all liquidated damages owed when due. The parties agree the amount of liquidated damages set forth in this Section is in proportion to, and is necessary to protect, our legitimate interests, including: (a) encouraging our franchisees to commit to the 10-year franchise relationship in which both parties have already invested time and expense to develop; (b) the time and expense we will incur to recruit a new franchisee to acquire franchise rights to the Territory; (c) the time and expense we will incur to ensure your timely and orderly departure from our franchise network; (d) protecting the reputation and goodwill associated with our Marks; and (e) partially compensating us for our financial loss caused by your breach and the early termination of this Agreement. If this liquidated damages clause is determined to be unenforceable under applicable Law, then we will be limited to pursuing actual damages we incur as a result of your default or improper termination.

23. DISPUTE RESOLUTION.

23.1. Negotiation and Mediation. Except as otherwise provided below with respect to Excluded Claims, the parties shall attempt in good faith to resolve any Dispute through informal discussions and negotiations. If these efforts are unsuccessful, the parties agree to submit the Dispute to mediation before a mutually-agreeable mediator prior to litigation. The mediator shall be selected from the then-current panel approved by the American Arbitration Association (AAA) for Phoenix, Arizona, or as the parties otherwise agree. If the parties cannot agree on a mediator within 15 days after submission of the Dispute to mediation, then the mediator shall be selected by the AAA based on the criteria supplied by the parties. The costs of mediation (excluding attorneys' fees incurred by either party) shall be equally shared by the parties. All negotiations and mediation proceedings (including all discovery conducted therein and statements and settlement offers made by either party or the mediator in connection with the mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any legal proceeding for any purpose (except evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use

in mediation). The mediator may not be called as a witness in any legal proceeding for any purpose. Any Dispute involving claims alleging a breach of §15 and/or §18 (referred to as "Excluded Claims") shall not be subject to mediation unless otherwise agreed to by both parties.

23.2. Litigation. If either (a) a Dispute is not successfully resolved by mediation within 60 days after either party makes a demand for mediation or (b) the Dispute involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance with the choice of venue provision set forth below. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator, shall have exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an alleged Excluded Claim (i.e., whether there are any claims alleging a breach of §15 and/or §18).

23.3. Venue. All mediation and litigation shall take place in the county in which we maintain our principal place of business at the time the Dispute arises (currently, Maricopa County, Arizona). The parties irrevocably waive any objection to such venue and (with respect to litigation proceedings) submit to the jurisdiction of such courts.

23.4. Attorney's Fees and Costs. If either party must enforce this Agreement in a judicial proceeding, the substantially prevailing party is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. In addition, if you or an Owner breaches any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur relating to such breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings. This obligation applies to all breaches, including, without limitation, any failure to comply with any post-termination obligations set forth in §22.

23.5. Waivers. UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR YOUR INDEMNIFICATION OBLIGATIONS, PAYMENT OF MONIES OWED OR A VIOLATION OF §15 OR §18) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN TWO (2) YEARS FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (a) TRIAL BY JURY; (b) THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY A PARTY; AND (c) ANY RIGHT TO, OR CLAIM FOR, PUNITIVE OR EXEMPLARY DAMAGES (EACH PARTY WILL BE LIMITED TO RECOVERY OF ACTUAL DAMAGES OR ANY STIPULATED DAMAGES SET FORTH IN THIS AGREEMENT).

24. REPRESENTATIONS.

24.1. Corporate Representations. You and the Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the franchisee is an Entity, you and the Owners also jointly and severally represent and warrant to us that: (a) the Franchisee Entity is an Entity (or a Chiropractic PC if required by state Law) that is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement, perform each of its obligations hereunder, provide Chiropractic Services and employ Chiropractic Staff; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Franchisee Entity and shall be enforceable against the Franchisee Entity in accordance with its terms.

24.2. Franchise Compliance Representations. You and the Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all

material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates in connection with this franchise or (ii) such earlier time in the sales process that you requested a copy.

24.3. **General Representations**. You and the Owners jointly and severally represent and warrant to us that you and the Owners are aware that: (a) other franchisees may operate under different forms of agreement and our obligations and rights with respect to franchisees differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other franchisees and we have no obligation to offer you the same or similar negotiated terms or concessions.

24.4. **Anti-Terrorism Compliance**. You and the Owners jointly and severally represent and warrant to us that, to the best of your and their knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

24.5. **Anti-Corruption Compliance**. You and your Owners agree to conduct all Authorized Activities in compliance with: (a) the U.S. Foreign Corrupt Practices Act (which can be found at www.usdoj.gov /criminal/ fraud/fcpa); (b) all other Anti-Corruption Laws applicable in the United States of America; (c) all international conventions that outlaw bribery and corrupt practices (including, for example, the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions); and (d) all policies we establish relating to anti-corruption. You must ensure all of your Owners, employees, consultants, contractors, subcontractors and other Persons under your supervision comply with the foregoing requirements. You and your Owners jointly and severally represent and warrant to us that:

(a) You and the Owners have not, and shall not, in connection with the performance of any Authorized Activities, make, offer, give, or promise to make, offer, or give, directly or indirectly, any payment (in currency, property, or other thing of value): (i) to any Government Official or to an intermediary for payment to any Government Official; or (ii) to any political party if that payment or transfer would violate any applicable Law. It is the intent of the Parties that no payments or transfers of value be made that have the purpose or effect of public or commercial bribery, or acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business. This does not, however, prohibit normal and customary business entertainment or the giving of business mementos of nominal value in connection with the performance of the Authorized Activities, provided the entertainment or giving of the memento is otherwise legal under local Law and does not violate or exceed our or the recipient's rules, policies or other ethical standards.

(b) None of your Owners, officers, directors, executives, or employees, or any of their respective immediate family members, are Government Officials. You must immediately notify us in writing if any such individual becomes a Government Official.

If you or an Owner learn or have reason to know of: (a) any payment, offer, or agreement to make a payment to a Government Official or political party for the purpose of obtaining or retaining business or securing any improper advantage for you, any Owner or us in connection with this Agreement or any Authorized Activities, or (b) any other development during the Term that in any way makes your anti-corruption related representations or warranties false, inaccurate, incomplete or misleading, you will immediately notify us in writing of the knowledge or suspicion and the basis therefor. You and your Owners hereby acknowledge and agree to these representations and agree that at any time during the Term, upon our request, you will provide us with an executed certification in a form we reasonably prescribe confirming continued compliance with these representations and warranties. If we believe, in good faith, that you or any of your Owners have acted in any way that may subject us to liability under any Anti-Corruption Law or have otherwise failed to comply with the terms of this Section, we may terminate this Agreement immediately upon notice to you.

25. GENERAL PROVISIONS

25.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship are governed by the Laws of the State of Arizona without reference to its principles of conflicts of law, but any Law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

25.2. Relationship of the Parties. You and we are independent contractors. Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party a general or special agent, legal representative, joint venture, partner, employee or servant of the other for any purpose. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Clinic. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Clinic that we specify. You must also include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party may: (a) make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other; or (b) represent that our relationship is other than franchisor and franchisee. In addition, neither party will be obligated by any agreements or representations made by the other that are not expressly authorized by this Agreement.

25.3. Severability and Substitution. Each section of this Agreement (and each portion thereof) shall be severable. If applicable Law (including any Healthcare Law) imposes mandatory non-waivable terms that conflict with a provision of this Agreement, the terms required by such Law shall govern to the extent of the inconsistency. If a court concludes that any promise or covenant in this Agreement is unreasonable or unenforceable: (a) the court may modify such promise or covenant to the minimum extent necessary to make it enforceable; or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make it enforceable.

25.4. Waivers. Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms, by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of payments from you after your breach.

25.5. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise

expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.

25.6. Force Majeure. Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.

25.7. Binding Effect. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however*, that the additional insureds listed in §16.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §16.1 and §19, respectively.

25.8. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §12.2 AND §25.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of the Site Acceptance Notice attached hereto as ATTACHMENT "B" shall be deemed to amend this Agreement to identify the approved site and Territory for your Clinic, regardless of whether you countersign and/or return the Site Acceptance Notice. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.

25.9. Covenant of Good Faith. If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.

25.10. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.

25.11. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an ownership interest in the Clinic or Franchisee Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire, including, without limitation, §14, §15, §17, §19, §22, §23 and §25.

25.12. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

25.13. Time of Essence. Time is of the essence in this Agreement and every term thereof.

25.14. Notice. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days' prior written notice):

YOU:	As set forth in Part B of ATTACHMENT "A"
US:	The Joint Corp. 16767 N. Perimeter Dr., Suite 110 Scottsdale, Arizona 85260 Attention: Eric Simon Email: Eric.Simon@TheJoint.com

Notice shall be considered given at the earliest of: (a) the time delivered by hand; (b) one (1) business day after sending by email or comparable electronic system; or (c) three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

25.15. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

* * *

The parties below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

The Joint Corp., a Delaware corporation

By:_____
Name:_____
Title:_____

YOU (If you are an Entity):

_____,
a(n)_____

By:_____
Name:_____
Title:_____

YOU (If you are not an Entity):

_____
Name:_____

_____
Name: _____

_____
Name: _____

_____
Name: _____

ATTACHMENT "A"

TO FRANCHISE AGREEMENT

DEAL TERMS

A. Identity and Ownership of Franchisee

The franchisee is: _____ A proprietorship comprised of multiple owners

_____ A business entity

If the franchisee is a proprietorship:

Your individual owners:

_____

_____

_____

_____

_____

If the Franchisee is a Business Entity:

Type of Entity: _____ Corporation

_____ Professional Corporation

_____ Limited Liability Company

_____ Professional Limited Liability Company

_____ Partnership

_____ Professional Partnership

You were incorporated or formed on _____, 20__ under the laws of the State of _____.

Name of Entity	**Owned by**	**Title**
_____	_____	_____
_____	_____	_____
_____	_____	_____

Percentage of Interest:

Individual/Entity Name	**Percentage/Description of Interest**
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

B. Franchisee's Notice Address

Name and address of the person to receive notices for the franchisee and on behalf of the Owners:

_____
_____
_____
Attention:_____
Email:_____

C. Franchise Model

The franchise model you are purchasing is (franchisor to check box by appropriate model):

____ Franchised Clinic

____ Managed Clinic

D. Renewal or Transfer Addendum

The following identifies whether the Renewal Addendum or Transfer Addendum apply to this Agreement (franchisor to check approximate box):

____ Renewal Addendum Applies

____ Transfer Addendum Applies

____ Neither Addendum Applies

E. Initial Franchise Fee

The amount of your initial franchise fee is as follows: (franchisor to check box by appropriate amount):

____ Standard Initial Franchise Fee: $39,900 (no discount)

____ Veterans Discount: $33,900 initial franchise fee ($6,000 discount)

____ Multi-Clinic Discount: $29,900 initial franchise fee ($10,000 discount)

____ DC Path to Ownership Program Discount: $20,000 initial franchise fee ($19,900 discount)

____ Governed by Transfer Addendum or Renewal Addendum

____ Credit for LOI Deposit: Net initial franchise fee owed is: $[_____]

____ Other: The initial franchise fee is: $[_____]

F. Clinic Design Fee

The amount of your clinic design fee is as follows: (franchisor to check box by appropriate amount):

____ New Clinic: $1,000

____ Renewing Clinic: $600

G. Required Opening Date

The Required Opening Date for the Clinic shall be: [_____], 202[___]*

* *If no date is listed, the Required Opening Date shall be the date that is 300 days after the Effective Date.*

H. Term Expiration Date

The "term expiration date" for the term of this Agreement shall be: [_____], 20[___]*

* *If no date is listed, the term expiration date shall be the 10th anniversary of the Effective Date.*

I. Site Selection Area

The Site Selection Area referenced in the Franchise Agreement consists of the following geographic area: [_____]

* *The Site Selection Area is not your territory and there are no protections associated with this area except as otherwise provided in §8.1.*

J. Accepted Site

We hereby accept the site listed below for your Clinic.

Address: [_____]

* *If the site for your Clinic has not been accepted by us at the time this Agreement is signed, we will send you a Site Acceptance Notice in accordance with §8.1 listing the address of your accepted site.*

K. Territory

The Territory referenced in the Franchise Agreement consists of, and shall be limited to, the following geographic area (as may be further depicted on a map attached below or the following page):

[_____]

If the boundaries that define the Territory change during the Term, the boundaries of your Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached below or on the following page).

* *If your Territory has not been designated by us at the time this Agreement is signed, we will send you a Site Acceptance Notice in accordance with §4.1 identifying the geographic area that comprises your Territory.*

[Insert Territory Map Below (if applicable)]

ATTACHMENT "B"

TO FRANCHISE AGREEMENT

FORM OF SITE ACCEPTANCE NOTICE

[See Attached]

SITE ACCEPTANCE NOTICE

The Joint Corp. ("we" or "us") is issuing this Site Acceptance Notice (this "Notice") to _____ ("you"), effective _____, 202___, in connection with the The Joint Franchise Agreement (the "Franchise Agreement") that we executed with you on _____, 202___. The purpose of this Notice is to confirm our acceptance of the site you proposed for your Clinic and our designation of the boundaries of your "Territory".

Approved Address:

Pursuant to §8.1 of the Franchise Agreement, we hereby accept the site listed below for your Clinic:

_____
_____
_____

Territory:

Pursuant to §4.1 of the Franchise Agreement, we hereby designate the following geographic area as your Territory under the Franchise Agreement (as may be further depicted on a map attached on the following page):

[_____]

If the boundaries that define the Territory change during the Term, the boundaries of your Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached below or on the following page).

* * *

By signing below, you and we agree that: (a) the address identified in this Notice shall be deemed the accepted site for your Clinic established and operated pursuant to the Franchise Agreement; and (b) the geographic area described in this Notice under "Territory" shall be deemed your Territory under the Franchise Agreement. You acknowledge and agree that our acceptance of the site you proposed is in no way a representation by us that your site will be successful. Rather, our acceptance merely indicates the site meets our minimum standards and requirements.

We request that you sign below and send us an executed copy of this Notice to acknowledge your receipt. However, your failure or refusal to sign below will not invalidate or otherwise affect our designation of your approved site or Territory. Our designation of your approved site and Territory, as set forth in this Notice, shall be binding on you effective as of the effective date listed in the first paragraph in this Notice.

Franchisor	**Franchisee**
The Joint Corp.	[_____]
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

[Insert Territory Map Below]

ATTACHMENT "C"

TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See attached]

ADDENDUM TO LEASE AGREEMENT

This Addendum to Lease Agreement (this "Addendum"), is entered into effective on this _____ day of _____, 20___ (the "Effective Date") by and between _____, a _____ ("Lessor"), and _____, a _____ ("Lessee") (each a "Party" and collectively, the "Parties").

RECITALS

A. The Parties hereto have entered into a certain Lease Agreement, dated on the _____ day of _____, 20___ (the "Agreement"), and pertaining to the premises located at _____ (the "Premises").

B. Lessor acknowledges that Lessee intends to operate The Joint franchise from the Premises pursuant to a Franchise Agreement (the "Franchise Agreement") with The Joint Corp., a Delaware corporation ("Franchisor") under the name The Joint or other name designated by Franchisor ("Franchised Business").

C. The Parties now desire to amend the Lease Agreement in accordance with the terms and conditions contained herein.

D. In consideration of the mutual covenants and agreements herein set forth and each act done and to be done pursuant hereto, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby represent, warrant, covenant and agree as follows:

AGREEMENT

1. Remodeling and Decor. The above recitals are hereby incorporated by reference. Lessor agrees that Lessee shall have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises.

2. Assignment. Lessee shall have the right to assign all of its right, title and interest in and to the Lease Agreement to Franchisor or its parent, subsidiary, or affiliate, (including another franchisee) at any time during the term of the Lease, including any extensions or renewals thereof, without first obtaining Lessor's consent, pursuant to the terms of the Collateral Assignment of Lease attached hereto as **Exhibit A**. However, no assignment shall be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document shall constitute Franchisor or its designated subsidiary or affiliate a party to the Lease Agreement, or guarantor thereof, and shall not create any liability or obligation of Franchisor or its parent unless and until the Lease Agreement is assigned to, and accepted in writing by, Franchisor or its parent, subsidiary or affiliate. In the event of any assignment, Lessee shall remain liable under the terms of the Lease. Franchisor shall have the right to reassign the Lease to another franchisee without the Landlord's consent in accordance with Section 4(a).

3. Default and Notice.

   (a) In the event there is a default or violation by Lessee under the terms of the Lease Agreement, Lessor shall give Lessee and Franchisor written notice of the default or violation within 10 after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor shall contemporaneously give Franchisor a copy of the notice. Franchisor shall have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Section 4(a). Franchisor will have an additional 15 days from the expiration of Lessee's cure period in which it may exercise the option to cure, but is not obligated to cure the default or violation.

(b) All notices to Franchisor shall be sent by registered or certified mail, postage prepaid, to the following address:

The Joint Corp. 16767 N. Perimeter Dr., Suite #110 Scottsdale, AZ 85260
Attention: Eric Simon E-mail: eric.simon@thejoint.com

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

(c) Following Franchisor's approval of the Lease Agreement, Lessee agrees not to terminate, or in any way alter or amend the same during the Initial Term of the Franchise Agreement or any Interim Period thereof without Franchisor's prior written consent, and any attempted termination, alteration or amendment shall be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect shall be included in the Lease.

4. Termination or Expiration.

(a) Upon Lessee's default and failure to cure the default within the applicable cure period, if any, under either the Lease Agreement or the Franchise Agreement, Franchisor will, at its option, have the right, but not the obligation, to take an automatic assignment of Lessee's interest in the Lease Agreement and at any time thereafter to reassign the Lease Agreement to a new franchisee without Lessor's consent and to be fully released from any and all liability to Lessor upon the reassignment, provided the franchisee agrees to assume Lessee's obligations and the Lease Agreement. Upon notice from Franchisor to Lessor requesting an automatic assignment, Lessor will, at the cost of Franchisor, take appropriate actions to secure the leased premises including but not limited changing the locks and granting Franchisor sole rights to the Premises.

(b) Upon the expiration or termination of either the Lease Agreement or the Franchise Agreement (attached), Lessor will cooperate with and assist Franchisor in securing possession of the Premises and if Franchisor does not elect to take an assignment of the Lessee's interest, Lessor will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Lessor, to remove all signs, awnings, and all other items identifying the Premises as a Franchised Business and to make other modifications (such as repainting) as are reasonably necessary to protect The Joint marks and system, and to distinguish the Premises from a Franchised Business. In the event Franchisor exercises its option to purchase assets of Lessee or has rights to those through the terms of any agreement between Lessee and Franchisor, Lessor shall permit Franchisor to remove all the assets being purchased by Franchisor.

5. Consideration; No Liability.

(a) Lessor hereby acknowledges that the provisions of this Addendum are required pursuant to the Franchise Agreement under which Lessee plans to operate its business and Lessee would not lease the Premises without this Addendum. Lessor also hereby consents to the Collateral Assignment of Lease from Lessee to Franchisor as evidenced by **Exhibit A**.

(b) Lessor further acknowledges that Lessee is not an agent or employee of Franchisor and Lessee has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any affiliate of Franchisor, and that Lessor has entered into this Addendum with full understanding that it creates no duties, obligations or liabilities of or against Franchisor or any affiliate of Franchisor.

6. Sales Reports. If requested by Franchisor, Lessor will provide Franchisor with whatever information Lessor has regarding Lessee's sales from its Franchised Business.

7. Amendments. No amendment or variation of the terms of the Lease or this Addendum shall be valid unless made in writing and signed by the Parties hereto.

8. Reaffirmation of Lease. Except as amended or modified herein, all of the terms, conditions and covenants of the Lease Agreement shall remain in full force and effect and are incorporated herein by reference and made a part of this Addendum as though copied herein in full.

9. Beneficiary. Lessor and Lessee expressly agree that Franchisor is a third-party beneficiary of this Addendum.

IN WITNESS WHEREOF, the Parties have duly executed this Addendum as of the Effective Date.

LESSOR:	**LESSEE:**
_____	_____
Sign: _____	Sign: _____
Print: _____	Print: _____
Title: _____	Title: _____

EXHIBIT A – COLLATERAL ASSIGNMENT OF LEASE

This COLLATERAL ASSIGNMENT OF LEASE (this "Assignment") is entered into effective as of the date last set forth below (the "Effective Date"), the undersigned, _____, ("Assignor") hereby assigns, transfers and sets over unto The Joint Corp., a Delaware corporation ("Assignee") all of Assignor's right, title and interest as tenant, in, to and under that certain lease, a copy of which is attached hereto as **Exhibit 1** (the "Lease Agreement") with respect to the premises located at _____ (the "Premises"). This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment unless Assignee shall take possession of the Premises demised by the Lease Agreement pursuant to the terms hereof and shall assume the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease Agreement and its interest therein and that Assignor has not previously, and is not obligated to, assign or transfer any of its interest in the Lease Agreement nor the Premises demised thereby.

Upon a default by Assignor under the Lease Agreement or under that certain franchise agreement for The Joint between Assignee and Assignor ("Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises, expel Assignor therefrom, and, in the event, Assignor shall have no further right, title or interest in the Lease Agreement.

Assignor agrees it will not suffer or permit any surrender, termination, amendment or modification of the Lease Agreement without the prior written consent of Assignee. Through the Initial Term of the Franchise Agreement and any Renewal Period thereof (as defined in the Franchise Agreement), Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease Agreement not less than 30 days before the last day that said option must be exercised, unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease Agreement as stated herein, Assignor hereby irrevocably appoints Assignee as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

IN WITNESS WHEREOF, Assignor and Assignee have duly executed this Assignment as of the Effective Date.

ASSIGNOR

_____

Sign: _____
Print: _____
Title: _____
Date: _____

ASSIGNEE

THE JOINT CORP., a Delaware corporation

Sign: _____
Print: _____
Title: _____
Date: _____

ATTACHMENT "D"

TO FRANCHISE AGREEMENT

FRANCHISE OWNER AGREEMENT

[See Attached]

FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this "Agreement") is entered into by: (a) each of the undersigned owners of Franchisee (defined below); and (b) the spouse of each such owner who is a natural person, in favor of The Joint Corp., a Delaware limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as "you".

1. Definitions. For purposes of this Agreement the following terms have the meanings given to them below:

"*Business Data*" means all data pertaining to Franchisee's Clinic, patients and business operations, whether collected by you, Franchisee, us or any other person.

"*Clinic*" means a chiropractic clinic that is authorized to operate under our Marks and use our System, including clinics operated by us, our affiliate, Franchisee or another person, as the context may require.

"*Competing Business*" means any business that meets at least one of the following criteria:

(a) any cash-basis, private-pay chiropractic business that operates using a membership model and derives (or is reasonably expected to derive) at least $10,000 per year from the performance of chiropractic services;

(b) any business that solicits, offers or sells franchises or licenses for a business that meets the criteria in clause (a) of this definition; and/or

(c) any business that manages, services, trains, supports, consults with, advises or otherwise assists any Person with respect to the development, management and/or operation of a business that meets the criteria in clause (a) of this definition.

A Competing Business does not include any Clinic operated pursuant to a valid franchise agreement or license agreement with us or our affiliate.

"*Confidential Information*" means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all other Definitive Agreements (as defined in the Franchise Agreement), and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; (f) confidential and proprietary information relating to our status as a publicly traded company; and (g) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, patient and customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee's owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated with us) or Franchisee (or any any person associated with Franchisee) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Clinic.

"*Development Agreement*" means, if applicable, the Area Development Agreement pursuant to which the Franchise Agreement was executed.

"*Franchise Agreement*" means the The Joint Franchise Agreement executed by Franchisee with an effective date of _____, 202__.

"*Franchisee*" means _____. For purposes of this Agreement, the term "Franchisee" shall be deemed to refer to both: (a) [_____], as Franchisee under the Franchise Agreement; and (b) the Person who signed the Development Agreement (if applicable), as Developer, if such Person is different than Franchisee.

"*Improvement*" means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Clinic, (b) method of operation of a Clinic, (c) processes, systems or procedures utilized by a Clinic, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Clinic or (e) trademarks, service marks, logos or other intellectual property utilized by a Clinic, whether developed by you, Franchisee, us or any other person.

"*Intellectual Property*" means, collectively or individually, the Business Data (excluding Protected Health Information), Copyrighted Materials, Improvements, Know-how, Marks and System.

"*Know-how*" means and includes our (and our affiliates') trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Clinic including, but not limited to: architectural plans, drawings and specifications for a prototype Clinic; site selection criteria; methods and techniques; standards and specifications; policies and procedures; Management Services (for managed Clinics); patient and customer lists, records, membership agreements and/or contracts; supplier lists and information; marketing strategies; merchandising strategies; training programs and materials; the Office Management Software; financial information; and information comprising the System or included in the Manual.

"*Manual*" means our confidential brand standards manual for the operation of a Clinic.

"*Marks*" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Clinics to use, including THE JOINT®, THE JOINT CHIROPRACTIC® and THE JOINT…THE CHIROPRACTIC PLACE®, and the associated logos. The Marks also include any distinctive trade dress used to identify a Clinic or the products it sells.

"*Prohibited Activities*" means and includes any of the following: (a) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent or in any similar capacity) in any Competing Business, other than owning an interest of 1% or less in a publicly traded company that is a Competing Business; (b) disparaging or otherwise making negative comments about us, our affiliate, the System and/or any Clinic (this provision shall not prohibit the disclosure of truthful information to Governmental Authorities or to other franchisees); (c) diverting or attempting to divert any business from us, our affiliate or another franchisee; and/or (d) inducing any Clinic patient to transfer their business from a Clinic to a competitor.

"*Protected Health Information*" means and includes any patient data identifiable to a particular patient that pertains to the patient's medical/healthcare background, file, records or treatments.

"*Restricted Period*" means: the two (2) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which neither you nor your spouse holds any direct or indirect ownership interest in the Franchisee entity or the Clinic that it operates; *provided however*, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then Restricted Period means: the one (1) year period after the earliest to occur of the following: (a) the termination or expiration of the Franchise Agreement; (b) the date on which Franchisee assigns the Franchise Agreement to another person with respect to whom neither you nor your spouse holds any direct or indirect ownership interest; or (c) the date on which neither you nor your spouse holds any direct or indirect ownership interest in the Franchisee entity or the Clinic that it operates.

"*Restricted Territory*" means: the geographic area within: (a) a 10-mile radius from Franchisee's Clinic (and including the Clinic's premises itself); and (b) a 10-mile radius from all other Clinics that are operating or under construction as of the date of this Agreement and remain in operation or under construction during all or any part of the Restricted Period; *provided, however*, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable,

then Restricted Territory means: the geographic area within a 10-mile radius from Franchisee's Clinic (and including the Clinic's premises itself).

"*System*" means the business format, model and operating system we developed for the operation of a Clinic.

2. Background. In your capacity as an owner (or the spouse of an owner) of Franchisee, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us or misuse our Intellectual Property. In addition, you understand that certain terms of the Franchise Agreement apply to "owners" and not just Franchisee. You agree to comply with this Agreement to: (a) avoid damaging our System by engaging in unfair competition; and (b) bind yourself to the terms of the Franchise Agreement applicable to owners.

3. Brand Protection Covenants.

(a) Intellectual Property and Confidential Information. You agree to:

(i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee's Clinic in compliance with the Franchise Agreement and Manual;

(ii) maintain the confidentiality of Confidential Information at all times;

(iii) refrain from making unauthorized copies of documents containing Confidential Information;

(iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and

(v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an owner of Franchisee.

You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

(b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are (or your spouse is) an owner of Franchisee; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business is not located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period (other than having an interest in a Competing Business permitted by this Section), your Restricted Period will be extended by the period of time during which you engaged in the Prohibited Activity. Any such extension of time will not constitute a waiver of your breach or impair any of our rights or remedies relating to your breach.

(c) Family Members. Because you could circumvent the purpose of §3 by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family (i) engages in any Prohibited Activities at any time that you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

(d) Covenants Reasonable. You agree that: (i) the covenants in §3 are reasonable both in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we both believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited

Activities, narrowing the definition of a Competing Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under §3 of this Agreement to ensure the covenants are enforceable under applicable law.

(e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief if you breach §3 together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

4. Transfer Restrictions. We must approve all persons who hold a direct or indirect ownership interest in the Franchisee entity. If you are an owner of Franchisee, you agree that you will not directly or indirectly sell, assign, mortgage, pledge or in any manner transfer any direct or indirect ownership interest in the Franchisee entity except in accordance with §20 of the Franchise Agreement.

5. Financial Security. In order to secure Franchisee's financial obligations under the Franchise Agreement and all other Definitive Agreements (as defined in the Franchise Agreement) (collectively, the "Secured Agreements"), you, jointly and severally, personally and unconditionally: (a) guarantee to us and our successor and assigns, that Franchisee shall punctually fulfil all of its payment and other financial obligations under the Secured Agreements; and (b) agree to be personally bound by, and personally liable for, each and every monetary provision in the Secured Agreements. You waive:

(i) acceptance and notice of acceptance by us of the foregoing undertakings;

(ii) notice of demand for payment of any indebtedness guaranteed;

(iii) protest and notice of default to any party with respect to the indebtedness guaranteed;

(iv) any right you may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

(v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed.

You agree that: (a) your direct and immediate liability under this guaranty shall be joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability shall not be contingent or conditioned upon pursuit by us of any remedies against Franchisee or any other person; and (d) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that we may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of each of the Secured Agreements and following the termination, expiration or transfer of each of the Secured Agreements to the extent any financial obligations under any such Secured Agreements survive such termination, expiration or transfer. This guaranty will continue unchanged by the occurrence of any bankruptcy of Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Secured Agreements by a trustee of Franchisee. Neither your obligation to make payment 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 any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of 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.

6. **Dispute Resolution.** Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution procedures in the Franchise Agreement. Notwithstanding the foregoing, if any dispute resolution procedures in the Franchise Agreement conflict with any terms of this Agreement, the terms of this Agreement shall prevail. **You acknowledge and agree that your breach of this Agreement constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.**

7. **Miscellaneous**.

   (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.

   (b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

   (c) Any claim, defense or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

   (d) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

   (e) You agree that we may deliver to you any notice or other communication contemplated by this Agreement in the same manner and to the same address listed in the notice provisions of the Franchise Agreement and any such delivery shall be deemed effective for purposes of this Agreement. You may change the address to which notices must be sent by sending us a written notice requesting such change, which notice shall be delivered in the manner and to the address listed in the Franchise Agreement.

In witness whereof, each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By:_____

Name:_____

Date:_____

OWNER / SPOUSE

By:_____

Name:_____

Date:_____

OWNER / SPOUSE

By:_____

Name:_____

Date:_____

ATTACHMENT "E"

TO FRANCHISE AGREEMENT

ACH AUTHORIZATION FORM

[See Attached]

EFT AUTHORIZATION AGREEMENT FORM

THE JOINT chiropractic

CLINIC NAME: _____

EFT AUTHORIZATION AGREEMENT

Through this EFT Authorization Agreement, I hereby authorize The Joint Corp., d/b/a *The Joint Chiropractic* to initiate automatic electronic funds transfers, withdrawals or deposits to my account at the financial institution named below for the fees and expenses as required by the terms of my franchise agreement (including without limitation; software fees, late fees, royalty draws (which consists of corporate royalty and Ad Fund contributions) and settlement of net inter-clinic activity). Any banking fees incurred by The Joint Corp. due to insufficient funds or outdated banking information will be my responsibility.

This EFT Authorization Agreement will remain in effect until The Joint Corp. receives a written notice of cancellation from me, or until I submit a new form to The Joint Corp. Accounting Department.

ACCOUNT INFORMATION

☐ **Add** ☐ **Change**

Name of Financial Institution: _____

Routing Number: _____

Account Number: _____ ☐ **Checking** ☐

SIGNATURE

Authorized Signature: _____ Date: _____

Print Name: _____

Please attach a voided check and return this form to the Accounting Department

(accounting.services@thejoint.com)

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ATTACHMENT "F"

TO FRANCHISE AGREEMENT

CONFIDENTIALITY AGREEMENT

[See Attached]

CONFIDENTIALITY AGREEMENT

This Agreement (this "Agreement") is entered into by the undersigned ("you") in favor of The Joint Corp., a Delaware limited liability company, and its successors and assigns ("us"), upon the terms and conditions set forth below.

1. Definitions. For purposes of this Agreement the following terms have the meanings given to them below:

"*Business Data*" means all data pertaining to Franchisee's Clinic, patients and business operations, whether collected by you, Franchisee, us or any other person.

"*Clinic*" means a chiropractic clinic that is authorized to operate under our Marks and use our System, including clinics operated by us, our affiliate, Franchisee or another person, as the context may require.

"*Confidential Information*" means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Franchise Agreement and all related agreements signed by Franchisee in connection with the Clinic, and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; (f) confidential and proprietary information relating to our status as a publicly traded company; and (g) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, patient and customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by you to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by you, Franchisee or Franchisee's owners, employees or other constituents); (b) you can demonstrate was rightfully in your possession, without obligation of nondisclosure, before we (or any person associated with us) or Franchisee (or any any person associated with Franchisee) disclosed the information to you; (c) is independently developed by you without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to you without breaching any obligation of confidentiality imposed on such third party.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Clinic.

"*Franchisee*" means the THE JOINT® franchisee for whom you are an officer, director, employee or independent contractor.

"*Improvement*" means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Clinic, (b) method of operation of a Clinic, (c) processes, systems or procedures utilized by a Clinic, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Clinic or (e) trademarks, service marks, logos or other intellectual property utilized by a Clinic, whether developed by you, Franchisee, us or any other person.

"*Intellectual Property*" means, collectively or individually, the Business Data (excluding Protected Health Information), Copyrighted Materials, Improvements, Know-how, Marks and System.

"*Know-how*" means and includes our (and our affiliates') trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Clinic including, but not limited to: architectural plans, drawings and specifications for a prototype Clinic; site selection criteria; methods and techniques; standards and specifications; policies and procedures; management services (for managed Clinics); patient and customer lists, records, membership agreements and/or contracts; supplier lists and information; marketing strategies; merchandising strategies; training programs and materials; the Office Management Software; financial information; and information comprising the System or included in the Manual.

"*Manual*" means our confidential operations manual for the operation of a Clinic.

"*Marks*" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Clinics to use, including THE JOINT®, THE JOINT CHIROPRACTIC® and THE JOINT…THE CHIROPRACTIC PLACE®, and the associated logos. The Marks also include any distinctive trade dress used to identify a Clinic or the products it sells.

"*Protected Health Information*" means and includes any patient data identifiable to a particular patient that pertains to the patient's medical/healthcare background, file, records or treatments.

"*System*" means the business format, model and operating system we developed for the operation of a Clinic.

2. Background. You are an officer, director, employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Intellectual Property and Confidential Information. You agree to:

(i) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee's Clinic;

(ii) maintain the confidentiality of all Confidential Information at all times;

(iii) refrain from making unauthorized copies of documents containing any Confidential Information;

(iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and

(v) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an officer, director, employee or independent contractor of Franchisee.

You agree to assign to us or our designee, without charge, all rights to any Improvement developed by you, including the right to grant sublicenses. If applicable law precludes you from assigning ownership of any Improvement to us, then such Improvement shall be perpetually licensed by you to us free of charge, with full rights to use, commercialize and sublicense the same.

4. Family Members. Because you could circumvent the purpose of this Agreement by disclosing Confidential Information to an immediate family member (i.e., parent, sibling, child, or grandchild) and it would be difficult for us to prove any such breach, you will be presumed to have breached this Agreement if a member of your immediate family uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

5. Breach. You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief if you breach this Agreement together with any other relief available at equity or law. We will notify you if we intend to seek injunctive relief, but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the required amount of the bond may not exceed $1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.

6. Miscellaneous.

(a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.

(b) This Agreement will be governed by, construed and enforced under the laws of Arizona and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

(c) Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection or portion. The parties agree that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

By:_____

Name:_____

Date:_____

ATTACHMENT "G"

TO FRANCHISE AGREEMENT

BUSINESS ASSOCIATE AGREEMENT

[See Attached]

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (this "Agreement") is entered into as of _____, 202___ (the "Effective Date") between _____, a(n) _____ ("Covered Entity") and _____, a(n) _____ ("Business Associate"). Covered Entity and Business Associate are sometimes individually referred to herein as a "Party" or collectively as the "Parties."

BACKGROUND RECITALS

A. Business Associate has been engaged to provide certain services to Covered Entity pursuant to a separate agreement (the "Services Agreement"). In order to perform the services contemplated by the Services Agreement, Covered Entity may need to disclose to Business Associate, or Business Associate may need to create on Covered Entity's behalf, certain Protected Health Information (as defined below) that is subject to protection under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 ("HITECH Act"), and regulations promulgated thereunder by the U.S. Department of Health and Human Services to implement certain privacy and security provisions of HIPAA (the "HIPAA Regulations"), codified at 45 C.F.R. Parts 160 and 164.

B. As a condition to conducting business with Covered Entity, HIPAA Regulations require that all business associates (as defined at 45 C.F.R. §160.103) of Covered Entity (including Business Associate) agree in writing to certain mandatory provisions regarding the privacy and security of PHI.

C. For good and valuable consideration, the receipt of and sufficiency of which are hereby acknowledged, the Parties hereby agree to the terms and conditions set forth below.

AGREEMENT

1. DEFINITIONS. Capitalized terms used in this Agreement have the meanings given to them below, or if not defined below, the meanings given to them in HIPAA, the HIPAA Regulations and the HITECH Act.

"*Breach*" has the meaning given to such term in 45 C.F.R. §164.402, and includes the unauthorized acquisition, access, use, or disclosure of PHI which compromises the security or privacy of such information.

"*Data Aggregation*" has the meaning given to such term under the Privacy Rule including, but not limited to, 45 C.F.R. §164.501.

"*Designated Record Set*" means a group of records maintained by or for Covered Entity that may include: (a) medical records and billing records about Individuals maintained by or for a covered healthcare provider; (b) the enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan; or (c) records used, in whole or in part, by or for Covered Entity to make decisions about Individuals.

"*Electronic Health Record*" has the meaning given to such term in the HITECH Act including, but not limited to, 42 U.S.C. §17921(5).

"*Electronic Protected Health Information*" or "*ePHI*" means individually identifiable health information that is transmitted by, or maintained in, electronic media.

"*Health Care Operations*" has the meaning given to such term under the Privacy Rule including, but not limited to, 45 C.F.R. §164.501.

"*Individual*" has the same meaning as the term "individual" in 45 C.F.R. §160.103 and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. §164.502(g).

"*Privacy Rule*" means the Standards for Privacy of Individually Identifiable Health Information codified at 45 C.F.R. Part 160 and Part 164, Subparts A and E, as amended by the HITECH Act and as may otherwise be amended from time to time.

"*Protected Health Information*" or "*PHI*" means any information, whether oral or recorded in any form or medium that identifies an Individual (or with respect to which there is a reasonable basis to believe the

information can be used to identify an Individual) and relates to: (a) the past, present or future physical or mental condition of the Individual; (b) the provision of healthcare to the Individual; or (c) the past, present or future payment for the provision of healthcare to the Individual. PHI includes all information that falls within the definition of Protected Health Information set forth in the Privacy Rule including, but not limited to, 45 C.F.R. §160.103. PHI excludes individually identifiable health information regarding a person who has been deceased for more than 50 years. For purposes of this Agreement, PHI shall include ePHI.

"*Required By Law*" has the same meaning as the phrase "required by law" in 45 C.F.R. §164.103.

"*Secretary*" means the Secretary of the U.S. Department of Health and Human Services or his/her designee.

"*Security Incident*" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.

"*Security Rule*" means the HIPAA Regulations that are codified at 45 C.F.R. Part 160 and Part 164, Subparts A and C, as amended by the HITECH Act and as may otherwise be amended from time to time.

"*Unsecured PHI*" means PHI that is not secured through the use of a technology or methodology specified by the Secretary in guidance or as otherwise defined in 45 C.F.R. §164.402.

2. SCOPE OF AGREEMENT. This Agreement applies to all PHI of Covered Entity to which Business Associate may be exposed as a result of the services Business Associate provides to Covered Entity pursuant to the Services Agreement. Business Associate shall abide by HIPAA, the HIPAA Regulations and the HITECH Act with respect to PHI of Covered Entity, as further outlined below.

3. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE.

3.1. Permitted Uses. Except as otherwise limited in this Agreement, Business Associate may use PHI: (a) for the proper management and administration of Business Associate; (b) to carry out the legal responsibilities of Business Associate; or (c) for Data Aggregation purposes for the Health Care Operations of Covered Entity. Business Associate shall not use PHI in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so used by Covered Entity. Business Associate agrees to limit its use of PHI to the minimum amount necessary to accomplish the intended purpose of the use.

3.2. Permitted Disclosures. Business Associate may disclose PHI: (a) for the proper management and administration of Business Associate; (b) to carry out the legal responsibilities of Business Associate; (c) as Required By Law; or (d) for Data Aggregation purposes for the Health Care Operations of Covered Entity. Business Associate shall not disclose PHI in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so disclosed by Covered Entity. In addition, if Business Associate discloses PHI to a third party, Business Associate must obtain, prior to making any such disclosure: (a) satisfactory written assurances from such third party that the PHI will be held as confidential as provided pursuant to this Agreement and only disclosed as Required By Law or for the purposes for which it was disclosed to such third party; and (b) a written agreement from such third party to immediately notify Business Associate of any breach of confidentiality of the PHI, to the extent such third party has obtained knowledge of such breach. Business Associate agrees to limit its disclosure of PHI to the minimum amount necessary to accomplish the intended purpose of the disclosure.

3.3. Prohibited Uses and Disclosures. Business Associate shall not use or disclose PHI for fundraising or marketing purposes. In accordance with 45 C.F.R. §164.522(a)(1)(B)(6), Business Associate shall not disclose PHI to a health plan for payment or Health Care Operations purposes if a patient has: (a) requested this special restriction; and (b) paid out-of-pocket in full for the healthcare item or service to which the PHI solely relates. Business Associate shall not sell PHI as provided in 45 C.F.R. §164.502.

3.4. Other Business Associates. As part of its providing functions, activities, and/or services to

Covered Entity, Business Associate may: (a) disclose information, including PHI, to other business associates of Covered Entity; and (b) use and disclose information, including PHI, received from other business associates of Covered Entity as if this information was received from, or originated with, Covered Entity.

3.5. **Safeguards**. Business Associate agrees to use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this Agreement and to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the ePHI that it creates, receives, maintains or transmits on behalf of Covered Entity. In accordance with 42 U.S.C. §17931 of the HITECH Act, Business Associate shall be directly responsible for full compliance with the policies and procedures and documentation requirements of the HIPAA Security Rule including, but not limited to, 45 C.F.R. §§164.308, 164.310, 164.312, 164.314 and 164.316.

3.6. **Reporting of Unauthorized Uses or Disclosures and Security Incidents**. Business Associate agrees to report to Covered Entity in writing any access, use or disclosure of PHI not provided for or permitted by this Agreement and any Security Incidents of which Business Associate (or Business Associate's employee, officer or agent) becomes aware. Business Associate shall so notify Covered Entity pursuant to this §3.6 within 24 hours after Business Associate becomes aware of such unauthorized use, disclosure or Security Incident.

3.7. **Reporting of Breach of Unsecured PHI**. Business Associate agrees to report to Covered Entity any Breach of Unsecured PHI of which Business Associate (or Business Associate's employee, officer or agent) becomes aware without unreasonable delay and in no case later than 24 hours after Business Associate knows of such Breach, except where a law enforcement official determines that a notification would impede a criminal investigation or cause damage to national security.

3.8. **Agents and Subcontractors**. Business Associate agrees to ensure that any agent, including a subcontractor, to whom Business Associate provides PHI, agrees in writing to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such PHI, and implement the safeguards required by §3.5 above with respect to ePHI. If Business Associate knows of a pattern of activity or practice of an agent that constitutes a violation of the agent's obligations to Business Associate, Business Associate shall take reasonable steps to end the violation, and if such steps are unsuccessful, Business Associate must terminate the arrangement if feasible.

3.9. **Mitigation of Unauthorized Uses or Disclosures**. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate or one of its agents or subcontractors in violation of the requirements of this Agreement.

3.10. **Authorized Access to PHI**.

(a) Individual Requests for Access. Business Associate shall cooperate with Covered Entity to fulfill all requests by Individuals for access to the Individual's PHI. Business Associate shall cooperate with Covered Entity in all respects necessary for Covered Entity to comply with 45 C.F.R. §164.524 and applicable State law. If Business Associate receives a request from an Individual for access to PHI, Business Associate shall immediately forward such request to Covered Entity.

(b) Scope of Disclosure. Covered Entity shall be solely responsible for determining the scope of PHI and/or Designated Record Set with respect to each request by an Individual for access to PHI. If Covered Entity decides to charge a reasonable cost-based fee for the reproduction and delivery of PHI to an Individual, Covered Entity shall deliver a portion of this fee to Business Associate in the event any such reproduction or delivery is made by Business Associate, and in proportion to the amount of work done by Business Associate in producing and delivering the PHI.

(c) Designated Record Set. To the extent that Business Associate maintains PHI in a Designated Record Set and at the request of Covered Entity, Business Associate agrees to provide access to PHI in a Designated Record Set to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 C.F.R. §164.524 and applicable State law. If Business Associate maintains PHI in a Designated Record Set, and maintains an Electronic Health Record, then Business Associate shall provide such Designated Record Set in electronic format.

(d) Patient Right to Amend PHI. A patient has the right to have Covered Entity amend his/her PHI, or a record in a Designated Record Set for as long as the PHI is maintained in the Designated Record Set, in accordance with 42 C.F.R. §164.526. To the extent that Business Associate maintains PHI in a Designated Record Set, Business Associate agrees to make any amendment(s) to PHI in a Designated Record Set at the request of Covered Entity in accordance with 45 C.F.R. §164.526. Within 15 business days following Business Associate's amendment of PHI as directed by Covered Entity, Business Associate shall provide written notice to Covered Entity confirming that Business Associate has made the amendments or addenda to PHI as directed by Covered Entity and containing any other information as may be necessary for Covered Entity to provide adequate notice to the Individual in accordance with 45 C.F.R. §164.526.

3.11. **Accounting and Disclosures**. If Business Associate makes any disclosures of PHI that are subject to the accounting requirements of the Privacy Rule, Business Associate shall report such disclosures to Covered Entity within three (3) days of such disclosure. The notice by Business Associate to Covered Entity of the disclosure shall include the name of the Individual, the recipient, the reason for disclosure, and the date of the disclosure. Business Associate shall maintain a record of each such disclosure that shall include: (a) the date of the disclosure; (b) the name and, if available, the address of the recipient of the PHI; (c) a brief description of the PHI disclosed; and (d) a brief description of the purpose of the disclosure. Business Associate shall maintain this record for a period of six (6) years and make it available to Covered Entity upon request in an electronic format so that Covered Entity may meet its disclosure accounting obligations under 45 C.F.R. §164.528. If Covered Entity provides a list of its business associates to an Individual in response to a request by an Individual for an accounting of disclosures, and the Individual thereafter specifically requests an accounting of disclosures from Business Associate, then Business Associate shall provide an accounting of disclosures to such Individual.

3.12. **Secretary's Right to Audit**. Business Associate agrees to keep records, submit compliance reports, and make its internal practices, books, and records relating to the use and disclosure of PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity, available to the Secretary for purposes of the Secretary determining Covered Entity's and/or Business Associate's compliance with HIPAA, the HIPAA Regulations and the HITECH Act. Business Associate agrees to cooperate with the Secretary if the Secretary undertakes an investigation or compliance review of Covered Entity. Business Associate shall permit the Secretary access to its facilities, books, records, accounts, and other sources of information, including PHI, during normal business hours. No attorney-client or other legal privilege will be deemed to have been waived by Business Associate by virtue of this provision of the Agreement. Business Associate shall provide to Covered Entity a copy of any PHI that Business Associate provides to the Secretary concurrently with providing such PHI to the Secretary.

3.13. **Date Ownership**. All PHI shall be deemed owned by Covered Entity unless otherwise agreed in writing.

4. OBLIGATIONS OF COVERED ENTITY.

4.1. **Notice of Privacy Practices**. Upon written request by Business Associate, Covered Entity shall provide Business Associate with Covered Entity's then-current Notice of Privacy Practices.

4.2. **Revocation of Permitted Use or Disclosure of PHI**. Covered Entity shall notify Business

Associate of any changes in, or revocation of, permission by a patient to use or disclose PHI of Covered Entity, to the extent that such changes may affect Business Associate's use or disclosure of PHI.

4.3. **Restrictions on Use or Disclosure of PHI**. Covered Entity shall notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 C.F.R. §164.522 to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

4.4. **Requested Uses or Disclosures of PHI**. Except for Data Aggregation or management and administrative activities of Business Associate, Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the HIPAA Regulations if done by Covered Entity.

5. TERM AND TERMINATION.

5.1. **Term**. The term of this Agreement shall be coterminous with the Services Agreement. However, Business Associate shall have a continuing obligation to safeguard the confidentiality of PHI received from Covered Entity after the termination of the Services Agreement.

5.2. **Termination Without Cause**. Either Party may terminate this Agreement without cause or penalty by the delivery of a written notice from the terminating Party to the other Party. Such termination is effective 30 calendar days from the date that the other Party receives such notice.

5.3. **Termination For Cause**. A breach of any provision of this Agreement by Business Associate shall constitute a material breach of this Agreement and shall provide grounds for immediate termination of this Agreement and/or the Services Agreement notwithstanding any provision in this Agreement or the Services Agreement to the contrary.

5.4. **Judicial or Administrative Proceedings**. Either Party may terminate the Services Agreement, effective immediately, if: (a) the other Party is named as a defendant in a criminal proceeding for a violation of HIPAA, the HIPAA Regulations, the HITECH Act, or other security or privacy laws; or (b) a finding or stipulation that the other Party has violated any standard or requirement of HIPAA, the HIPAA Regulations, the HITECH Act or other security or privacy laws is made in any administrative or civil proceeding in which the Party has been joined.

5.5. **Effect of Termination**. Except as otherwise provided in this Section, upon termination of this Agreement for any reason, Business Associate shall return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. Business Associate shall certify in writing to Covered Entity that such PHI has been destroyed. If Business Associate determines that returning or destroying the PHI is not feasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction unfeasible. Business Associate shall extend the protections of this Agreement to such PHI and limit further uses and disclosures to those purposes that make the return or destruction of the PHI unfeasible, for so long as Business Associate maintains such PHI.

6. BREACH PATTERN OR PRACTICE. If either Party (the "Non-Breaching Party") knows of a pattern of activity or practice of the other Party (the "Breaching Party") that constitutes a material breach or violation of the Breaching Party's obligations under this Agreement, the Non-Breaching Party shall either: (a) terminate this Agreement in accordance with §5.3 above; or (b) take reasonable steps to cure the breach or end the violation. If the steps are unsuccessful, the Non-Breaching Party must terminate the Agreement if feasible. The Non-Breaching Party shall provide written notice to the Breaching Party of any pattern of activity or practice of the Breaching Party that the Non-Breaching Party believes constitutes a material breach or violation of the Breaching Party's obligations under this Agreement within three (3) days of discovery and shall meet with the Breaching Party's Privacy Coordinator to discuss and attempt to resolve the problem as one of the reasonable steps to cure the breach or end the violation.

7. **DISCLAIMER**. Covered Entity makes no warranty or representation that compliance by Business Associate with this Agreement, HIPAA, the HIPAA Regulations, or the HITECH Act will be adequate or satisfactory for Business Associate's own purposes. Business Associate is solely responsible for all decisions made by Business Associate regarding the safeguarding of PHI.

8. **CERTIFICATION**. To the extent that Covered Entity determines that such examination is necessary to comply with Covered Entity's legal obligation pursuant to HIPAA, the HIPAA Regulations, and the HITECH Act, Covered Entity or its authorized agents or contractors may, at Covered Entity's expense, examine Business Associate's facilities, systems, procedures (including but not limited to review of training procedures for Business Associate's staff) and records as may be necessary for such agents or contractors to certify to Covered Entity the extent to which Business Associate's security safeguards comply with HIPAA, the HIPAA Regulations, the HITECH Act, and this Agreement.

9. **INDEMNIFICATION**. If the Services Agreement provides for indemnification of the Parties or a Party, then provisions of this §9 shall control with respect to the matters contained in this Agreement. Each Party (the "Indemnifying Party") agrees to indemnify, defend and hold harmless the other Party (the "Indemnified Party") against all actual and direct losses suffered by the Indemnified Party from any negligence or wrongful acts or omissions, including failure to perform its obligations under this Agreement, by the Indemnifying Party or its employees, directors, officers, subcontractors, agents or other members of its workforce. Accordingly, the Indemnifying Party shall, within 30 days of receipt of a written notice, reimburse the Indemnified Party for any and all actual and direct losses, liabilities, lost profits, fines, penalties, costs or expenses (including reasonable attorneys' fees) which may for any reason be incurred by Indemnified Party or imposed upon the Indemnified Party by reason of any suit, claim, action, proceeding or demand by any third party, as a result of the Indemnifying Party's breach hereunder. This indemnification shall not replace or cover claims to which a policy of insurance covers and pays. This indemnification shall continue in full force and effect after, and notwithstanding, the transfer, assignment, expiration or termination of this Agreement.

10. **INSURANCE**. Each Party shall obtain and maintain cyber liability insurance to cover the costs of remediating breaches and related privacy and security failures. Such insurance shall have a coverage amount of at least [[[$2,000,000]]].

11. **COMPLIANCE WITH STATE LAW**. Business Associate acknowledges that Business Associate and Covered Entity may have confidentiality and privacy obligations under applicable State law. If any provisions of this Agreement or HIPAA, the HIPAA Regulations, or the HITECH Act conflict with applicable State law regarding the degree of protection provided for PHI and patient medical records, then Business Associate shall comply with the more restrictive requirements.

12. **MISCELLANEOUS**.

    12.1. **Amendment**. Business Associate and Covered Entity agree to take such action as is necessary to amend this Agreement from time to time to enable the Parties to comply with the requirements of HIPAA, the HIPAA Regulations and the HITECH Act. This Agreement may not be modified, nor shall any provision hereof be waived or amended, except in a writing duly signed and agreed to by Business Associate and Covered Entity.

    12.2. **Interpretation**. The provisions of this Agreement shall be interpreted as broadly as necessary to implement and comply with HIPAA, the HIPAA Regulations, the HITECH Act, the Privacy Rule and the Security Rule. The Parties agree that any ambiguity in this Agreement shall be resolved in favor of a meaning that complies and is consistent with HIPAA, the HIPAA Regulations, the HITECH Act, the Privacy Rule and the Security Rule.

    12.3. **Entire Agreement**. This Agreement contains the agreement of the Parties hereto and supersedes all prior agreements, contracts and understandings, whether written or otherwise, between the Parties relating to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12.4. **No Third-Party Beneficiaries**. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than Business Associate and Covered Entity, and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

12.5. **Notices**. All notices or other communications required or permitted hereunder shall be in writing and shall be deemed given or delivered (a) when delivered personally, against written receipt, (b) if sent by registered or certified mail, return receipt requested, postage prepaid, when received, (c) when received by facsimile transmission, and (d) when delivered by a nationally recognized overnight courier service, prepaid, and shall be sent to the addresses set forth on the signature page of this Agreement or at such other address as each Party may designate by written notice to the other by following this notice procedure.

12.6. **Regulatory References**. A reference in this Agreement to a section in the HIPAA Regulations or the HITECH Act means the section as in effect or as amended, and for which compliance is required.

12.7. **Assistance in Litigation or Administrative Proceedings**. Business Associate shall make itself, and any subcontractors, employees or agents, available to Covered Entity, at no cost to Covered Entity, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against Covered Entity, its directors, officers or employees based upon a claimed violation of HIPAA, the HIPAA Regulations, the HITECH Act, the Privacy Rule, the Security Rule, or other laws relating to security and privacy, except where Business Associate or its subcontractor, employee or agent is a named adverse party.

12.8. **Subpoenas**. If Business Associate receives a subpoena or similar notice or request from any judicial, administrative or other party arising out of or in connection with this Agreement, including, but not limited to, any unauthorized use or disclosure of PHI, Business Associate shall promptly forward a copy of such subpoena, notice or request to Covered Entity and afford Covered Entity the opportunity to exercise any rights it may have under law.

12.9. **Survival**. The respective rights and obligations of Business Associate under §3 et seq. of this Agreement shall survive the termination of this Agreement. In addition, §5.5 (Effect of Termination), §7 (Disclaimer), §9 (Indemnification), §10 (Compliance with State Law), §12.5 (Notices), §12.7 (Assistance in Litigation and Administrative Proceedings), §12.8 (Subpoenas) and §12.10 (Governing Law) shall survive the termination of this Agreement.

12.10. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona to the extent that the provisions of HIPAA, the HIPAA Regulations or the HITECH Act do not preempt the laws of the State of Arizona.

The Parties below have executed this Agreement effective as of the Effective Date first above written.

COVERED ENTITY	BUSINESS ASSOCIATE
[_____]	[_____]
Print: _____	Print: _____
Sign: _____	Sign: _____
Title: _____	Title: _____
Date: _____	Date:_____

ADDENDUM 1

TO FRANCHISE AGREEMENT

RENEWAL ADDENDUM

[See Attached]

RENEWAL ADDENDUM

This Renewal Addendum (this "Addendum") applies only if: (a) you are renewing your franchise rights for an existing and operational Clinic; and (b) we have marked "RENEWAL ADDENDUM APPLIES" in Part D of ATTACHMENT "A" of the Franchise Agreement to which this Renewal Addendum is attached (the "Agreement"). You and we may be referred to herein as a "Party" or collectively as the "Parties".

1. **Defined Terms**. Any capitalized term that is not defined herein shall have the meaning ascribed to such term in the Agreement. Any reference to "§" or "Section" shall refer to the § or Section of the Agreement unless otherwise specified.

2. **Renewal Fee**. Upon execution of the Agreement, you shall pay us a nonrefundable renewal fee in the amount of $_____, which is calculated as 25% of our current non-discounted initial franchise fee for the purchase of a first (1st) franchise.

3. **No Initial Franchise Fee**. You are not required to pay the initial franchise fee in §14.1 of the Agreement.

4. **Clinic Refresh Requirements**. As a condition to renewal, we may require you to remodel, renovate and otherwise alter your Clinic's premises, and upgrade your Clinic's furniture, fixtures and equipment, to conform to our current standards and specifications ("Clinic Refresh Requirements"). If we determine a new Clinic Design is necessary, you must pay us a $600 clinic design fee upon execution of the Agreement. We hereby confirm that (franchisor to check appropriate box):

   ___ New Clinic Design IS Required

   ___ New Clinic Design Is NOT Required

   If we require you to complete any Clinic Refresh Requirements, you must do so at your expense in accordance with our instructions and, if applicable, new Clinic Design. This Section shall not apply if we determine, in our sole discretion, that your Clinic's premises, furniture, fixtures and equipment are in substantial compliance with our current standards and specifications. To the extent applicable, you agree to comply with §8.3 (Clinic Design) and §8.4 (Construction) of the Agreement in connection with work you perform to implement any Clinic Refresh Requirements we impose as a condition to renewal. If we do not require you to complete any Clinic Refresh Requirements, then §8.3 (Clinic Design) and §8.4 (Construction) of the Agreement shall not apply.

5. **Preopening Obligations**. Because the Agreement grants you renewal rights for the continued ownership and operation of a fully developed and operational Clinic, the Parties agree that the following preopening obligations set forth in the Agreement shall not apply: §6.1 (Initial Training Program); §6.2 (Onsite Training & Opening Assistance); §8.1 (Site Selection); §8.5 (Opening); §11.3(b) (Grand Opening); and §16.3(b) (Report of Initial Investment Costs). Within 30 days after execution of the Agreement, you shall provide us with evidence of insurance coverage demonstrating your compliance with §16.1 of the Agreement.

6. **Waiver and Release of Claims**. In accordance with the renewal conditions set forth in the prior Franchise Agreement, you and your Owners (as such term is defined in the Successor Agreement) shall sign the Waiver and Release of Claims attached hereto as Attachment A concurrently with the execution of the Agreement. For the sake of clarity, the release of claims shall not extend to any claims arising under state or federal franchise laws relating to: (a) the execution of the Agreement; (b) the offer and grant of franchise renewal rights; or (c) any disclosures or representations made by us or our representatives in connection with either of the foregoing.

7. **Miscellaneous**.

   (a) Effect on Agreement. Except as specifically modified or supplemented by this Addendum, all terms, conditions, covenants and agreements set forth in the Agreement shall remain in full force and effect.

   (b) Inconsistency. In the event of any inconsistency between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall prevail.

ATTACHMENT A TO RENEWAL ADDENDUM

Waiver and Release of Claims

[Current form of Waiver and Release Agreement to be attached at time of renewal]

ADDENDUM 2

TO FRANCHISE AGREEMENT

TRANSFER ADDENDUM

[See Attached]

TRANSFER ADDENDUM

This Transfer Addendum (this "Addendum") applies only if: (a) you are acquiring rights to an existing and operational Clinic from another franchisee ("Seller") pursuant to an approved Transfer; and (b) we have marked "TRANSFER ADDENDUM APPLIES" in Part D of ATTACHMENT "A" of the Franchise Agreement to which this Transfer Addendum is attached (the "Agreement"). You and we may be referred to herein as a "Party" or collectively as the "Parties".

1. **Defined Terms**. Any capitalized term that is not defined herein shall have the meaning ascribed to such term in the Agreement. Any reference to "§" or "Section" shall refer to the § or Section of the Agreement unless otherwise specified.

2. **Term**. You may choose between: (a) acquiring a full 10-year Term (a "Full Term"), in which case you must pay us a pro-rated renewal fee in accordance with §3 below; and (b) acquiring the term remaining on Seller's Franchise Agreement (the "Remaining Term"), in which case you do not pay us any renewal fee at this time. If you elect to acquire the Remaining Term, then the Term of the Agreement will expire on the Expiration Date listed below. We hereby confirm that you have elected the following (franchisor to check appropriate box):

   ___ Full Term - expires on 10th anniversary of Effective Date

   ___ Remaining Term - expires on _____, 202___ (the "Expiration Date")

   If you elected to acquire the Remaining Term, then the Agreement is hereby amended to delete the definition of "Term" in §1 and substitute the following definition in its place:

   "*Term*" means the period of time beginning on the Effective Date and expiring on the earlier to occur of: (a) the Expiration Date referenced in the Transfer Addendum; or (b) the date this Agreement is effectively terminated.

3. **Renewal Fee**. If you elected to acquire a Full Term in accordance with §2, then you shall pay us a nonrefundable pro-rated renewal fee of $[_____] upon execution of the Agreement. The renewal fee shall be in addition to the Transfer Fee. If you elected to acquire the Remaining Term, then you will not owe us any renewal fee at the time you sign the Agreement.

4. **Transfer Fee**. We hereby acknowledge receipt of the $[_____] transfer fee required by the Consent to Transfer Agreement.

5. **No Initial Franchise Fee**. You are not required to pay the initial franchise fee set forth in §14.1 of the Agreement.

6. **Assumption of Obligations**. You agree to discharge and guarantee the Seller's obligations under all contracts executed by Seller in connection with the Clinic, including, without limitation, Seller's Franchise Agreement, supplier contracts, membership agreements and other contracts.

7. **Clinic Refresh Requirements**. As a condition to our approval of the Transfer of the Clinic from Seller to you, we may require you to remodel, renovate and otherwise alter the Clinic's premises, and upgrade the Clinic's furniture, fixtures and equipment, to conform to our current standards and specifications ("Clinic Refresh Requirements"). If we determine a new Clinic Design is necessary, you must pay us a $600 clinic design fee upon execution of the Agreement. We hereby confirm that (franchisor to check appropriate box):

   ___ New Clinic Design IS Required

   ___ New Clinic Design Is NOT Required

   If we require you to complete any Clinic Refresh Requirements, you must do so at your expense in accordance with our instructions and, if applicable, new Clinic Design. All required Clinic Refresh Requirements must be completed no later than six (6) months after the Transfer effective date. This Section shall not apply if we determine, in our sole discretion, that the Clinic's premises, furniture, fixtures and

equipment are in substantial compliance with our current standards and specifications. To the extent applicable, you agree to comply with §8.3 (Clinic Design) and §8.4 (Construction) of the Agreement in connection with work you perform to implement any Clinic Refresh Requirements we impose as a condition to Transfer. If we do not require you to complete any Clinic Refresh Requirements, then §8.3 (Clinic Design) and §8.4 (Construction) of the Agreement shall not apply.

8. **Preopening Obligations**. Unless you are an existing and fully trained The Joint franchisee, you and the trainees we designate must successfully complete the initial training program we provide in accordance with §6.1 (Initial Training Program) and §6.2 (Onsite Training & Opening Assistance); *provided, however*, that: (a) our obligation to provide assistance with the opening of the Clinic shall not apply; and (b) we need not train any Person previously employed by or associated with the Seller who has satisfied all of our current training requirements. Because the Agreement grants you the right to operate a fully developed and operational Clinic, the Parties agree that the following preopening obligations set forth in the Agreement shall not apply: §8.1 (Site Selection); §8.5 (Opening); §11.3(b) (Grand Opening); and §16.3(b) (Report of Initial Investment Costs). Prior to or concurrently with the execution of the Agreement, you shall provide us with evidence of insurance coverage demonstrating your compliance with §16.1 of the Agreement.

9. **Miscellaneous**.

(a) Effect on Agreement. Except as specifically modified or supplemented by this Addendum, all terms, conditions, covenants and agreements set forth in the Agreement shall remain in full force and effect.

(b) Inconsistency. In the event of any inconsistency between the terms of the Agreement and the terms of this Addendum, the terms of this Addendum shall prevail.

EXHIBIT "D"

TO DISCLOSURE DOCUMENT

AREA DEVELOPMENT AGREEMENT

[See Attached]



AREA DEVELOPMENT AGREEMENT

AREA DEVELOPER: _____
DATE: _____

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ATTACHMENTS

ATTACHMENT "A" Deal Terms

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between The Joint Corp., a Delaware corporation ("we" or "us") and _____, a(n) _____ ("you").

1. DEFINITIONS. Capitalized terms used in this Agreement shall have the meanings given to them below, or if not defined below, the meanings given to them in the Initial Franchise Agreement.

"*Clinic*" means any chiropractic clinic that is authorized to operate under our Marks and use our System, including clinics operated by us, our affiliate, you or another Person, as the context may require.

"*Developer Entity*" means the Entity that: (a) signs this Agreement as the area developer (if this Agreement is signed by an Entity); or (b) assumes this Agreement subsequent to its execution by the original Owners.

"*Development Business*" means the business you conduct pursuant to this Agreement consisting of developing and opening Clinics within the Development Territory.

"*Development Schedule*" means the schedule described in §4.1 and Part D of ATTACHMENT "A" for the development of the Clinics within the Development Territory.

"*Development Territory*" means the geographic area described in Part E of ATTACHMENT "A".

"*Discounted Initial Franchise Fee*" means the $29,900 discounted initial franchise fee applicable to each Clinic other than your first Clinic.

"*Dispute*" means any Claim, dispute or disagreement between the parties, including any matter pertaining to: (a) the interpretation or enforcement of this Agreement; (b) the offer or sale of the area development rights; or (c) the relationship between the parties.

"*Franchise Agreement*" means a The Joint Franchise Agreement executed by us and you (or your affiliate) for the development and operation of a Clinic pursuant to this Agreement.

"*Initial Franchise Agreement*" means the Franchise Agreement you execute for the first Clinic to be developed pursuant to this Agreement.

"*Owner*" means a Person who meets any of the following criteria: (a) the Person directly signs this Agreement as the area developer, either alone or in conjunction with one or more other Persons; (b) the Person directly or indirectly through one or more intermediaries owns any Equity Interest in the Developer Entity (if the area developer under this Agreement is an Entity); (c) the Person directly signs a Franchise Agreement as the franchisee, either alone or in conjunction with one or more other Persons; and/or (d) the Person directly or indirectly through one or more intermediaries owns any Equity Interest in any affiliate of yours that executes a Franchise Agreement as authorized by §6.

"*Permitted Transfer*" means: (a) a Transfer of less than a 5% ownership interest in the Development Business or Developer Entity, as applicable; (b) a Transfer from an Owner to the Owner's immediate family member or a related trust; (c) a Transfer from one Owner to another Owner who was an approved Owner prior to the Transfer; and/or (d) a Transfer by the Owners to a newly established Developer Entity for which such Owners collectively own and control 100% of the Equity Interests. Notwithstanding the above, a Permitted Transfer shall not include any Transfer that: (a) results in a change of control; or (b) results in the Managing Owner owning less than 5% of the ownership interests in the Development Business or 5% of the Equity Interests in the Developer Entity, as applicable.

"*Term*" means the period of time beginning on the Effective Date of this Agreement and expiring on the earlier to occur of: (a) the opening date listed in the Development Schedule for the last Clinic you are required to open; or (b) the date this Agreement is effectively terminated.

"*Transfer*" means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of:

(a) this Agreement (or any interest therein);

(b) the area development rights granted by this Agreement (or any interest therein);

(c) the Development Business you conduct pursuant to this Agreement (or any interest therein);

(d) the right to manage a Clinic or occupy the Clinic's premises; or

(e) an Equity Interest in the Developer Entity, including public and private offerings;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests in the Developer Entity; foreclosure of a security interest by a lender; or operation of Law, will or a trust upon the death of an Owner of the Developer Entity, including the Laws of intestate succession.

2. GRANT OF DEVELOPMENT RIGHTS. Subject to the terms of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Clinics referred to in the Development Schedule. Each Clinic must be located within the Development Territory. This Agreement does not grant you any right or license to use our Intellectual Property.

3. TERRITORIAL PROTECTIONS AND LIMITATIONS. During the Term we will not develop or operate, or license a third party to develop or operate, a Clinic that is located in the Development Territory other than: (a) any Clinic that is operating, under development, or for which a franchise agreement has been executed, in each case as of the Effective Date, and that is (or will be) located in the Development Territory; and (b) any Clinic otherwise permitted by this Section. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Clinics within Captive Venues located in the Development Territory; and (b) engage in Acquisitions even if, as a result of an Acquisition, one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including our Marks) and are located in the Development Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Development Territory through Alternative Channels of Distribution.

4. DEVELOPMENT OBLIGATIONS

4.1. **Development Schedule**. You must develop, open and operate all Clinics listed in the Development Schedule. Each Clinic must be developed and opened in strict compliance with the time periods set forth in the Development Schedule, including the prescribed deadlines for: (a) signing the Franchise Agreement for the Clinic; and (b) opening the Clinic. We may, in our sole discretion, extend one or more of the deadlines listed in the Development Schedule if you demonstrate to our satisfaction that you used best efforts to meet the deadline and the need for the extension is due to unforeseeable delays rather than your lack of diligence or funding. The opening date listed in the Development Schedule for a given Clinic may be earlier than the opening date required under the terms of the associated Franchise Agreement. In order to comply with the Development Schedule you must open each Clinic by the opening date listed in the Development Schedule even if such date is earlier than the opening date required by the associated Franchise Agreement.

4.2. **Site Selection Process**. You must propose sites within the Development Territory for each Clinic to be developed under this Agreement. All sites you propose must conform to our minimum site selection criteria. You must send us a complete site submission package that includes all documents, information, photos and video we require. In evaluating proposed sites, we consider various factors and criteria, including: parking; visibility, size, condition and characteristics of the building; traffic counts; general location; existence and location of competitive businesses; general character of the neighborhood; local demographic information; and various economic indicators. We will not unreasonably withhold our acceptance of a site that meets our minimum site selection criteria. We will use best efforts to issue our acceptance or rejection of sites you propose within 15 business days after we receive the complete site submission package. Your site is deemed rejected if we fail to issue our written acceptance within the 15 business day period. We will list the address of the accepted site in the Franchise Agreement signed by the parties in accordance with §4.3. Our acceptance or recommendation of a site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Clinic. It indicates only that we believe

the site meets our minimum criteria. We are not responsible if a site we accept or recommend does not meet your expectations.

4.3. **Franchise Agreements**. You must sign a separate Franchise Agreement for each Clinic. You must sign the Initial Franchise Agreement for your first (1st) Clinic at the time you sign this Agreement. For all other Clinics, you must sign the Franchise Agreement after we accept the site but prior to signing a lease. Each Franchise Agreement shall be our then-current form of The Joint Franchise Agreement (modified to reflect the Discounted Initial Franchise Fee), the terms of which may vary materially and substantially from the terms of the Initial Franchise Agreement. At the time you sign the Franchise Agreement for each new Clinic, you must pay us the balance of the Discounted Initial Franchise Fee for that Clinic (i.e., $19,900). You may not sign a lease or purchase contract for a Clinic's premises until the parties have signed the Franchise Agreement and all ancillary agreements for that Clinic. You must develop, open and operate each Clinic in compliance with the Franchise Agreement and the Manual.

4.4. **Additional Clinics**. You may not develop any Clinic other than the Clinics listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which will be upon such terms that we specify, after you develop all Clinics listed in the Development Schedule in accordance with this Agreement.

5. **DEVELOPMENT FEE.** At the time you sign this Agreement you must pay us: (a) the full initial franchise fee for your first Clinic in the amount set forth in Part C of ATTACHMENT "A"; and (b) the development fee set forth in Part C of ATTACHMENT "A", which is calculated as $10,000 multiplied by the total number of Clinics to be developed under this Agreement (excluding the first Clinic). The development fee is fully earned and nonrefundable upon execution of this Agreement.

6. **DEVELOPER ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Developer Entity authorizing the execution of this Agreement, a copy of its organizational documents and a current Certificate of Good Standing. You may form a separate Entity to enter into each Franchise Agreement provided that: (a) the Person or Persons owning the Equity Interests (and the percentage of the Equity Interests owned) in each such Entity must be the same Person or Persons owning the Equity Interests (with the same percentage of the Equity Interests owned) in the Developer Entity; and (b) each such Entity guarantees the performance of all other Entities formed under the authority of this §6. Each Owner, and the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

7. **TRANSFERS**

7.1. **By Us**. This Agreement is fully assignable by us, without prior notice to you, and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment.

7.2. **By You**. The development rights are personal to you and the Owners. We are granting you area development rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer. You may engage in a Permitted Transfer, but you must: (a) give us at least 10 days' prior written notice; and (b) upon our request, cause any Entity that was the Developer Entity immediately prior to the Permitted Transfer to sign a corporate guarantee in the format we require to secure performance of the new Developer Entity's financial obligations under all Definitive Agreements. You and the Owners (and the transferee) agree to sign all documents we reasonably request to effectuate and document the Permitted Transfer.

8. **TERMINATION**

8.1. **Reasonableness**. You represent that you: (a) have conducted your own independent investigation

and analysis of the prospects for the development of the Clinics within the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that any breach of the Development Schedule is a material breach of this Agreement.

8.2. **Termination By Us**. We may terminate this Agreement, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:

(i) if we terminate any Definitive Agreement due to a default committed by you or one of your Owners or affiliates; or

(ii) if you or one of your Owners of affiliates breaches any provision of this Agreement or any other Definitive Agreement and fails to cure the breach within 30 days after receipt of a default notice from us.

8.3. **Effect of Termination**. The termination of this Agreement will end all of your rights and development obligations under this Agreement, including without limitation, your interests in the Development Territory and right to sign new Franchise Agreements or open additional Clinics. We will not refund any portion of the development fee, but you will not be obligated to pay the remaining balance of the Discounted Initial Franchise Fee for any Clinic for which a Franchise Agreement had not yet been signed.

9. **DISPUTE RESOLUTION.** Any Dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Initial Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

10. **REPRESENTATIONS.**

10.1. **Corporate Representations**. You and your Owners jointly and severally represent and warrant to us that the execution and delivery of this Agreement, and the performance of your obligations hereunder, does not: (a) conflict with, breach or constitute a default under any other agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets may be bound; (b) violate any order, writ, injunction, decree, judgment or ruling of any Governmental Authority; or (c) violate any applicable Law. If the developer is an Entity, then you and your Owners also jointly and severally represent and warrant to us that: (a) the Developer Entity is duly organized, validly existing and in good standing under the Laws of the state of its formation and has the requisite power and authority to enter into this Agreement and to perform each of its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement shall constitute the legal, valid and binding obligation of the Developer Entity and shall be enforceable against the Developer Entity in accordance with its terms.

10.2. **Franchise Compliance Representations**. You and your Owners jointly and severally represent and warrant to us that you received: (a) an exact copy of this Agreement and its attachments, with all material terms filled in, at least seven (7) calendar days before you signed this Agreement; and (b) our Franchise Disclosure Document at the earlier of (i) 14 calendar days before you signed a binding agreement or paid any money to us or our affiliates in connection with this franchise or (ii) such earlier time in the sales process that you requested a copy.

10.3. **General Representations**. You and your Owners jointly and severally represent and warrant to us that: (a) other area developers may operate under different forms of agreement and our obligations and rights with respect to area developers differs materially in certain circumstances; and (b) we may negotiate terms or offer concessions to other area developers and we have no obligation to offer you the same or similar negotiated terms or concessions.

10.4. **Anti-Terrorism Compliance**. You and your Owners jointly and severally represent and warrant to us that, to the best of your knowledge: (a) no property or interest owned by you or any Owner is subject to being "blocked" under any Anti-Terrorism Law; (b) neither you nor any Owner, nor any of their respective funding sources (including any legal or beneficial owner of any Equity Interest in you) or related parties is, or has ever been: (i) a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law; or (ii) identified by name (or alias, pseudonym or nickname) or address on any Terrorist List, including on the list of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.home.treasury.gov); and (c) you and the Owners are in compliance with, and shall continue to comply with, the Anti-Terrorism Law and all other Laws (either currently in effect or enacted in the future) prohibiting corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government that are in effect within the United States of America. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you agree to notify us immediately in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

11. GENERAL PROVISIONS

11.1. **Governing Law.** This Agreement and the franchise relationship are governed by the Laws of the State of Arizona without reference to its principles of conflicts of law, but any Law of the State of Arizona that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

11.2. **Severability**. Each section and subsection of this Agreement, and any portion thereof, shall be considered severable.

11.3. **Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party shall be deemed to have waived or impaired any of its contractual rights under this Agreement (including the right to require strict compliance with all terms of this Agreement or terminate this Agreement due to the other party's failure to comply with such terms) by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect by either party to exercise any right under this Agreement or require the other party to strictly comply with its obligations under this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other area developers; or (d) our acceptance of payments from you after your breach.

11.4. **Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval. Our approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request.

11.5. **Force Majeure.** Neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that an event of Force Majeure shall not excuse or permit any failure to perform for more than 180 days. If the period of non-performance exceeds 180 days from receipt of notice of the Force Majeure event, the party whose ability to perform has not been affected may immediately terminate this Agreement by giving written notice of termination to the other party.

11.6. **Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a party to this Agreement.

11.7. **Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN

THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.

11.8. **Good Faith Covenant**. If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations that are inconsistent with the express terms of this Agreement. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.

11.9. **Rights of Parties are Cumulative**. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.

11.10. **Survival**. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement, or the Transfer of an ownership interest in the Development Business or Developer Entity, shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.

11.11. **Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more Persons, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.

11.12. **Time of Essence.** Time is of the essence in this Agreement and every term thereof.

11.13. **Notice.** All notices given under this Agreement must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.

11.14. **Counterparts.** This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

The parties below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

The Joint Corp., a Delaware corporation

By:_____
Name:_____
Title:_____

YOU (If you are an Entity):

_____,
a(n)_____
By:_____
Name:_____
Title:_____

YOU (If you are not an Entity):

_____
Name:_____
_____
Name: _____
_____

ATTACHMENT "A"

TO AREA DEVELOPMENT AGREEMENT

DEAL TERMS

A. Identity and Ownership of Area Developer Franchisee

The franchisee is: _____ A proprietorship comprised of multiple owners

_____ A business entity

If the franchisee is a proprietorship:

Your individual owners:

_____

_____

_____

_____

_____

If the Franchisee is a Business Entity:

Type of Entity: _____ Corporation

_____ Professional Corporation

_____ Limited Liability Company

_____ Professional Limited Liability Company

_____ Partnership

_____ Professional Partnership

You were incorporated or formed on _____, 20__ under the laws of the State of _____.

Name of Entity	**Owned by**	**Title**
_____	_____	_____
_____	_____	_____
_____	_____	_____

Percentage of Interest:

Individual/Entity Name	**Percentage/Description of Interest**
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

B. Franchisee's Notice Address

Name and address of the person to receive notices for the franchisee and on behalf of the Owners:

_____
_____
_____
Attention:_____
Email:_____

C. Fees.

- The initial franchise fee for the first Clinic you develop pursuant to this Agreement is $39,900.
- The Discounted Initial Franchise Fee is $29,900.
- The development fee is $_____.

D. Development Schedule.

You must comply with the following minimum development obligations as specified in §4 of the Agreement:

DEVELOPMENT SCHEDULE				
Franchised Clinic	**Clinic Number**	**Deadlines**		**Total Number of Open Clinics (as of Opening Deadline)**
		Franchise Agreement Signed*	**Opening ****	
1	___	Not Applicable	300 days after Franchise Agreement signed	1
2	___	6 months after Effective Date	_____, 202__	2
3	___	12 months after Effective Date	_____, 202__	3
4	___	18 months after Effective Date	_____, 202__	4
5	___	24 months after Effective Date	_____, 202__	5
Total Number of Clinics that must be developed: [_____]				

* You must sign the Initial Franchise Agreement at the time you sign this Agreement.

** You must open each Clinic by the earlier to occur of: (1) the opening deadline set forth in the table above; or (2) the expiration of the 300th day after we accept the site for the Clinic.

E. Development Territory.

The Development Territory consists of, and shall be limited to, the following geographic area, as may be further depicted on a map attached below or on the following page:

[_____]

If the boundaries that define the Development Territory change during the Term, the boundaries of your Development Territory will remain unaffected and will continue to be defined by the boundaries that were in effect as of the Effective Date (as may be depicted on a map attached below or on the following page).

[Insert Map (if applicable)]

EXHIBIT "E"

TO DISCLOSURE DOCUMENT

Manual Summary		
Manual	**Page Count**	**Table of Contents**
Operations Manual	87	Table of Contents follows
Brand Guide	18	No separate table of contents
Clinic Management Training Guide	81	No separate table of contents
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THE JOINT® chiropractic



New Franchise In-Clinic Operations

2022 Participant Guide

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THE JOINT chiropractic

2024 New Franchise Onboarding Guide

Welcome New Franchisee!

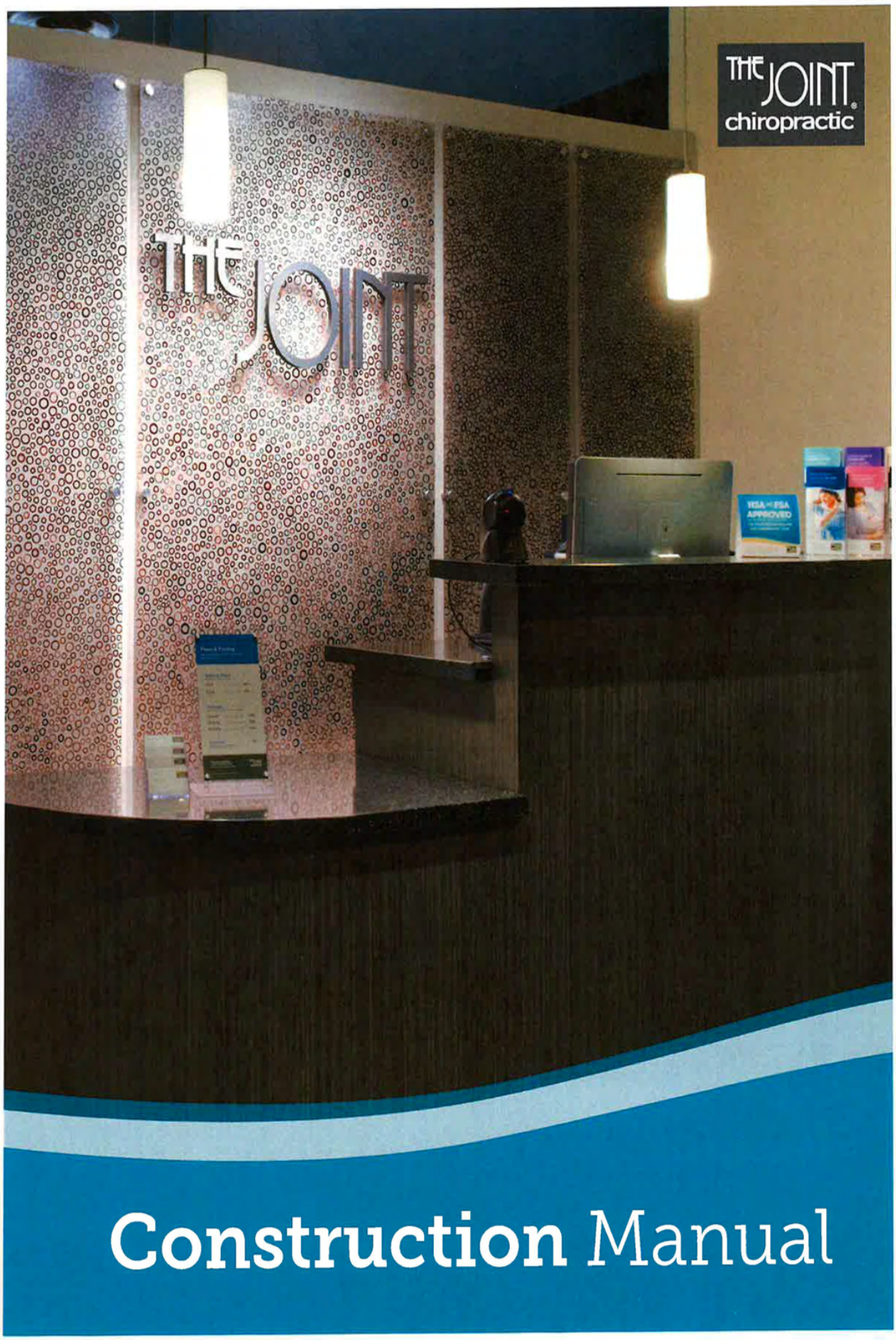
Use this Onboarding Guide as a first step to help guide you on your new business venture with The Joint Chiropractic.

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Our mission is to improve quality of life through **routine** and **affordable** chiropractic care.

The Construction Manual is updated regularly. Be sure to check the "Rev." date to ensure you always have the most current version.

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EXHIBIT "F"

TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES

Part A (Current Franchisees)

The following table lists franchisees that were open as of December 31, 2023.

State	City	Address	Phone	Owner Name
AK	Wasilla	2101 E. Sun Mountain Ave Suite 104	(907) 707-3908	James Petersen, DC
AK	Anchorage	2001 E. 88th Ave	(907) 707-3908	James Petersen, DC
AL	Opelika	2486 Enterprise Dr.	(404) 797-6088	Patrick Greco, DC
AL	Huntsville	4800 Whitesburg Drive Suite 41	(256) 797-8676	Robert "Taylor" Wesson
AL	Madison	419 John Henry Way, Suite 200	(256) 527-8468	Robert "Blake" Cantrell
AL	Decatur	2411 6th Ave Suite A-1	(256) 527-8468	Robert "Blake" Cantrell
AL	Montgomery	7244 Halcyon Park Drive	(334) 685-0323	Artresha "Tresha" Brown
AL	Mountain Brook	2800 Cahaba Village Plaza , Suite 270	(615) 293-7723	Atul "Ash" Kumar
AL	Birmingham	270 Doug Baker Blvd, Suite #400	(615) 293-7723	Atul "Ash" Kumar
AL	Birmingham	1820 Gadsden Hwy Ste 104	(425) 387-8316	Kip Rapp
AL	Mobile	7721 Airport Blvd. Suite E160	(256) 590-9326	James Wesson
AL	Daphne	6850 US Highway 90 Suite A-03	(256) 590-9326	James Wesson
AL	Tuscaloosa	1320 McFarland Blvd. E., Suite 225	(205) 393-4308	Bryan McDonald, DC
AL	Gadsden	510 Meighan Blvd Suite A10	(425) 387-8316	Kip Rapp
AL	Dothan	4521 Montgomery Highway, Suite 4	(713) 660-9000	Cliff Haigler
AR	Little Rock	10121 N. Rodney Parham Rd. Suite B1	(870) 918-7425	Jared Black
AR	North Little Rock	2607 McCain Blvd.	(870) 918-7425	Jared Black
AR	Fayetteville	3484 W. Wedington Dr. , Suite 8	(205) 901-3502	Dylan Breeding
AR	Rogers	2600 Pleasant Crossing Drive, Suite 90	(205) 901-3502	Dylan Breeding
AR	Fort Smith	3106 South 74th Street, Suite 101	(205) 901-3502	Dylan Breeding
AR	Springdale	4962 E. Elm Springs RD	(205) 901-3502	Dylan Breeding
AR	Conway	1040 S Amity Rd Ste G	(205) 901-3502	Dylan Breeding
AR	Jonesboro	2100 East Highland Drive, Suite 100	(205) 901-3502	Dylan Breeding
AR	Bryant	307 Bryant Avenue Ste 2	(870) 918-7425	Jared Black
AR	Bentonville	1005 S. Walton blvd suite 2	(205) 901-3502	Dylan Breeding
AZ	Scottsdale	6107 N. Scottsdale Road, Suite C-102	(480) 286-1030	Chris Judge, DC
AZ	Peoria	7369 W. Bell Road, Suite #103	(602) 405-0558	Tony Di Giuseppe
AZ	Avondale	9925 West McDowell Road, Suite #102	(602) 405-0558	Tony Di Giuseppe
AZ	Goodyear	1468 N Litchfield Road, Suite M-6	(602) 405-0558	Tony Di Giuseppe
AZ	Surprise	14155 W Bell Road, Suite #107	(602) 405-0558	Tony Di Giuseppe
AZ	Mesa	6626 E. McKellips Road, Suite #103	(602) 625-6382	Greg Sarandi
AZ	Phoenix	21001 N. Tatum Blvd, Ste 1085	(951) 312-3183	Erica Berl
AZ	Peoria	9744 W. Northern Avenue, Suite #1335	(602) 405-0558	Tony Di Giuseppe
AZ	Phoenix	3121 W. Peoria Avenue #103	(480) 773-9170	David Lee, DC
AZ	Queen Creek	21582 S. Ellsworth Loop Road, Suite #120	(801) 791-8557	Brad Peterson
AZ	Phoenix	2340 E. Baseline Rd. Suite #170	(951) 312-3183	Erica Berl
AZ	Gilbert	2765 S. Market St., Ste 105	(480) 639-8833	Craig Peterson, DC
AZ	Gilbert	1084 S. Gilbert Rd. #103	(480) 773-9170	David Lee, DC
AZ	Casa Grande	1609 E. Florence Blvd., Suite 3	(815) 520-3431	John McDonald, DC
AZ	Surprise	13953 W Waddell Rd, Ste 102	(602) 405-0558	Tony Di Giuseppe
AZ	Buckeye	825 S Watson Rd, Ste 105	(602) 405-0558	Tony Di Giuseppe
AZ	Litchfield Park	13000 Indian School Rd, Suite A-3	(602) 405-0558	Tony Di Giuseppe

State	City	Address	Phone	Owner Name
AZ	Laveen Village	7650 S. 59th Ste. 104	(951) 237-1811	Brandon Berl
AZ	San Tan Valley	40815 N. Ironwood Dr.	(801) 791-8557	Brad Peterson
AZ	Mesa	5221 S. Power Rd	(480) 639-8833	Craig Peterson, DC
AZ	Queen Creek	18471 E. Queen Creek Rd. Suite 102	(480) 639-8833	Craig Peterson, DC
CA	Berkeley	2628 Telegraph Avenue	(510) 499-1208	Laurent Colvin, DC
CA	San Diego	2245 Fenton Pkwy, Suite #109	(937) 441-2903	Bianca Page, DC
CA	Culver City	10992 Jefferson Blvd.	(602) 330-2744	Stephanie McRae
CA	Glendale	350 N. Glendale Avenue, Unit A	(818) 723-3063	Adam Campos
CA	Pasadena	3653 E Foothill Blvd.	(818) 723-3063	Adam Campos
CA	Pinole	2782 Pinole Valley Road	(805) 451-3281	Chris O'Neal
CA	Sacramento	521 Munroe Street	(805) 451-3281	Chris O'Neal
CA	Elk Grove	9620 Bruceville Road, Suite #102	(805) 451-3281	Chris O'Neal
CA	San Jose	2079 Camden Avenue	(805) 451-3281	Chris O'Neal
CA	Gold River	2095 Gold Centre Lane, Suite #40	(805) 451-3281	Chris O'Neal
CA	Roseville	8680 Sierra College Blvd, Suite #190	(805) 451-3281	Chris O'Neal
CA	Sacramento	8144 Delta Shores Circle South, Suite 120	(805) 451-3281	Chris O'Neal
CA	Livermore	2050 Portola Avenue, Suite E	(805) 451-3281	Chris O'Neal
CA	Roseville	731 Pleasant Grove Blvd, Suite #180	(805) 451-3281	Chris O'Neal
CA	Folsom	2756 East Bidwell Street, Suite #300	(805) 451-3281	Chris O'Neal
CA	San Jose	111 Curtner Avenue, Suite #40	(805) 451-3281	Chris O'Neal
CA	Vacaville	1610 E. Monte Vista Ave. Ste. 103	(805) 451-3281	Chris O'Neal
CA	San Jose	1098 Brokaw Road, Suite 40	(805) 451-3281	Chris O'Neal
CA	Sacramento	2850 Del Paso Rd., Suite 200	(805) 451-3281	Chris O'Neal
CA	Sacramento	1809 S Street, Suite 102	(805) 451-3281	Chris O'Neal
CA	San Jose	5130 Cherry Ave., Suite 20	(805) 451-3281	Chris O'Neal
CA	Citrus Heights	7925 Madison Ave., Suite 2	(805) 451-3281	Chris O'Neal
CA	West Sacramento	2455 Jefferson Blvd., Suite 115	(805) 451-3281	Chris O'Neal
CA	Rocklin	5430 Crossings Drive, Suite 102	(805) 451-3281	Chris O'Neal
CA	San Jose	5259 Prospect Rd.	(805) 451-3281	Chris O'Neal
CA	Milpitas	125 Ranch Dr.	(805) 451-3281	Chris O'Neal
CA	Sacramento	3700 Crocker Drive, Suite 120	(805) 451-3281	Chris O'Neal
CA	Auburn	2935 Bell Rd	(805) 451-3281	Chris O'Neal
CA	Davis	1411 W. Covell Blvd., Suite 103	(805) 451-3281	Chris O'Neal
CA	Sacramento	8848 Calvine Road, Suite 130	(805) 451-3281	Chris O'Neal
CA	Santee	9836 Mission Gorge Rd. Suite 19D	(310) 463-1061	Gabriel Latino
CA	Downey	12050 Lakewood Blvd	(925) 872-8899	Anthony Tran
CA	South Gate	4753 Firestone Blvd	(925) 872-8899	Anthony Tran
CA	Brea	477 S. Associated Road, Suite #C - 1	(925) 872-8899	Anthony Tran
CA	Riverside	3639 Riverside Plaza Drive #510		Jean-Paul LaBelle
CA	Point Loma	3555 Rosecrans Street, Suite #110A	(858) 780-6500	Shahram "Shah" Soleimani, DC
CA	Fontana	16155 Sierra Lakes Parkway, Suite 120	(909) 899-2956	Bryan Hurlburt
CA	Goleta	5741 Calle Real	(949) 939-3982	Brian Brownley, DC
CA	Ventura	5722 Telephone Road, #19	(310) 467-6524	Aaron Shakarian, DC
CA	Rosemead	3680 Rosemead Blvd.	(323) 810-6202	Allen Hua
CA	Los Angeles	5001 Wilshire Blvd #114	(213) 493-2601	Shawn Lee, DC
CA	Anaheim	2146 E. Lincoln Ave	(714) 398-2897	Timothy Gallo, DC
CA	Monrovia	674 W. Huntington Dr.	(323) 810-6202	Allen Hua
CA	Chino Hills	13920 City Center Drive, Suite 4003	(949) 280-8032	Aruna Chabra
CA	Fresno	50 El Camino	(480) 392-2810	Daniel Rae D.C.
CA	Clovis	950 Herndon Ave Suite 105	(480) 392-2810	Daniel Rae D.C.

State	City	Address	Phone	Owner Name
CA	San Diego	7061 Clairemont Mesa Blvd, Suite 206	(619) 919-3580	John Laperchia
CA	Upland	1902 N. Campus Ave, Ste I	(209) 981-9000	Reginald Lal
CA	Walnut Creek	2866 Ygnacio Valley Rd.	(480) 236-8050	David Gilligan DC
CA	National City	1430 E Plaza Blvd Suite E6	(619) 919-3580	John Laperchia
CA	Simi Valley	2941 Cochran Street #5	(310) 467-6524	Aaron Shakarian, DC
CA	Manhattan Beach	1590 rosecrans ave	(602) 330-2744	Stephanie McRae
CA	Thousand Oaks	520 N Ventu Park Road, Suite 130	(310) 467-6524	Aaron Shakarian, DC
CA	Danville	413 Railroad Ave.	(801) 602-0427	Malena Kaufman D.C.
CA	Port Hueneme	549 W. Channel Islands Blvd.	(310) 467-6524	Aaron Shakarian, DC
CA	Oxnard	2051 Rose. Ave. Suite 300	(310) 467-6524	Aaron Shakarian, DC
CA	Pico Rivera	8980 Washington Blvd	(925) 872-8899	Anthony Tran
CA	Salinas	1522 N. Main Street	(831) 238-1794	Joseph Davi DC
CA	Napa	261 Soscol Avenue	(480) 236-8050	David Gilligan DC
CA	Santa Maria	560 Betteravia Rd Suite C	(714) 814-8119	Eric Smith, DC
CA	Visalia	4220 South Mooney BLVD	(480) 392-2810	Daniel Rae D.C.
CA	Bakersfield	5549 Calloway Drive, Suite 300	(805) 903-2000	Thomas Burgett
CA	Monterey	920 Del Monte Center	(831) 238-1794	Joseph Davi DC
CA	Gilroy	890 Renz Lane	(805) 451-3281	Chris O'Neal
CA	Merced	3630 G Street, Suite B	(480) 392-2810	Daniel Rae D.C.
CO	Boulder	2525 Arapahoe Avenue, Suite C2	(303) 709-5779	Joseph "Joe" Forte
CO	Colorado Springs	3272 Centennial Blvd.	(303) 709-5779	Joseph "Joe" Forte
CO	Thornton	1281 E. 120th Avenue, Unit D	(303) 709-5779	Joseph "Joe" Forte
CO	Loveland	1117 Eagle Drive	(970) 290-9511	Scott K. Heiser, DC
CO	Aurora	10600 E. Garden Drive, Suite #103	(303) 968-5408	Brad Remington
CO	Aurora	24300 E. Smokey Hill Road	(630) 803-1541	Philip "Phil" Davis
CO	Lone Tree	9996 Commons Street, Suite #330	(630) 803-1541	Philip "Phil" Davis
CO	Greenwood Village	6570 S. Yosemite Street, Suite #102	(630) 803-1541	Philip "Phil" Davis
CO	Lakewood	7100 W. Alaska Drive	(630) 803-1541	Philip "Phil" Davis
CO	Highlands Ranch	1509 Park Central Dr. Ste 200	(630) 803-1541	Philip "Phil" Davis
CO	Littleton	8555 West Belleview Avenue	(630) 803-1541	Philip "Phil" Davis
CO	Denver	945 Albion St	(630) 803-1541	Philip "Phil" Davis
CO	Castle Rock	4991 Factory Shops Blvd., Suite 140	(630) 803-1541	Philip "Phil" Davis
CO	Parker	17051 Lincoln Avenue, Suite K	(630) 803-1541	Philip "Phil" Davis
CO	Denver	2730 S Colorado Blvd #110	(630) 803-1541	Philip "Phil" Davis
CO	Lakewood	14680 W. Colfax, Suite F-120	(303) 709-5779	Joseph "Joe" Forte
CO	Colorado Springs	6044 Stetson Hills Blvd.	(303) 709-5779	Joseph "Joe" Forte
CO	Longmont	210 Ken Pratt Blvd, Suite #245	(303) 709-5779	Joseph "Joe" Forte
CO	Sheridan	3702 River Point Parkway, Unit D	(303) 709-5779	Joseph "Joe" Forte
CO	Arvada	15570 W 64th Ave # B	(303) 709-5779	Joseph "Joe" Forte
CO	Westminster	5160 W. 120th Ave., Suite I	(303) 709-5779	Joseph "Joe" Forte
CO	Fort Collins	1015 S. Taft Hill Road, Unit F	(970) 290-9511	Scott K. Heiser, DC
CO	Arvada	7957 Wadsworth Blvd.	(808) 754-4170	David Stamler
CO	Arvada	5324 Wadsworth Blvd., Suite B	(808) 754-4170	David Stamler
CO	Colorado Springs	2008 Southgate Rd.	(303) 709-5779	Joseph "Joe" Forte
CO	Aurora	18886 E. Hampden Avenue	(630) 803-1541	Philip "Phil" Davis
CO	Colorado Springs	13465 Voyager Parkway, Suite 100	(303) 709-5779	Joseph "Joe" Forte
CO	Greeley	4330 Centerplace Dr. #636	(303) 918-0370	Jeremy Casagrande, DC
CO	Central Park	3585 North. Central Park Suite 170	(303) 968-5408	Brad Remington
CO	Westminster	14375 Orchard Parkway Suite 400	(303) 709-5779	Joseph "Joe" Forte
CO	Fort Collins	250 East Harmony Road	(970) 290-9511	Scott K. Heiser, DC
CO	Denver	1661 Market St.	(303) 918-0370	Jeremy Casagrande, DC

State	City	Address	Phone	Owner Name
DC	Washington D.C.	3236 Wisconsin Ave NW	(704) 575-3632	Gordon Thornton
DC	Washington , DC	3307 14th Street NW	(727) 492-8784	Richard 'ned" Hull
DC	Washington	1400 14th St NW	(727) 492-8784	Richard 'ned" Hull
FL	Melbourne	3016 Lake Washington Road	(321) 266-0928	Daniel "Dan" Weber, DC
FL	Tampa	3810 W Neptune Street Unit B5	(813) 786-2339	Edward Leonard, DC
FL	Tampa	15215 N. Dale Mabry Hwy	(813) 786-2339	Edward Leonard, DC
FL	St. Petersburg	196 37th Ave N	(813) 786-2339	Edward Leonard, DC
FL	Lake Worth	6169 Jog Rd Suite A3	(856) 981-0068	Todd Bogos DC
FL	Windermere	4750 The Grove Drive, Suite 172	(609) 680-7658	Khyati "Kathy" Bhatt
FL	Orlando	8081 Turkey Lake Road, ste. 630	(609) 680-7658	Khyati "Kathy" Bhatt
FL	Winter Garden	16055 New Independence Pkwy, Suite 120	(609) 680-7658	Khyati "Kathy" Bhatt
FL	Orlando	12231 E. Colonial Dr. Ste 110	(407) 342-8900	John Wash
FL	Winter Springs	5685 Red Bug Lake Rd.	(407) 342-8900	John Wash
FL	Boynton Beach	520 E. Woolbright Rd.	(973) 703-7008	Anthony Fava, DC
FL	Wellington	2615 S. State Road 7, Suite 540	(973) 703-7008	Anthony Fava, DC
FL	Fort Lauderdale	1586 N. Federal Highway C	(469) 223-8983	Kevin Hua
FL	Davie	5870 S. University Dr.	(469) 223-8983	Kevin Hua
FL	Miami Gardens	8587 NW 186th St.	(469) 223-8983	Kevin Hua
FL	Tampa	19014 Bruce B Downs Blvd	(314) 498-2558	Alexandros "Alex" Pierroutsakos
FL	Jacksonville	13475 Atlantic Blvd., Unit 14	(203) 273-1209	Peter Mistretta
FL	Jacksonville	4413 Town Center Parkway Ste. 205	(203) 273-1209	Peter Mistretta
FL	Orange Park	410 Blanding Blvd	(203) 273-1209	Peter Mistretta
FL	Jacksonville	10991 San Jose Blvd, Unit 1B	(203) 273-1209	Peter Mistretta
FL	Jacksonville Beach	3968 South Third Street	(203) 273-1209	Peter Mistretta
FL	West Melbourne	225 Palm Bay Rd, # 173	(321) 266-0928	Daniel "Dan" Weber, DC
FL	Brandon	2948 Providence Lake Blvd. Unit 5	(314) 498-2558	Alexandros "Alex" Pierroutsakos
FL	Seminole	11201 Park Blvd. North, Suite D	(727) 424-9747	Richard van De Steeg
FL	Aventura	18841 Biscayne Blvd. suite #135	(206) 251-0290	Eric Snyder
FL	Miramar	12519 Miramar Parkway	(404) 457-4552	Kevin Minter
FL	Pace	4795 US Highway 90	(303) 709-5779	Joseph "Joe" Forte
FL	Pensacola	7175 North Davis Highway, Suite H	(303) 709-5779	Joseph "Joe" Forte
FL	Fort Walton Beach	99 Eglin Parkway	(303) 709-5779	Joseph "Joe" Forte
FL	Royal Palm Beach	1228 Royal Palm Beach Blvd	(856) 981-0068	Todd Bogos DC
FL	Coral Springs	1360 Coral Ridge Drive	(469) 223-8983	Kevin Hua
FL	Plantation	8267 W Sunrise Boulevard	(469) 223-8983	Kevin Hua
FL	Coral Springs	4392 N State Road 7	(469) 223-8983	Kevin Hua
FL	Pompano Beach	1700 E. Copans Rd #103	(469) 223-8983	Kevin Hua
FL	Sunrise	12520 W. Sunrise Blvd.	(469) 223-8983	Kevin Hua
FL	Port Orange	1652 Taylor Road, Ste 303	(407) 408-7283	Todd Stewart
FL	Lake Mary	242 Wheelhouse Lane suite 1210	(407) 408-7283	Todd Stewart
FL	DeLand	2433 S Woodland Blvd Ste. 103	(407) 408-7283	Todd Stewart
FL	Orlando	3155 S Orange Avenue, Suite 109	(407) 341-3792	Samuel "Toby" Hines
FL	Orlando	599 S Chickasaw Trail, Suite # 200	(407) 341-3792	Samuel "Toby" Hines
FL	Winter Park	501 N Orlando Ave, Suite 311	(407) 341-3792	Samuel "Toby" Hines
FL	Kissimmee	710 Centerview Blvd	(407) 341-3792	Samuel "Toby" Hines
FL	Altamonte Springs	175 E Altamonte Drive, suite 1020	(407) 341-3792	Samuel "Toby" Hines
FL	Orlando	TBD Narcoossee Rd Suite 2A Orlando, FL 32832	(407) 341-3792	Samuel "Toby" Hines
FL	Apopka	608 S Hunt Club Blvd	(816) 349-2878	Jory Lara Sullivan
FL	Fort Myers	7977 Dani Dr #120	(404) 316-1038	Jeff McGinty
FL	Naples	2338 Pine Ridge Road	(404) 316-1038	Jeff McGinty

State	City	Address	Phone	Owner Name
FL	Estero	10171 Estero Town Commons Place, Suite 304	(404) 316-1038	Jeff McGinty
FL	Cape Coral	2311 Santa Barbara Blvd, Suite 114	(404) 316-1038	Jeff McGinty
FL	Sarasota	257 N. Cattlemen Rd. Suite 88	(720) 275-0974	Ernest 'Ernie" Arellano
FL	Sarasota	3800 S. Tamiami Trail #100	(720) 275-0974	Ernest 'Ernie" Arellano
FL	Bradenton	5246 14th street west	(720) 275-0974	Ernest 'Ernie" Arellano
FL	Boca Raton	9658 Glades Road, Suite 215	(856) 981-0068	Todd Bogos DC
FL	Clearwater	5020 E Bay Drive, Ste. 500	(727) 424-9747	Richard van De Steeg
FL	Palm Harbor	312 E. Lake Rd	(727) 424-9747	Richard van De Steeg
FL	St. Petersburg	1438 66th street.	(727) 424-9747	Richard van De Steeg
FL	Riverview	0629 Big Bend Rd. Suite 22	(314) 498-2558	Alexandros "Alex" Pierroutsakos
FL	Melbourne	6431 Lake Andrew Dr Suite 104	(321) 266-0928	Daniel "Dan" Weber, DC
FL	Port St. Lucie	1361 NW St. Lucie West Boulevard	(314) 540-7371	Lon Bernstein
FL	Stuart	2387 SE Federal Highway	(772) 971-2548	Timothy O'Grady
FL	Jupiter	6230 W Indiantown Road Suite 8	(772) 971-2548	Timothy O'Grady
FL	Lakeland	4747 Florida Ave. S Suite 142	(630) 209-0532	Coreen Cammarano
FL	Plant City	2128 James Redman Pkwy	(630) 209-0532	Coreen Cammarano
FL	Winter Haven	650 Cypress Garden BLVD	(630) 209-0532	Coreen Cammarano
FL	Tarpon Springs	860 E. Tarpon Ave.	(305) 850-8196	David Hutsell
FL	New Port Richey	3194 Redeemer Way Suite F-2B	(305) 850-8196	David Hutsell
FL	Northport	17349 Tamiami Trail	(303) 507-9309	Kumar Patel
FL	Venice	1695 US 41 Bypass S, Unit 3	(303) 507-9309	Kumar Patel
FL	Port Charlotte	1799 Tamiami Trail Unit 102	(303) 507-9309	Kumar Patel
FL	Boynton Beach	372 N Congress Ave	(404) 840-0289	Robert Barbieri
FL	Delray Beach	5024 W Atlantic Avenue	(404) 840-0289	Robert Barbieri
FL	Mount Dora	19005 US-441, Ste 111	(770) 680-7418	Kevin Bock
FL	Clermont	2391 South Highway 27	(770) 680-7418	Kevin Bock
FL	Valrico	2176 Bloomingdale Ave	(314) 498-2558	Alexandros "Alex" Pierroutsakos
FL	St. Augustine	205 State Rd. 312 suite 102 St.	(832) 233-3150	Carlton Jones
FL	Gainesville	3310 SW 35th Blvd, Suite B	(919) 924-8108	Rita Sellers
FL	Oviedo	1351 Alafaya Trail Suite 1005	(816) 349-2878	Jory Lara Sullivan
FL	Ocoee	11024 W. Colonial Drive	(816) 349-2878	Jory Lara Sullivan
FL	Tampa	8710 W Hillsborough Ave	(203) 816-7132	Kamal Ahuja
FL		790 Skymarks Dr Unit 106	(815) 275-8002	Gregory Kilbride
FL	Fort Pierce	1857 N. US 1	(407) 617-2615	Jason Comerford, DC
GA	Smyrna	4500 West Village Place, Suite 1011	(404) 428-3166	Anne Gerretzen-Michaud
GA	Atlanta	650 Ponce De Leon Avenue, Suite #0650B	(404) 797-6088	Patrick Greco, DC
GA	Atlanta	3330 Piedmont Road NE, Suite #4	(770) 713-5663	Tom Haimes
GA	Augusta	2907 Washington Road	(803) 761-4480	Dejan Djolic, DC
GA	Evans	4237 Washington Rd.	(803) 761-4480	Dejan Djolic, DC
GA	Dacula	2515 Fence Road NE, Suite #130	(404) 274-1437	Randy Merrill
GA	Peachtree City	1264 N. Peachtree Parkway	(678) 764-8857	Colleen Callahan
GA	Marietta	1205 Johnson Ferry Road, Suite #125	(404) 759-7204	Lawrence Rich
GA	Atlanta	305 Brookhaven Avenue, Building 1100, Suite B-1165	(770) 713-5663	Tom Haimes
GA	Alpharetta	5665 Atlanta Highway	(404) 759-7204	Lawrence Rich
GA	Kennesaw	745 Chastain Road, Suite #1050	(404) 759-7204	Lawrence Rich
GA	Acworth	3384 Cobb Parkway NW, Suite #450	(678) 595-8057	Maurice Taylor
GA	Sandy Springs	6623 Roswell Road, Suite E	(770) 713-5663	Tom Haimes
GA	Alpharetta	5530 Windward Parkway, Building G Suite 1055	(770) 713-5663	Tom Haimes
GA	Roswell	885 Woodstock Road	(770) 713-5663	Tom Haimes

State	City	Address	Phone	Owner Name
GA	Cumming	2305 Market Place Blvd.	(404) 759-7204	Lawrence Rich
GA	Newnan	328 Newnan Crossing Bypass	(404) 307-5879	Sean Callahan
GA	Woodstock	1428 Towne Lake Pkwy Ste. 28102	(678) 595-8057	Maurice Taylor
GA	Marietta	1453 Terrell Mill Road SE, Suite #115	(404) 759-7204	Lawrence Rich
GA	Columbus	6770 Veteran's Parkway, Space L	(954) 805-3223	Richard Burke
GA	Atlanta	2490 Briarcliff Road NE Suite #49	(404) 274-1437	Randy Merrill
GA	Suwanee	3630 Peachtree Parkway #310	(404) 759-7204	Lawrence Rich
GA	Lawrenceville	1860 Duluth Hwy, Suite 403	(404) 274-1437	Randy Merrill
GA	Snellville	1630 Scenic Highway, Suite 4	(404) 274-1437	Randy Merrill
GA	Dunwoody	4718 Ashford Dunwoody Road, Building C, Suite 430	(404) 316-1038	Jeff McGinty
GA	Cumming	410 Peachtree Parkway Suite 4122	(404) 759-7204	Lawrence Rich
GA	Buford	3350 Buford Drive, Suite A-130	(404) 274-1437	Randy Merrill
GA	Atlanta	790 Glenwood Ave SE, suite 220	(404) 797-6088	Patrick Greco, DC
GA	Decatur	2501 Blackmon Dr, Suite 620	(404) 274-1437	Randy Merrill
GA	Dawsonville	4130 Dawson Forest Rd. at GA Hwy 400	(404) 759-7204	Lawrence Rich
GA	Loganville	4743 Atlanta Highway	(404) 274-1437	Randy Merrill
GA	Peachtree Corners	5185 Peachtree Parkway, Suite 104-B	(404) 457-4552	Kevin Minter
GA	Atlanta	3755 Carmia Drive Suite 440	(678) 516-3048	Traci Stafford
GA	Gainesville	821 Dawsonville Hwy Suite 230	(404) 759-7204	Lawrence Rich
GA	Flowery Branch	5900 Spout Springs Road, Suite W-1	(404) 274-1437	Randy Merrill
GA	Sugar Hill	5885 Cumming Highway, Suite 403	(319) 290-4490	Joe Bass Burum
GA	Fort Oglethorpe	2713 Battlefield Parkway	(480) 861-6899	Timothy Vitullo
GA	Hiram	5140 Jimmy Lee Smith Pkwy., Suite 103	(404) 444-5713	Kaila Caldwell
GA	Marietta	2500 Dallas Highway #230	(404) 759-7204	Lawrence Rich
GA	Covington	3168 US-278 NW, Suite #2	(404) 797-6088	Patrick Greco, DC
GA	Athens	1850 Epps Bridge Rd, Suite 111	(512) 914-4253	Ketan Bhagat
GA	Douglasville	2911 Chapel Hill Rd Suite 145	(404) 444-5713	Kaila Caldwell
GA	Cartersville	220 Cherokee Place	(404) 539-4469	Dan Kjaergaard
GA	Rome	1437 Turner McCall Blvd	(404) 539-4469	Dan Kjaergaard
GA	Carrollton	1109 South Park Street Suite 502	(770) 318-9404	Randall "Randy" Hanscom
GA	Tucker	2171 Hugh Howell Road Suite 604	(404) 274-1437	Randy Merrill
GA	Monroe	1000 Pavilion Parkway, Suite 5	(404) 797-6088	Patrick Greco, DC
GA	Canton	1810 Cumming Highway Suite 1300	(404) 539-4469	Dan Kjaergaard
GA	Macon	5451 Bowman Road Suite 240	(678) 770-3436	Shriniwas Dulori
GA	Marietta	3605 Sandy Plains Rd. #115	(404) 759-7204	Lawrence Rich
GA	Fayetteville	840 Glynn St. South, Suite 366	(770) 328-3706	Paul Kaiser
GA	Stockbridge	909 Eagles Landing Pkwy, Suite 150	(512) 914-4253	Ketan Bhagat
IA	Cedar Rapids	2300 Edgewood RD SW suite H	(319) 929-7853	Jerry Akers
IA	Cedar Rapids	4701 1st Ave SE Suite B	(319) 929-7853	Jerry Akers
IA	Coralville	909 25th Ave.	(319) 929-7853	Jerry Akers
IA	Cedar Falls	421 Viking Plaza Drive Suite 500	(319) 929-7853	Jerry Akers
IA	West Des Moines	5435 Mills Civic Pkwy, Suite 110	(410) 591-0183	Brooke Everson
IA	Council Bluffs	3808 Metro Drive	(402) 917-8236	Thomas Fitzpatrick
ID	Nampa	1275 N. Happy Valley Rd.	(602) 405-0558	Tony Di Giuseppe
ID	Boise	3359 S Federal Way	(602) 405-0558	Tony Di Giuseppe
ID	Ammon	2679 E. Sunnyside	(801) 913-7560	David Essuman
ID	Boise	7500 W State Street ste. 120	(602) 405-0558	Tony Di Giuseppe
ID	Meridian	3909 E Fairview Ave Suite 135	(602) 405-0558	Tony Di Giuseppe
ID	Meridian	6097 N. Ten Mile Rd.	(602) 405-0558	Tony Di Giuseppe
ID	Twin Falls	148 Cheney Drive West Ste #300	(801) 913-7560	David Essuman

State	City	Address	Phone	Owner Name
ID	Pocatello	231 W. Quinn Rd	(801) 913-7560	David Essuman
ID	Caldwell	3018 Cleveland Blvd	(602) 405-0558	Tony Di Giuseppe
IL	Glen Carbon	3000 South State Route 159	(217) 418-5029	Byron Clark
IL	Shiloh	3264 Green Mount Crossing Drive	(217) 418-5029	Byron Clark
IL	Schaumburg	1426 North Meacham Rd.	(512) 415-6405	Donald Daniels, DC
IL	Chicago	1237 N. Clybourn Ave.	(512) 415-6405	Donald Daniels, DC
IL	Chicago	2711 N. Elston Ave.	(512) 415-6405	Donald Daniels, DC
IL	Glenview	3812 Willow Road	(512) 415-6405	Donald Daniels, DC
IL	Downers Grove	307 Ogden Ave.	(512) 415-6405	Donald Daniels, DC
IL	Aurora	1480 North Orchard Rd. #110	(630) 209-0532	Coreen Cammarano
IL	Bloomingdale	148 S. Gary Ave. Suite 101	(630) 209-0532	Coreen Cammarano
IL	Rockford	6139 E State St	(815) 914-8194	Jonathan Chesak
IL	Mt Prospect	104 W Rand Rd, Suite A	(630) 728-5599	Philip Olasa
IL	Shorewood	924 Brook Forest Ave, A5	(815) 342-4203	James "Jim" Fender
IL	Elgin	819 S. Randall Road, Unit E	(630) 209-0532	Coreen Cammarano
IL	Chicago	4705 W. Foster Ave Suite B6	(512) 415-6405	Donald Daniels, DC
IL	Machesney Park	1089 West Lane Rd	(815) 494-8336	Anthony Fertitta
IL	Glen Ellyn	878 Roosevelt Rd	(630) 728-5599	Philip Olasa
IL	East Peoria	410 W. Washington St.	(815) 494-8336	Anthony Fertitta
IL	Champaign	2003 S. Neil St. Suite 2003	(217) 418-5029	Byron Clark
IL	Darien	2415 75th Street, Unit C3	(614) 599-7864	Asim Khan
IL	Chicago	5314 N Broadway	(847) 224-5660	John O'Brien
IL	Chicago	334 Desplaines St. , Unit 408D	(815) 342-4203	James "Jim" Fender
IL	Crystal Lake	1125 S. State Route 31 unit D	(815) 821-5564	Curtis Kempel D.C.
IL	Melrose Park	530 W. North Avenue	(248) 821-0791	Anurag Tandon
IN	Carmel	1412 S. Rangeline Road	(317) 441-4862	Bree Emsweller
IN	Greenwood	1011 N State Road 135, Suite F2	(317) 441-4862	Bree Emsweller
IN	Avon	10944 East US 36	(317) 441-4862	Bree Emsweller
IN	Indianapolis	6155 N. Keystone Ave ste. 700	(317) 441-4862	Bree Emsweller
IN	Newburgh	8403 Bell Oaks Dr.	(270) 860-7099	Jennifer Rutherford
IN	Granger	7115 Heritage Square Dr. Suite# 1220	(602) 826-1855	Melissa Van Royen
IN	Goshen	4542 Elkhart Road Suite 900	(602) 826-1855	Melissa Van Royen
IN	Terre Haute	2177 S. State Rd. 46, Suite A11	(615) 429-8245	William "Barry" Goodman
IN	Fort Wayne	5375 E. Dupont Road, Suite 103	(727) 743-2600	Alena Walker
KS	Wichita	2755 N. Maize Rd. Ste. 107	(316) 708-7234	Roger Haynes-Robertson
KS	Wichita	2564 N Greenwich Rd., Suite 600	(316) 708-7234	Roger Haynes-Robertson
KS	Derby	2151 N. Rock Road, Suite 100	(316) 708-7234	Roger Haynes-Robertson
KS	Wichita	7325 W Taft St. Suite 104	(316) 708-9100	Monique Haynes-Robertson
KY	Florence	7653 Mall Road, Ste. C Unit #36	(423) 987-6980	Catherine Abrams
KY	Lexington	4101 Tates Creek Centre Drive, Suite 152	(618) 704-8070	Jonathan Stampfli
KY	Lexington	150 W. Lowry Ln. Suite 140	(618) 704-8070	Jonathan Stampfli
KY	Bowling Green	2945 Scottsville Rd Ste. B13	(615) 429-8245	William "Barry" Goodman
KY	Louisville	4647 Outer Loop	(217) 413-8155	Maira Dawood
KY	Elizabethtown	1509 N. Dixie Highway Unit 103	(217) 413-8155	Maira Dawood
KY	Richmond	2085 Lantern Ridge Dr., Suite Y310	(781) 258-7574	David O'Dell, DC
KY	Louisville	10538 Fischer Park Drive	(931) 237-4867	Brenda O'Neil D.C.
KY	Louisville	12537 Shelbyville Rd.	(931) 237-4867	Brenda O'Neil D.C.
LA	Monroe	1870 Forsythe Avenue	(254) 681-0429	Ginger Gautier MacNealy
LA	Shreveport	1370 E. 70th Street	(832) 314-3258	Charlie Rice
LA	Bossier City	2634 Beene Blvd.	(832) 314-3258	Charlie Rice
LA	Lafayette	4302 Ambassador Caffery Parkway	(832) 314-3258	Charlie Rice

State	City	Address	Phone	Owner Name
LA	Harahan	5359 Mounes Street, Suite E	(832) 314-3258	Charlie Rice
LA	Baton Rouge	6555 Siegen Lane, Suite 12	(337) 230-3565	Dani Bidros, MD
LA	Baton Rouge	640 Arlington Creek Centre Blvd. Suite D	(337) 230-3565	Dani Bidros, MD
LA	Mandeville	3573 Emerald Rd, Suite F	(870) 918-7425	Jared Black
LA	Denham Springs	27800 Juban Rd Suite 10	(318) 401-1340	Erich Crawford
LA	Gonzales	577 W. Highway 30	(318) 401-1340	Erich Crawford
MA	Weymouth	35 Pleasant St, Unit 30	(562) 261-3333	Dwayne Acoba, DC
MA	Saugus	334 Broadway - Route 1, Suite 358	(805) 452-7353	Thaddeus Jacobs
MA	Dedham	172 Providence Hwy,	(617) 653-6065	William "Bill" Morgan
MA	Walpole	102 Providence Highway, Space C	(617) 653-6065	William "Bill" Morgan
MD	Owings Mills	10010 Reisterstown Road, Suite 30	(410) 922-5846	Lillian Harris
MD	Annapolis	2077 Somerville Road, Suite 157	(410) 356-1201	Stacey Armstead
MD	Baltimore	711 W. 40th St., Suite 156	(443) 838-0398	Raymond Thornton
MD	Rockville	10036 Darnestown Rd.	(404) 444-5713	Kaila Caldwell
MD	Laurel	14722 Baltimore Ave, Ste 105	(404) 444-5713	Kaila Caldwell
MD	Baltimore	3973 Boston Street	(704) 575-3632	Gordon Thornton
MD	Frederick	7820 Workmans Mill Road, Ste Y	(704) 575-3632	Gordon Thornton
MD	Silver Springs	3852 International Drive	(704) 560-4332	Herbert "Herb" Gray
MD	Gambrills	1404 S Main Chapel Way Ste 108	(410) 356-1201	Stacey Armstead
MD	Potomac	12525 Park Potomac Avenue, Suite-C, Building G	(404) 444-5713	Kaila Caldwell
MD	Montgomery Village	19218 Montgomery Village Avenue, Suite B-11	(404) 444-5713	Kaila Caldwell
MD	Columbia	6480 Dobbins Center	(414) 419-0880	Ahmed Migdadi, DC
MD	Baltimore	6370 York Road	(480) 313-0935	Edward Frees
MD	Bel Air	583 Baltimore Pike	(443) 377-5229	Ilya Burdman
MI	Ann Arbor	2665 Plymouth Road	(734) 658-4826	Thomas Leach
MI	Royal Oak	815 South main Street	(516) 659-8920	Jeffrey Rosenberg, DC
MI	Troy	788 East Big Beaver Rd.	(516) 659-8920	Jeffrey Rosenberg, DC
MI	Livonia	11035 Middlebelt Rd Suite D-125	(719) 306-2910	Ryan Leach
MI	Dearborn Heights	26743 Ford Road	(734) 620-5261	Charles Laiacono
MI	Allen Park	23031 West Outer Drive	(734) 620-5261	Charles Laiacono
MI	Kalamazoo	5167 West Main St.	(440) 570-3561	David Kajganich
MI	Independence Township	5890 Sashabaw Rd	(248) 880-2374	Alan Magyar
MN	Plymouth	3500 Vicksburg Lane North, Suite 200	(612) 889-1219	Christopher Gleize
MN	Roseville	1603 W. County Road C	(612) 618-1349	Gary Meyers
MN	Woodbury	8446 Tamarack Village, Suite #203	(612) 618-1349	Gary Meyers
MN	Eagan	1380 Duckwood Drive, Suite #102	(612) 703-0224	Angela "Angie" Selander
MN	Apple Valley	15050 Cedar Avenue, Suite #104	(612) 703-0224	Angela "Angie" Selander
MN	Bloomington	7913 Southtown Center, #308	(612) 703-0224	Angela "Angie" Selander
MN	Maple Grove	7799 Main Street	(612) 703-0224	Angela "Angie" Selander
MN	Burnsville	722 County Rd. 42 West	(612) 703-0224	Angela "Angie" Selander
MN	Minneapolis	3208 W Lake St.		Jason Phillips
MN	Vadnais Heights	969 Co. Rd. E Unit A	(612) 618-1349	Gary Meyers
MN	St. Paul	2136 Ford Pkwy	(612) 730-9842	Chad Johnson
MN	Coon Rapids	12609 Riverdale Blvd Unit 111	(612) 730-9842	Chad Johnson
MO	St. Louis	13327 Manchester Road	(636) 675-0366	Mike Klearman
MO	St. Louis	10759 Sunset Hills Plaza	(217) 418-5029	Byron Clark
MO	St. Louis	8853 Ladue Road	(217) 418-5029	Byron Clark
MO	Saint Peters	6227 Mid Rivers Mall Drive	(314) 368-4059	Greg Busch
MO	Chesterfield	1678 Clarkson Road	(314) 368-4059	Greg Busch
MO	Creve Coeur	11475 Olive Boulevard	(314) 368-4059	Greg Busch

State	City	Address	Phone	Owner Name
MO	Arnold	836 Arnold Commons Drive	(314) 623-0263	Jason Collier
MO	St. Charles	2000 First Capitol Dr. #1982	(708) 369-5145	Kristian Hammond, DC
MO	Columbia	21 East Conley Road, Suite L2	(314) 540-7371	Lon Bernstein
MO	St. Louis	58A North Euclid Ave	(314) 368-4059	Greg Busch
MO	Brentwood	8468 Eager rd.	(314) 805-6150	Brian Deutsch
MO	Springfield	3422 South Glenstone Avenue, Suite H3	(314) 540-7371	Lon Bernstein
MO	Wentzville	1968 Wentzville Parkway	(314) 606-6444	Steven Barnhart
MO	O' Fallon	2028 State Highway K, Suite 108	(314) 368-4059	Greg Busch
MO	St. Louis	5811 Chippewa St.	(217) 418-5029	Byron Clark
MO	Eureka	229 E. 5th Street	(314) 322-9365	Matthew Wise
MO	St. Louis	122 South County Center Way, Suite B	(708) 369-5145	Kristian Hammond, DC
MO	Jefferson City	2111 Missouri Boulevard, Suite H	(314) 540-7371	Lon Bernstein
MO	Festus	1113 West Gannon Drive	(314) 974-6489	Janet Varner
MO	Washington	3016 Phoenix Center Drive	(314) 974-6489	Janet Varner
MS	Southaven	3075 Goodman Road E. Suite #3	(901) 921-4811	Pat Kolwaite, DC
MS	Madison	111 Colony Crossing Way, Suite 480	(254) 681-0429	Ginger Gautier MacNealy
MS	Flowood	266 Dogwood Boulevard Unit 5	(254) 681-0429	Ginger Gautier MacNealy
MS	Hattiesburg	6169 US Hwy 98, Suite 20	(254) 681-0429	Ginger Gautier MacNealy
MT	Missoula	3075 N. Reserve St. Suite G	(406) 250-2361	Joel Robinson
NC	Charlotte	7918 B Rea Road	(414) 419-0880	Ahmed Migdadi, DC
NC	Charlotte	3339 Pineville-Matthews Rd Suite 200	(704) 575-3632	Gordon Thornton
NC	Huntersville	16735 Cranlyn Road, Suite A	(414) 419-0880	Ahmed Migdadi, DC
NC	Charlotte	2121 East Arbors Drive	(704) 975-8352	Alexander "Alex" Klaus
NC	Wilmington	6801 Parker Farm Dr. Ste 130	(704) 975-8352	Alexander "Alex" Klaus
NC	Asheville	1863 Hendersonville Road, Suite 108	(828) 215-6149	Chad Eads
NC	Fayetteville	5075 Morganton Rd. Suite #6	(336) 601-2926	Paul Trindel
NC	Asheville	182 Merrimon Ave.	(828) 215-6149	Chad Eads
NC	Apex	1459 Kelly Road	(919) 744-1975	Heather Sefried, DC
NC	Holly Springs	246 Grand Hill Place	(919) 744-1975	Heather Sefried, DC
NC	Knightdale	4001 Widewaters Parkway, Suite A	(302) 345-8199	Cherese Scotton Bratcher, DC
NC	Jacksonville	3040 Western Boulevard, Unit 300	(336) 601-2926	Paul Trindel
NC	Charlotte	9510 Riverbend Village Drive, Suite K2	(704) 975-8352	Alexander "Alex" Klaus
NC	Concord	350 George W Liles Pkwy., Suite 150	(704) 975-8352	Alexander "Alex" Klaus
NC	Mooresville	631 Brawley School Road, Suite 408	(704) 975-8352	Alexander "Alex" Klaus
NC	High Point	1589 Skeet Club Road Ste. 132	(704) 906-7922	Susan Train DC
NC	Asheville	275 Smokey Park Hwy Suite 291	(828) 215-6149	Chad Eads
NC	Charlotte	16631 Lancaster Hwy, Suite 108	(704) 906-7922	Susan Train DC
NC	Garner	175 Shenstone Blvd	(919) 744-1975	Heather Sefried, DC
NC	Greenville	703 Greenville Boulevard Ste. 106	(919) 744-1975	Heather Sefried, DC
NC	Southern Pines	1772 Old Morganton Rd.	(336) 601-2926	Paul Trindel
NC	Gastonia	401 Cox Rd. Unit 158	(704) 975-8352	Alexander "Alex" Klaus
NC	Wilmington	3846 Carolina Beach Road	(704) 975-8352	Alexander "Alex" Klaus
NC	Hickory	2535 HWY 70 SE Suite 105	(414) 419-0880	Ahmed Migdadi, DC
NC	Statesville	210 Turnersburg Highway	(325) 656-9752	Benjamin Storey, DC
NE	Lincoln	3302 O Street, Suite D	(319) 929-7853	Jerry Akers
NE	Omaha	12330 K Plaza, Unit 107	(402) 917-8236	Thomas Fitzpatrick
NH	Nashua	219 Daniel Webster Highway	(617) 590-1000	Scott Goodrich
NH	Salem	236 N. Broadway	(617) 590-1000	Scott Goodrich
NH	Manchester	655 South Willow Ste 102	(617) 590-1000	Scott Goodrich
NJ	West Caldwell	758 Bloomfield Ave	(201) 207-3778	Diego Ruiz, DC
NJ	River Edge	1043 Main St.	(973) 703-7008	Anthony Fava, DC

State	City	Address	Phone	Owner Name
NJ	Wall Township	1933 Rt 35, Unit 119	(732) 998-1942	Jason Bowers, DC
NV	Las Vegas	7120 N. Durango, Suite H-170	(805) 451-3281	Chris O'Neal
NV	Las Vegas	10220 W. Charleston Blvd., Suite 2	(805) 451-3281	Chris O'Neal
NV	Las Vegas	4150 Blue Diamond Road, Suite #107	(805) 451-3281	Chris O'Neal
NV	Las Vegas	7175 W. Lake Mead Blvd., Suite 180	(805) 451-3281	Chris O'Neal
NV	Las Vegas	9500 S. Eastern Avenue, Suite #120	(805) 451-3281	Chris O'Neal
NV	Henderson	1311 Sunset Road, Suite #105	(805) 451-3281	Chris O'Neal
NV	Reno	5110 Mae Anne Ave., Suite 507	(805) 451-3281	Chris O'Neal
NV	Henderson	1000 N. Green Valley Marketplace	(805) 451-3281	Chris O'Neal
NV	Las Vegas	5060 South Fort Apache Rd., Suite 100	(805) 451-3281	Chris O'Neal
NV	Reno	6395 S. McCarren Blvd, Suite C	(805) 451-3281	Chris O'Neal
NV	Las Vegas	6171 N. Decatur Blvd, Suite #103	(805) 451-3281	Chris O'Neal
NV	Sparks	1560 E Lincoln Way Suite #110	(805) 451-3281	Chris O'Neal
NV	Las Vegas	7385 S. Rainbow Blvd. #140	(805) 451-3281	Chris O'Neal
NV	Carson City	4849 Cochise St., Unit #1	(805) 451-3281	Chris O'Neal
NV	Reno	537 S Meadows Parkway, Suite 110	(805) 451-3281	Chris O'Neal
NV	North Las Vegas	5515 Camino Al Norte , Suite 105	(805) 451-3281	Chris O'Neal
NY	Clifton Park	5 Southside Drive	(704) 575-3632	Gordon Thornton
NY	Brooklyn	111 Prospect Pl.	(602) 565-6806	Khaled Abuwandi, DC
OH	Columbus	845 Bethel Road	(614) 204-4319	Chad Warner
OH	Gahanna	4685 Morse Road, Suite #3270	(614) 204-4319	Chad Warner
OH	Pickerington	10709 Blacklick-Eastern Rd NW Suite 200	(304) 654-4373	Clifford "Dean" Thorniley
OH	Canton	4615 Everhard Rd NW	(330) 936-6841	Stanley Gilreath
OH	Blue Ash	11255 Reed Hartman Hwy, Suite G	(423) 987-6980	Catherine Abrams
OH	Mason	5855 Deerfield Blvd D-102	(423) 987-6980	Catherine Abrams
OH	Toledo	3504 Secor Road, Ste 325	(803) 414-6888	Michael Brubaker
OH	Parma	7713 W. Ridgewood Dr. Unit 924	(440) 840-1278	Brock Thompson
OH	Fairview Park	3560 Westgate Mall Dr	(440) 840-1278	Brock Thompson
OH	Avon	35966 Detroit Road	(440) 840-1278	Brock Thompson
OH	Lorain	5301 Leavitt Rd.	(440) 840-1278	Brock Thompson
OH	Columbus	1286 W 5th Avenue	(304) 654-4373	Clifford "Dean" Thorniley
OH	Cincinnati	2692 Madison Rd. Suite A2	(330) 834-8313	Peter Phillips, DC
OH	Mayfield Heights	1550 Golden Gate Plaza	(330) 834-8313	Peter Phillips, DC
OH	Mentor	9366 Mentor Ave	(330) 834-8313	Peter Phillips, DC
OH	Middleburg Heights	19113 Bagley Rd	(330) 834-8313	Peter Phillips, DC
OH	Cincinnati	7625 Beechmont Avenue Suite D	(330) 834-8313	Peter Phillips, DC
OH	University Heights	13910 Cedar Rd	(330) 834-8313	Peter Phillips, DC
OH	Perrysburg	10630 Fremont Pike, Suite 2	(803) 414-6888	Michael Brubaker
OH	Columbus	5462 Westpointe Plaza Dr	(304) 654-4373	Clifford "Dean" Thorniley
OH	Columbus	1095 Polaris Pkwy	(614) 284-6116	Marc Menhart
OK	Edmond	1193 East 2nd Street	(469) 223-8983	Kevin Hua
OK	Quail Springs	13006 N Pennsylvania Avenue	(469) 223-8983	Kevin Hua
OK	Midwest City	7199 SE 29th Street, Ste. 111	(469) 223-8983	Kevin Hua
OK	Tulsa	7329 S Olympia Ave.	(630) 209-0532	Coreen Cammarano
OK	Tulsa	10824 E 71st St	(630) 209-0532	Coreen Cammarano
OK	Owasso	9046 N. 121th East Ave Suite 400	(630) 209-0532	Coreen Cammarano
OK	Tulsa	5510-B East 41st Street S	(630) 209-0532	Coreen Cammarano
OK	Broken Arrow	835 E Kenosha St.	(630) 209-0532	Coreen Cammarano
OK	Norman	1912 NW 24th	(469) 223-8983	Kevin Hua
OK	Yukon	12408 NW 10th St. Ste 104	(469) 223-8983	Kevin Hua
OK	Oklahoma City	1704-A Belle Isle Blvd	(405) 408-1222	Brent Siemens, DC

State	City	Address	Phone	Owner Name
OR	Beaverton	14600 SW Murray Scholls Drive #102	(805) 451-3281	Chris O'Neal
OR	Happy Valley	9363 SE 82nd Avenue	(805) 451-3281	Chris O'Neal
OR	Hillsboro	7162 NE Cornell Road	(805) 451-3281	Chris O'Neal
OR	Wood Village	832 NE 223rd Avenue	(805) 451-3281	Chris O'Neal
OR	Happy Valley	17105 SE Sunnyside Rd Ste. 148	(805) 451-3281	Chris O'Neal
OR	Beaverton	2905 SW Cedar Hills Blvd. Suite 115	(805) 451-3281	Chris O'Neal
OR	Portland	1525 NW 21st Ave.	(805) 451-3281	Chris O'Neal
OR	Bend	20504 Robal Lane Suite 110	(415) 513-2714	Jacob Vink
PA	Pittsburgh	8874 Covenant Ave.	(412) 400-9092	Justin Shemenski D.C.
PA	Newtown Square	3520 West Chester Pike	(919) 744-1975	Heather Sefried, DC
PA	Huntingdon Valley	2162 County Line Rd	(215) 421-3223	Gene Fish, DC
PA	Pittsburgh	1830 Settlers Ridge Center Dr.	(412) 874-2818	Joseph Spehar
SC	Greenville	400 East McBee Avenue, Suite 103	(864) 415-4191	Michael "Mici" Fluegge
SC	Greenville	1140 Woodruff Road	(864) 415-4191	Michael "Mici" Fluegge
SC	Mt. Pleasant	616 C Long Point Rd.	(843) 364-1665	Lindin Carper
SC	Spartanburg	127 E. Blackstock Road, Suite #500	(864) 415-4191	Michael "Mici" Fluegge
SC	Taylors	6015 Wade Hampton Blvd. Suite D	(864) 415-4191	Michael "Mici" Fluegge
SC	Summerville	464 D Azalea Square Blvd.	(843) 364-1665	Lindin Carper
SC	Charleston	975 Savannah Highway	(843) 364-1665	Lindin Carper
SC	Anderson	3501 Clemson Blvd, Suite #11	(864) 415-4191	Michael "Mici" Fluegge
SC	Columbia	4710 Forest Drive, Suite C	(803) 238-4100	Robert Keen
SC	Columbia	252 Harbison Blvd, Suite O	(803) 238-4100	Robert Keen
SC	Fort Mill	1751 Pleasant Road, Suite #103	(803) 517-3763	C. Kyle Curtis
SC	Aiken	258 Eastgate Drive, Suite #5	(843) 607-2481	Michael Spivey
SC	North Charleston	9500 Dorchester Road, Suite #182	(843) 364-1665	Lindin Carper
SC	Lexington	5454 Sunset Boulevard, suite B	(803) 238-4100	Robert Keen
SC	Columbia	961 Roberts Branch Parkway, Suite 103	(803) 238-4100	Robert Keen
SC	Rock Hill	2674 Celanese Road, Suite 105	(803) 517-3763	C. Kyle Curtis
SC	North Myrtle Beach	1236 Hwy 17 North	(704) 975-8352	Alexander "Alex" Klaus
SC	Greenville	3612 Pelham Road Suite C	(864) 415-4191	Michael "Mici" Fluegge
SC	Spartanburg	1855 E Main St. Ste. #18	(864) 415-4191	Michael "Mici" Fluegge
SC	Seneca	13150 Clemson Blvd	(864) 415-4191	Michael "Mici" Fluegge
SC	Greenwood	479 Bypass 72 NW	(843) 607-2481	Michael Spivey
SC	North Augusta	314 E. Martintown Road Unit 15	(843) 607-2481	Michael Spivey
TN	Brentwood	782 Old Hickory Blvd, Suite #111	(858) 692-4590	Christopher "Chris" Kemper
TN	Nashville	2817 West End Avenue, Suite #136	(858) 692-4590	Christopher "Chris" Kemper
TN	Franklin	545 Cool Springs Blvd #125	(858) 692-4590	Christopher "Chris" Kemper
TN	Mt. Juliet	401 S Mt. Juliet Road Suite 245	(615) 429-8245	William "Barry" Goodman
TN	Memphis	2200 N. Germantown Parkway, Suite #15	(901) 921-4811	Pat Kolwaite, DC
TN	Collierville	3592 S. Houston Levee Rd. Suite 104	(901) 921-4811	Pat Kolwaite, DC
TN	Memphis	5955 Poplar Avenue, Suite 104	(901) 921-4811	Pat Kolwaite, DC
TN	Murfreesboro	536 N. Thompson Ln. Suite B	(858) 692-4590	Christopher "Chris" Kemper
TN	Clarksville	920 US Hwy 76, Unit 70	(704) 724-7115	Christina Judon DC
TN	Hixson	5928 Hixson Pike, Ste. 116	(480) 861-6899	Timothy Vitullo
TN	Chattanooga	313 Manufacturers Road suite C-113	(480) 861-6899	Timothy Vitullo
TN	Chattanooga	2228 Gunbarrel Road #134	(480) 861-6899	Timothy Vitullo
TN	Knoxville	11015 Parkside Drive	(615) 390-1134	William Ronald Nichols
TN	Knoxville	5508 Kingston Pike, Suite 150	(615) 390-1134	William Ronald Nichols
TN	Nashville	1110 Gallatin Ave	(858) 692-4590	Christopher "Chris" Kemper
TN	Murfreesboro	149 Wendellwood Drive	(858) 692-4590	Christopher "Chris" Kemper
TN	Hermitage	5205 Old Hickory Blvd Suite #102	(615) 293-7723	Atul "Ash" Kumar

State	City	Address	Phone	Owner Name
TN	Smyrna	661 President Pl. Suite 639	(615) 293-7723	Atul "Ash" Kumar
TN	Nashville	2290 Murfreesboro Rd.	(858) 692-4590	Christopher "Chris" Kemper
TN	Nashville	2613 Franklin Pike, #102	(858) 692-4590	Christopher "Chris" Kemper
TN	Hendersonville	1006 Glenbrook Way, Ste. 120	(615) 293-7723	Atul "Ash" Kumar
TN	Goodlettsville	324 Long Hollow Pike, suite 205	(508) 246-8498	William Thomason
TN	Nashville	7630 Highway 70 South, Suite 302	(615) 429-8245	William "Barry" Goodman
TN	Jackson	3189 N. Highland Suite B	(615) 429-8245	William "Barry" Goodman
TN	Knoxville	2443 Callahan Drive	(615) 423-7436	Kathryn Jessie
TN	Cleveland	698 Paul Huff Parkway	(480) 861-6899	Timothy Vitullo
TN	Sevierville	750 Winfield Dunn Parkway, Suite 160	(615) 681-2932	Joseph Jessie
TN	Johnson City	2112 West Market St. Suite # 70	(865) 944-8485	James David "Dave" Eads
TN	Memphis	1616 Union Avenue	(901) 921-4811	Pat Kolwaite, DC
TN	Bartlett	6045 Stage Rd Suite 66	(901) 921-4811	Pat Kolwaite, DC
TN	Cookeville	377 W Jackson St	(509) 994-7056	Benjamin Peterson
TX	Austin	4970 W. Highway 290, Suite #480	(512) 968-2282	Larry D. Maddalena, DC
TX	Red Oak	109 East Ovilla Road #300	(214) 463-7227	Nathan Byard
TX	Round Rock	200 University Blvd, Suite 105	(512) 415-6405	Donald Daniels, DC
TX	Denton	1400 S. Loop 288, Ste 106	(940) 435-0505	Justin Tomblin, DC
TX	Mission	2401 E. Expressway 83, Suite #300	(956) 600-5195	Leo Thatcher Jr., DC
TX	Austin	10710 Research Blvd, Suite #112	(512) 415-6405	Donald Daniels, DC
TX	Houston	7037 Highway 6 North	(203) 273-1209	Peter Mistretta
TX	The Colony	6225 N Josey Ln.	(630) 803-1541	Philip "Phil" Davis
TX	Houston	12020 FM 1960 West, Suite #980	(203) 273-1209	Peter Mistretta
TX	Houston	2612 S Shepherd Drive, Suite A	(713) 539-4055	Ben Crawford
TX	Houston	9778 Katy Freeway, Suite #325	(713) 539-4055	Ben Crawford
TX	Houston	5885 San Felipe, Suite 275	(713) 539-4055	Ben Crawford
TX	Houston	19620 Katy Freeway	(203) 273-1209	Peter Mistretta
TX	Katy	6725 S. Fry Road, Suite #500	(203) 273-1209	Peter Mistretta
TX	Dallas	3699 McKinney Avenue, Building D, Suite #404	(630) 803-1541	Philip "Phil" Davis
TX	Fort Worth	2916 Texas Sage Trail	(630) 803-1541	Philip "Phil" Davis
TX	Dallas	7700 W. Northwest Highway, Suite #200	(630) 803-1541	Philip "Phil" Davis
TX	Carrollton	3400 East Hebron Parkway, Suite #112	(630) 803-1541	Philip "Phil" Davis
TX	Plano	8240 Preston Road, Suite #165	(630) 803-1541	Philip "Phil" Davis
TX	North Richland Hills	9120 North Tarrant Pkwy, Suite 140	(630) 803-1541	Philip "Phil" Davis
TX	Flower Mound	3750 Long Prairie Road, Suite #110	(630) 803-1541	Philip "Phil" Davis
TX	Richardson	1415 E. Renner Rd. #220	(630) 803-1541	Philip "Phil" Davis
TX	Coppell	106 North Denton Tap Road, Ste 270	(630) 803-1541	Philip "Phil" Davis
TX	Southlake	1161 E. Southlake Blvd., Suite 210	(630) 803-1541	Philip "Phil" Davis
TX	Irving	6761 N. Macarthur Blvd., Suite 100	(630) 803-1541	Philip "Phil" Davis
TX	Dallas	7150 Skillman #130	(630) 803-1541	Philip "Phil" Davis
TX	Fort Worth	4540 Bailey Boswell Rd., Suite 170	(630) 803-1541	Philip "Phil" Davis
TX	Houston	3177 W. Holcombe Blvd.	(512) 269-8741	Kayla Terry
TX	Houston	360 Meyerland Plaza Mall	(713) 539-4055	Ben Crawford
TX	Houston	174 Yale Street, Suite #500	(713) 539-4055	Ben Crawford
TX	League City	1620 W. FM 646, Suite A	(713) 828-4784	Barbot McNabb
TX	Pearland	2810 Business Center Drive, Suite #134	(713) 828-4784	Barbot McNabb
TX	Sugar Land	15870 Southwest Freeway, Suite #100	(281) 797-7982	Joseph Craft
TX	Sugar Land	18841 University Blvd, STE 410	(281) 797-7982	Joseph Craft
TX	Arlington	4001 Arlington Highlands, Suite #161	(214) 274-1078	Vincent Mai
TX	Fort Worth	4601 West Freeway, Suite #204	(214) 274-1078	Vincent Mai
TX	Mansfield	1560 E Debbie Ln, suite 104	(214) 274-1078	Vincent Mai

State	City	Address	Phone	Owner Name
TX	Spring	8701 Spring Cypress Road, Suite B	(832) 527-4119	Noah Stone
TX	Houston	10927 Louetta Road, Suite #220	(832) 527-4119	Noah Stone
TX	Spring	21212 Kuykendahl Road, Suite J	(832) 527-4119	Noah Stone
TX	The Woodlands	9595 Six Pines Drive, Suite #1470	(832) 527-4119	Noah Stone
TX	Magnolia	6519 FM 1488, Suite #513	(832) 527-4119	Noah Stone
TX	The Woodlands	6777 Woodlands Parkway, Suite 308	(832) 527-4119	Noah Stone
TX	Houston	9650 Westheimer Road, Unit #300	(214) 274-1078	Vincent Mai
TX	Houston	14008 Memorial Drive, Unit E	(832) 314-3258	Charlie Rice
TX	Austin	8916 Brodie Lane, Suite 500	(512) 415-6405	Donald Daniels, DC
TX	Cedar Park	2800 E. Whitestone Blvd, Suite #220	(806) 441-9094	Ronald Bostick
TX	Austin	14028 N. Hwy 183, #150	(806) 441-9094	Ronald Bostick
TX	Austin	5720B Burnet Rd.	(806) 441-9094	Ronald Bostick
TX	Corpus Christi	5425 South Padre Island Drive, Suite #146	(512) 415-6405	Donald Daniels, DC
TX	Austin	7301 Ranch Road 620 N. Suite 125	(806) 441-9094	Ronald Bostick
TX	Conroe	1317 West Davis St., Suite C-1	(832) 527-4119	Noah Stone
TX	Fort Worth	4825 Overton Ridge Blvd Suite 316	(214) 274-1078	Vincent Mai
TX	Cypress	25626 Northwest Freeway Suite 700	(203) 273-1209	Peter Mistretta
TX	Austin	9500 South IH-35, Suite L-725	(512) 751-3383	Catherine DeLoof
TX	Austin	1801 E. 51st Street, Building A, Suite #130	(512) 751-3383	Catherine DeLoof
TX	San Antonio	10003 NW Military Highway, Suite #2110	(432) 557-1955	Billy Perkins
TX	San Antonio	5238 DeZavala Road, Suite #116	(432) 557-1955	Billy Perkins
TX	San Antonio	9110 N. Loop 1604 W. Suite 109	(815) 342-4203	James "Jim" Fender
TX	Lubbock	1901 Quaker Avenue, Suite #104	(806) 441-9094	Ronald Bostick
TX	Pasadena	5681 Fairmont Parkway, Suite A	(713) 921-1784	Timothy McKinley, DC
TX	Euless	2131 Highway 121, Suite 300	(630) 803-1541	Philip "Phil" Davis
TX	McKinney	6150 West Eldorado Parkway	(630) 803-1541	Philip "Phil" Davis
TX	Allen	816 W McDermott Dr. Ste. 324	(630) 803-1541	Philip "Phil" Davis
TX	Dallas	9440 Garland Road ste 166	(630) 803-1541	Philip "Phil" Davis
TX	Dallas	15212 Montfort Dr, Ste 318	(630) 803-1541	Philip "Phil" Davis
TX	Rowlett	3005 Lakeview Pkwy #101	(630) 803-1541	Philip "Phil" Davis
TX	San Antonio	5519 N. W. Loop 1604, Suite 103	(432) 425-6037	Drew Perkins, DC
TX	Kingwood	4521 Kingwood Dr. suite 160	(203) 273-1209	Peter Mistretta
TX	Humble	7116 FM1960 E	(203) 273-1209	Peter Mistretta
TX	Webster	19431 Gatebrook Drive, #2	(713) 828-4784	Barbot McNabb
TX	Pearland	2680 Pearland Pkwy Suite 140	(713) 828-4784	Barbot McNabb
TX	Universal City	902 Kitty Hawk, St. 180	(512) 415-6405	Donald Daniels, DC
TX	San Antonio	1150 N. Loop 1604 W., St. 138	(512) 415-6405	Donald Daniels, DC
TX	Baytown	6503 Garth Road, Suite 120	(832) 606-2547	Andres A. Perez, DC
TX	Houston	2105 Yale Street	(713) 539-4055	Ben Crawford
TX	Georgetown	900 North Austin Ave., Suite 502	(512) 335-9845	Russell Kriewald
TX	Austin	2501 W Parmer Ln., Suite #600	(214) 876-3777	Jody O'Donnell
TX	Round Rock	737 Louis Henna Blvd., Suite 200	(512) 415-6405	Donald Daniels, DC
TX	San Antonio	1724 N. Loop 1604 E., Suite 120	(512) 415-6405	Donald Daniels, DC
TX	San Antonio	118 Mt Calvary Dr #104	(512) 415-6405	Donald Daniels, DC
TX	Brownsville	3230 Pablo Kisel Blvd Suite E-108	(956) 559-0054	Jorge Enrique Talamas Tafich
TX	Temple	3038 South 31st Street	(432) 425-6037	Drew Perkins, DC
TX	Killeen	1103 West Stan Schlueter Loop, Building B, Suite 500	(432) 425-6037	Drew Perkins, DC
TX	College Station	11671 FM 2154 Suite 150	(432) 425-6037	Drew Perkins, DC
TX	Waco	2324 Marketplace Dr. Suite 115	(432) 425-6037	Drew Perkins, DC
TX	Fort Worth	12584 N. Beach Street, Suite 114	(630) 803-1541	Philip "Phil" Davis

State	City	Address	Phone	Owner Name
TX	Prosper	4740 West University, suite 140	(630) 803-1541	Philip "Phil" Davis
TX	Katy	22720 Morton Ranch Rd., Suite #120	(203) 273-1209	Peter Mistretta
TX	Rosenberg	4130 FM 762 Suite 300	(832) 643-5636	Volkan Guzel, DC
TX	Richmond	10415 West Grand Parkway South Ste. 120	(832) 643-5636	Volkan Guzel, DC
TX	Fulshear	27120 Fulshear Bend Dr., Suite 300	(832) 643-5636	Volkan Guzel, DC
TX	Grand Prairie	3148 State Hwy 161, Ste. 430	(469) 223-8983	Kevin Hua
TX	Amarillo	2221 Georgia St S	(806) 441-9094	Ronald Bostick
TX	Lubbock	4409 114th St. Suite 150	(806) 441-9094	Ronald Bostick
TX	Austin	1011 E 5th Street Suite 110	(512) 335-9845	Russell Kriewald
TX	New Braunfels	1659 State Hwy 46 West, Suite 170	(432) 425-6037	Drew Perkins, DC
TX	West Lake Hills	701 S Capital of Texas Hwy Suite D475	(806) 441-9094	Ronald Bostick
TX	San Antonio	2716 SW Military Dr., Suite 102	(210) 763-6276	Eric Cech
TX	Arlington	1707 N Collins St. Suite 131	(630) 803-1541	Philip "Phil" Davis
TX	Murphy	222 E FM 544, Suite 204	(630) 803-1541	Philip "Phil" Davis
TX	Lakeway	2009 Main Street Suite 400	(806) 441-9094	Ronald Bostick
TX	Cedar Hill	428 E FM 1382 Suite B	(469) 223-8983	Kevin Hua
TX	Fort Worth	2600 W 7th St, Suite 140	(469) 223-8983	Kevin Hua
TX	Fort Worth	9660 Ten Gallon Drive	(469) 223-8983	Kevin Hua
TX	Rockwall	1053 E IH 30 Ste. 113	(469) 223-8983	Kevin Hua
TX	Houston	11350 Northwest Fwy, Suite D	(713) 539-4055	Ben Crawford
TX	Houston	120 Westheimer Rd, Suite B	(713) 539-4055	Ben Crawford
TX	Laredo	7815 McPherson Road Ste. 108A	(512) 431-2275	Glen Shillinglaw
TX	San Antonio	18427 Rim Dr.	(432) 425-6037	Drew Perkins, DC
TX	San Antonio	10722 Potranco Road, Suite 105	(432) 425-6037	Drew Perkins, DC
TX	Hurst	760 W. Pipeline Rd, Suite 202	(630) 803-1541	Philip "Phil" Davis
TX	Oak Cliff	1515 N. Cockrell Hill Rd. #104	(630) 803-1541	Philip "Phil" Davis
TX	Hutto	2098 Muirfield Bend Dr. Suite 125	(815) 342-4203	James "Jim" Fender
TX	Mesquite	1519 N. Town East Blvd. Suite 200	(630) 803-1541	Philip "Phil" Davis
TX	Houston	9203 S. Texas 6, Suite #118	(214) 274-1078	Vincent Mai
TX	Harlingen	2205 W Lincoln Street	(956) 559-0054	Jorge Enrique Talamas Tafich
TX	McAllen	8001 N 10th St. Ste 170	(956) 600-5195	Leo Thatcher Jr., DC
TX	San Antonio	2935 Thousand Oaks Dr., Suite 1	(512) 415-6405	Donald Daniels, DC
TX	McKinney	1871 N Lake Forest Drive Suite 300	(630) 803-1541	Philip "Phil" Davis
TX	Plano	4701 W. Park Blvd. #102	(630) 803-1541	Philip "Phil" Davis
TX	Little Elm	2701 Little Elm Parkway, Suite 110	(630) 803-1541	Philip "Phil" Davis
TX	Midland	4400 N Midland Drive Suite 401	(325) 665-0876	Scott Wofford DC
TX	Greater Hobby	9990 Almeda Genoa Road, Suite 300	(713) 828-4784	Barbot McNabb
TX	El Paso	6450 Desert Boulevard Building E, Suite 104	(806) 441-9094	Ronald Bostick
TX	El Paso	1325 George Dieter Dr, Suite E04	(806) 441-9094	Ronald Bostick
TX	El Paso	14011 Pebble Hills Boulevard, Suite 109	(806) 441-9094	Ronald Bostick
TX	Arlington	5335 W. Sublett Rd, Suite141	(214) 274-1078	Vincent Mai
TX	Lake Worth	6560 Lake Worth Blvd. Ste 500	(214) 274-1078	Vincent Mai
TX	Burleson	1169 N. Burleson Bvd. Ste. 103	(214) 274-1078	Vincent Mai
TX	Weatherford	116-142 East Interstate 20	(214) 274-1078	Vincent Mai
TX	Midlothian	2210 F.M. 663, Suite ll2	(214) 274-1078	Vincent Mai
TX	Houston	340 FM 1960 West	(214) 274-1078	Vincent Mai
TX	Humble	9490 FM 1960, Suite 400	(214) 274-1078	Vincent Mai
TX	San Antonio	8223 Marbach Rd., Suite 111	(214) 876-3777	Jody O'Donnell
TX	San Angelo	2926 Sherwood Way Suite 100	(325) 656-9752	Benjamin Storey, DC
TX	Tomball	14040 Farm to Market 2920	(832) 527-4119	Noah Stone
TX	Houston	6915 FM 1960 West Ste I	(214) 274-1078	Vincent Mai

State	City	Address	Phone	Owner Name
TX	Tyler	8930 S Broadway Suite 208	(432) 557-1955	Billy Perkins
TX	Beaumont	3850 College St.	(713) 539-4055	Ben Crawford
TX	Houston	15419 Wallisville Rd. Suite B	(832) 606-2547	Andres A. Perez, DC
TX	Abilene	3773 Catclaw Drive	(325) 665-0876	Scott Wofford DC
TX	Waxahachie	1035 N. Highway 77 Suite 300	(972) 841-8321	Paul Liechty, DC
TX	Seagoville	312 North Highway 175	(972) 841-8321	Paul Liechty, DC
TX	Kemah	401 FM 518 Suite B	(713) 828-4784	Barbot McNabb
TX	Houston	735 Gulfgate Center Mall	(972) 922-7478	Chancellor Foulks, DC
TX	San Marcos	102 Wonder World Drive, Suite 405 78666	(432) 557-1955	Billy Perkins
TX	Kyle	5029 Kyle Centre Drive	(432) 557-1955	Billy Perkins
TX	Fort Worth	9009 Tehama Ridge Pkwy	(630) 803-1541	Philip "Phil" Davis
TX	Denton	2520 W. University Dr. #1154	(630) 803-1541	Philip "Phil" Davis
TX	Garland	4170 Lavon Dr. Suite 160	(630) 803-1541	Philip "Phil" Davis
TX	Forney	575 marketplace boulevard	(630) 803-1541	Philip "Phil" Davis
TX	Prosper	750 Richland Blvd #70	(630) 803-1541	Philip "Phil" Davis
TX	Sherman	3903 U.S. 75	(940) 435-0505	Justin Tomblin, DC
TX	Longview	3080 N Eastman Road #114	(214) 769-2810	Robert Beason Jr.
TX	Texarkana	3630 Richmond road	(214) 769-2810	Robert Beason Jr.
TX	Wichita Falls	3701 Fairway, Suite 108	(325) 665-0876	Scott Wofford DC
TX	San Antonio	22100 Bulverde Rd Ste. 110	(432) 425-6037	Drew Perkins, DC
TX	Houston	3500 Little York Road, Suite B5	(972) 922-7478	Chancellor Foulks, DC
TX	Georgetown	4500 Williams Drive, Suite 228	(512) 335-9845	Russell Kriewald
TX	Duncanville	255 S. Cedar Ridge Drive, Ste. 255	(972) 922-7478	Chancellor Foulks, DC
TX	Lake Jackson	117 Highway 332 West, Suite D	(512) 269-8741	Kayla Terry
TX	Spring	3540 Rayford Rd	(832) 527-4119	Noah Stone
TX	Baytown	8808 Highway 146	(832) 606-2547	Andres A. Perez, DC
UT	Salt Lake City	1126 E. 2100 S.	(775) 313-4448	Ryan Rowell, DC
UT	Cottonwood Heights	6910 Highland Drive	(801) 243-9181	Bradley "Brad" Hendricks, DC
UT	Sandy	9192 South Village Shop Drive	(832) 208-3067	Paul Davis, DC
UT	American Fork	356 North 750 West, Unit D-1	(805) 451-3281	Chris O'Neal
UT	South Jordan	11463 S. District Drive, Suite #100	(805) 451-3281	Chris O'Neal
UT	Orem	575 E. University Parkway, Suite M222	(805) 451-3281	Chris O'Neal
UT	Farmington	158 N. Central Ave	(805) 451-3281	Chris O'Neal
UT	Spanish Fork	409 E 1000 N	(520) 450-0962	Mike Starkey
UT	West Valley City	5567 West High Market Dr, Suite K-300	(801) 787-0251	Nicholas Broadhead
UT	West Jordan	7643 S Jordan Landing Blvd, #140	(801) 787-0251	Nicholas Broadhead
UT	Riverdale	1061 W. Riverdale Rd.	(805) 451-3281	Chris O'Neal
UT	Draper	213 E 12300 S H-2	(832) 208-3067	Paul Davis, DC
UT	St. George	599 South Mall Drive, Space K-4	(801) 787-0251	Nicholas Broadhead
UT	West Bountiful	255 North 500 West, Suite A1	(805) 451-3281	Chris O'Neal
UT	Layton	210 South Fort Lane, Ste. 4	(805) 451-3281	Chris O'Neal
UT	Park City	1570 Newpark Blvd. Suite D-3	(805) 452-7353	Thaddeus Jacobs
UT	Logan	1430 N Main St., Suite 120	(408) 315-4651	Jason Kenney
UT	Taylorsville	1859 W 5400 South	(805) 451-3281	Chris O'Neal
UT	Millcreek	1775 E Murray Holladay Rd.	(775) 313-4448	Ryan Rowell, DC
UT	Salt Lake City	358 S 700 E Suite D	(775) 313-4448	Ryan Rowell, DC
UT	Saratoga Springs	191 W Crossroads Blvd Ste A	(805) 451-3281	Chris O'Neal
UT	Ogden	185 W. 12th Street, Suite C	(805) 451-3281	Chris O'Neal
UT	St. George	1973 W. Sunset blvd	(801) 787-0251	Nicholas Broadhead
UT	Herriman	5522 West 13400 South	(805) 451-3281	Chris O'Neal

State	City	Address	Phone	Owner Name
VA	Stafford	325 Garrisonville Road, Suite #102	(570) 497-9478	Wegayehu Gizaw
VA	Glen Allen	11301 West Broad St #107	(704) 575-3632	Gordon Thornton
VA	Richmond	1601 Willow Lawn Dr. 304D	(704) 575-3632	Gordon Thornton
VA	Midlothian	136 Charter Colony Pkwy.	(704) 575-3632	Gordon Thornton
VA	Fairfax	13037-B Lee Jackson Memorial Hwy.	(865) 803-9772	Jarod Rehmann, DC
VA	Sterling	22000 Dulles Retail Center, Suite 108	(704) 575-3632	Gordon Thornton
VA	Alexandria	3690M King Street	(704) 575-3632	Gordon Thornton
VA	Alexandria	6454 Old Beulah Street	(704) 575-3632	Gordon Thornton
VA	Fredericksburg	1285 Carl D. Silver Parkway, Building 22, Suite 3	(540) 642-2976	Andrew Collins
VA	Woodbridge	2475 Prince William Pkwy	(570) 497-9478	Wegayehu Gizaw
VA	Fredericksburg	9857 Patriot Highway	(540) 642-2976	Andrew Collins
VA	Bristow	10402 Bristow Center Drive	(703) 405-1162	Scott Huber
VA	Alexandria	6244 East Little River Turnpike	(215) 460-1222	Justin Velez-Hagan
VA	Alexandria	9538 Old Keene Mill Rd.	(215) 460-1222	Justin Velez-Hagan
VA	Charlottesville	315 Merchant Walk Square Ste. 300	(575) 317-7770	Corey Crane
VA	Christensburg	65 Conston Avenue NW	(703) 405-1162	Scott Huber
VA	Danville	380 Piedmont Mall Dr. Suite 110	(919) 302-7965	Erin Hampton
WA	Vancouver	305 SE Chkalov Drive, Suite 160	(805) 451-3281	Chris O'Neal
WA	Lynnwood	6208 196th Street SW, Suite #103	(516) 429-7426	Witta "Wynn" Payackapan
WA	Vancouver	7901 NE 6th Ave., Suite 105	(805) 451-3281	Chris O'Neal
WA	Mukilteo	11700 Mukilteo Speedway, Suite 203	(206) 618-3738	Richard Greenwell
WA	Bellevue	70 148TH Avenue SE	(516) 429-7426	Witta "Wynn" Payackapan
WA	Bothell	1427 228th St. SE, STE D2	(516) 429-7426	Witta "Wynn" Payackapan
WA	Renton	10705 SE Carr Rd.	(516) 429-7426	Witta "Wynn" Payackapan
WA	University Place	3836 Bridgeport Way W	(408) 315-4651	Jason Kenney
WA	Federal Way	1706 S. 320th St. Suite #	(408) 315-4651	Jason Kenney
WA	Spokane	924 N Division St	(602) 405-0558	Tony Di Giuseppe
WA	Spokane Valley	615 N. Sullivan Rd, Suite C	(602) 405-0558	Tony Di Giuseppe
WA	Spokane	9329 North Newport HWY.	(602) 405-0558	Tony Di Giuseppe
WA	Tumwater	555 Trosper Road SW Suite 103	(516) 429-7426	Witta "Wynn" Payackapan
WA	Everett	12906 Bothell-Everett Highway, Suite C	(404) 353-4987	Greg Graham D.C.
WA	Burlington	1835 S Burlington Blvd, Suite 120	(404) 353-4987	Greg Graham D.C.
WA	Bellingham	1301 W Bakerview Rd	(404) 353-4987	Greg Graham D.C.
WA	Seattle	4704 42nd Ave.	(310) 729-5360	Keith Edwards
WA	Lacey	720 Sleater Kinney Rd SE	(310) 729-5360	Keith Edwards
WA	Woodinville	13930 NE 178th Pl	(406) 250-2361	Joel Robinson
WA	Milton	900 Meridan Avenue East Suite 20A	(206) 900-1895	Ilmo Ahn, DC
WI	Brookfield	17000 W. Bluemound Road, Unit #105	(505) 474-9324	Marcus Constantine
WI	Fitchburg	6317 McKee Road, suite 400	(608) 239-0617	Shawn Briquelet
WI	Madison	728 S. Gammon Rd.	(608) 239-0617	Shawn Briquelet
WI	Madison	4706 E. Towne Blvd.	(608) 239-0617	Shawn Briquelet
WI	Oak Creek	8645 S. Howell Ave Suite 200	(414) 550-8521	Thomas Donahue
WI	Waukesha	1190 West Sunset Drive, Suite 102	(505) 474-9324	Marcus Constantine
WI	Mequon	10972 N. Port Washington Rd	(505) 474-9324	Marcus Constantine
WI	Appleton	3825 E Calumet Street #200	(920) 740-6608	Troy Ochowicz
WI	Racine	5502 Washington Ave, Suite 700	(414) 550-8521	Thomas Donahue
WI	West Allis	3015 S. 108th St.	(505) 474-9324	Marcus Constantine
WI	Weston	3910 Schofield Ave, #7A	(608) 698-7274	Lisa Briquelet
WI	Hales Corners	5760 S 108th St	(505) 474-9324	Marcus Constantine
WI	Green Bay	2476 South Oneida St.	(608) 239-0617	Shawn Briquelet
WI	Milwaukee	1427 N Jefferson St	(505) 474-9324	Marcus Constantine

State	City	Address	Phone	Owner Name
WV	Morgantown	358 Suncrest Towne Center Drive	(304) 282-9114	Kristina Smith

The following table lists franchisees with signed franchise agreements that were not open as of December 31, 2023.

State	City	Address	Phone	Owner Name
AK	To Be Determined	To Be Determined	(907) 707-3908	James Petersen, DC
AL	Prattville	1498 Cotton Exchange	(334) 685-0323	Artresha "Tresha" Brown
AL	Anniston	To Be Determined	(425) 387-8316	Kip Rapp
AL	Fairhope/Gulf Shores	To Be Determined	(256) 590-9326	James Wesson
AL	Florence	To Be Determined	(256) 527-8468	Robert "Blake" Cantrell
AL	Alabaster	To Be Determined	(386) 690-5524	Raveenkumar Jayeshbhai Patel
AL	Alabaster	To Be Determined	(386) 690-5524	Raveenkumar Jayeshbhai Patel
AZ	Buckeye	I-10 and Verrado Way	(602) 405-0558	Tony Di Giuseppe
AZ	To Be Determined	To Be Determined	(602) 405-0558	Tony Di Giuseppe
AZ	Gilbert	To Be Determined	(480) 639-8833	Craig Peterson, DC
AZ	To Be Determined	To Be Determined	(602) 625-6382	Greg Sarandi
AZ	To Be Determined	To Be Determined	(602) 750-2225	Adam Wagner, DC
CA	To Be Determined	To Be Determined	(404) 353-4987	Greg Graham D.C.
CA	To Be Determined	To Be Determined	(831) 596-1170	Marissa Carlisle
CA	To Be Determined	To Be Determined	(831) 596-1170	Marissa Carlisle
CA	To Be Determined	To Be Determined	(404) 353-4987	Greg Graham D.C.
CA	Watsonville	999 Main Street, Suite 3	(831) 596-1170	Marissa Carlisle
CA	Daly City	348 Gellert Blvd	(925) 588-1978	Jacqueline Walker
CA	Fresno	To Be Determined	(480) 392-2810	Daniel Rae D.C.
CA	Turlock	3212 W Monte Vista Ave	(916) 761-1949	Waseem Nazir
CA	San Jose	1780 Story Road	(805) 451-3281	Chris O'Neal
CA	Roseville	2010 Blue Oaks Blvd	(805) 451-3281	Chris O'Neal
CA	To Be Determined	To Be Determined	(925) 588-1978	Jacqueline Walker
CA	To Be Determined	To Be Determined	(805) 903-2000	Thomas Burgett
CA	To Be Determined	To Be Determined	(404) 353-4987	Greg Graham D.C.
CA	To Be Determined	To Be Determined	(916) 838-8587	Scott Beavers DC
CA	To Be Determined	To Be Determined	(310) 774-2820	Adolfo "Anthony" Rueda Jr
CA	To Be Determined	To Be Determined	(805) 903-2000	Thomas Burgett
CA	To Be Determined	To Be Determined	(916) 761-1949	Waseem Nazir
CA	To Be Determined	To Be Determined	(916) 761-1949	Waseem Nazir
CO	To Be Determined	To Be Determined	(303) 557-8193	Eric Brunner
CO	Pueblo	1617 W Highway 50	(303) 709-5779	Joseph "Joe" Forte
CO	To Be Determined	To Be Determined	(303) 918-0370	Jeremy Casagrande, DC
CT	To Be Determined	To Be Determined	(325) 656-9752	Benjamin Storey, DC
CT	To Be Determined	To Be Determined	(325) 656-9752	Benjamin Storey, DC
CT	To Be Determined	To Be Determined	(325) 656-9752	Benjamin Storey, DC
CT	To Be Determined	To Be Determined	(325) 656-9752	Benjamin Storey, DC
DC	Washington DC	721 D Street	(727) 492-8784	Richard 'ned" Hull
DE	To Be Determined	To Be Determined	(302) 345-8199	Cherese Scotton Bratcher, DC
DE	To Be Determined	To Be Determined	(302) 345-8199	Cherese Scotton Bratcher, DC
FL	To Be Determined	To Be Determined	(404) 316-1038	Jeff McGinty
FL	Miami	3201 N Miami Ave #105	(469) 223-8983	Kevin Hua
FL	Miami	13630 S 120th St. Suite A-220	(469) 223-8983	Kevin Hua
FL	Miami	11469 SW 40th Street	(469) 223-8983	Kevin Hua

State	City	Address	Phone	Owner Name
FL	Orlando	8675 Fenton Street, Suite 130	(609) 680-7658	Khyati "Kathy" Bhatt
FL	Miami	13101 SW 89th Place Ste. 107	(469) 223-8983	Kevin Hua
FL	Deerfield Beach	3319 west hillsboro Boulevard	(469) 223-8983	Kevin Hua
FL	Zephryhills	7868 Gall Boulevard	(630) 209-0532	Coreen Cammarano
FL	Land O' Lakes	2121 Collier Pkwy	(314) 498-2558	Alexandros "Alex" Pierroutsakos
FL	Ocala	2701 sw college rd suite A07	(919) 924-8108	Rita Sellers
FL	To Be Determined	To Be Determined	(919) 924-8108	Rita Sellers
FL	To Be Determined	To Be Determined	(203) 816-7132	Kamal Ahuja
FL	To Be Determined	To Be Determined	(305) 965-2222	Carlos Nunez
FL	To Be Determined	To Be Determined	(407) 341-3792	Samuel "Toby" Hines
FL	To Be Determined	To Be Determined	(720) 275-0974	Ernest 'Ernie" Arellano
FL	To Be Determined	To Be Determined	(305) 850-8196	David Hutsell
FL	To Be Determined	To Be Determined	(303) 709-5779	Joseph "Joe" Forte
FL	To Be Determined	To Be Determined	(303) 709-5779	Joseph "Joe" Forte
FL	To Be Determined	To Be Determined	(407) 341-3792	Samuel "Toby" Hines
FL	To Be Determined	To Be Determined	(407) 341-3792	Samuel "Toby" Hines
FL	To Be Determined	To Be Determined	(404) 840-0289	Robert Barbieri
FL	To Be Determined	To Be Determined	(404) 840-0289	Robert Barbieri
FL	Palm Beach Gardens	11648 US Highway One Suite 140-145	(973) 703-7008	Anthony Fava, DC
FL	To Be Determined	To Be Determined	(770) 680-7418	Kevin Bock
FL	Vero Beach	TBD	(314) 540-7371	Lon Bernstein
FL	To Be Determined	To Be Determined	(303) 709-5779	Joseph "Joe" Forte
FL	To Be Determined	To Be Determined	(303) 709-5779	Joseph "Joe" Forte
FL	To Be Determined	To Be Determined	(303) 709-5779	Joseph "Joe" Forte
FL	Tampa	7002 Gunn Hwy	(203) 816-7132	Kamal Ahuja
FL	To Be Determined	To Be Determined	(203) 816-7132	Kamal Ahuja
FL	To Be Determined	To Be Determined	(815) 275-8002	Gregory Kilbride
FL	To Be Determined	To Be Determined	(435) 773-5294	Bryson Smith
GA	Austell	1757 East West Connector, Suite 470	(404) 759-7204	Lawrence Rich
GA	McDonough	920 Highway 81 East	(770) 328-3706	Paul Kaiser
GA	To Be Determined	To Be Determined	(404) 428-3166	Anne Gerretzen-Michaud
GA	To Be Determined	To Be Determined	(404) 797-6088	Patrick Greco, DC
GA	Warner Robins	2624 Watson Blvd	(678) 770-3436	Shriniwas Dulori
GA	To Be Determined	To Be Determined	(512) 914-4253	Ketan Bhagat
IA	To Be Determined	To Be Determined	(410) 591-0183	Brooke Everson
ID	Post Falls	To Be Determined	(602) 405-0558	Tony Di Giuseppe
IL	Chicago	To Be Determined	(312) 532-6902	Iliass Najimi, DC
IL	To Be Determined	To Be Determined	(305) 965-9004	Baruch Toledano
IL	Round lake Beach	702 E Rollins RD	(312) 217-3203	Yameen Makda
IN	To Be Determined	To Be Determined	(615) 429-8245	William "Barry" Goodman
IN	Evansville	4428 W. Lloyd Expressway Suite 4444	(615) 429-8245	William "Barry" Goodman
IN	Clarksville	1225 Veteran's Pkwy suite 200	(843) 452-2844	Derek Schroering, DC
IN	Fishers	7824 East 96th street	(314) 322-9365	Matthew Wise
IN	Bloomington	320 South College Mall Road	(615) 429-8245	William "Barry" Goodman
KY	Lexington	To Be Determined	(618) 704-8070	Jonathan Stampfli
KY	Louisville	To Be Determined	(217) 413-8155	Maira Dawood
KY	To Be Determined	To Be Determined	(859) 559-9010	William Frey Jr
KY	Louisville	To Be Determined	(931) 237-4867	Brenda O'Neil D.C.
LA	Slidell	To Be Determined	(870) 918-7425	Jared Black

State	City	Address	Phone	Owner Name
MA	Boston	8 Allstate Rd	(562) 261-3333	Dwayne Acoba, DC
MA	To Be Determined	To Be Determined	(805) 452-7353	Thaddeus Jacobs
MA	To Be Determined	To Be Determined	(617) 653-6065	William "Bill" Morgan
MD	To Be Determined	To Be Determined	(480) 313-0935	Edward Frees
MD	College Park	7200 Baltimore Ave	(704) 560-4332	Herbert "Herb" Gray
MD	Lanham	9301 Woodmore Centre Drive, Suite 509	(404) 444-5713	Kaila Caldwell
MD	To Be Determined	To Be Determined	(414) 419-0880	Ahmed Migdadi, DC
MD	To Be Determined	To Be Determined	(704) 560-4332	Herbert "Herb" Gray
MD	To Be Determined	To Be Determined	(443) 377-5229	Ilya Burdman
MI	To Be Determined	To Be Determined	(516) 659-8920	Jeffrey Rosenberg, DC
MI	Grand Rapids	6333 Kalamazoo Ave SE	(773) 525-9100	Andrew Knecht, DC
MI	To Be Determined	To Be Determined	(516) 659-8920	Jeffrey Rosenberg, DC
MN	To Be Determined	To Be Determined	(612) 730-9842	Chad Johnson
MO	To Be Determined	To Be Determined	(636) 675-0366	Mike Klearman
MO	TBD Springfield	To Be Determined	(314) 540-7371	Lon Bernstein
MS	Clinton	To Be Determined	(254) 681-0429	Ginger Gautier MacNealy
MT	To Be Determined	To Be Determined	(406) 250-2361	Joel Robinson
MT	Bozeman	1600 N 19th Ave	(406) 250-2361	Joel Robinson
NC	Lexington	1201 Cotton Grove	(325) 656-9752	Benjamin Storey, DC
NC	To Be Determined	To Be Determined	(919) 744-1975	Heather Sefried, DC
NC	To Be Determined	To Be Determined	(336) 601-2926	Paul Trindel
NC	To Be Determined	To Be Determined	(336) 601-2926	Paul Trindel
NC	To Be Determined	To Be Determined	(325) 656-9752	Benjamin Storey, DC
NC	To Be Determined	To Be Determined	(414) 419-0880	Ahmed Migdadi, DC
NJ	To Be Determined	To Be Determined	(201) 207-3778	Diego Ruiz, DC
NY	To Be Determined	To Be Determined	(530) 255-2559	Kavneet Atwal
NY	To Be Determined	To Be Determined	(602) 565-6806	Khaled Abuwandi, DC
NY	To Be Determined	To Be Determined	(602) 565-6806	Khaled Abuwandi, DC
NY	To Be Determined	To Be Determined	(602) 565-6806	Khaled Abuwandi, DC
NY	To Be Determined	To Be Determined	(602) 565-6806	Khaled Abuwandi, DC
NY	To Be Determined	To Be Determined	(347) 992-8824	Raja Singh
NY	To Be Determined	To Be Determined	(347) 992-8824	Raja Singh
NY	Staten Island	To Be Determined	(602) 565-6806	Khaled Abuwandi, DC
NY	Hempstead	2464 Hempstead Turnpike	(347) 992-8824	Raja Singh
OH	Strongsville	17100 Royalton Road	(440) 840-1278	Brock Thompson
OK	Moore	761 SW 19th street	(469) 223-8983	Kevin Hua
OR	To Be Determined	To Be Determined	(415) 513-2714	Jacob Vink
OR	To Be Determined	To Be Determined	(415) 513-2714	Jacob Vink
OR	To Be Determined	To Be Determined	(415) 513-2714	Jacob Vink
OR	Sherwood	16864 SW Edy Rd, Suite 160	(805) 451-3281	Chris O'Neal
OR	Tigard	16200 SW Pacific Hwy, Suite G2	(805) 451-3281	Chris O'Neal
OR	To Be Determined	To Be Determined	(415) 513-2714	Jacob Vink
PA	To Be Determined	To Be Determined	(570) 994-7644	Travis Gearhart, DC
PA	Pittsburg	To Be Determined	(412) 874-2818	Joseph Spehar
PA	To Be Determined	To Be Determined	(724) 816-7925	David Duffy
PR	To Be Determined	To Be Determined	(407) 617-2615	Jason Comerford, DC
PR	To Be Determined	To Be Determined	(407) 617-2615	Jason Comerford, DC
SC	Powdersville	3552-A Hghway 153	(864) 415-4191	Michael "Mici" Fluegge
SC	To Be Determined	To Be Determined	(864) 415-4191	Michael "Mici" Fluegge
TN	Spring Hill	4884 Port Royal Rd Suite #1	(615) 293-7723	Atul "Ash" Kumar

State	City	Address	Phone	Owner Name
TN	Maryville	1010 Middle Settlement Rd.	(615) 423-7436	Kathryn Jessie
TN	Clarksville	2298 Trenton Road (Shops A)	(615) 429-8245	William "Barry" Goodman
TX	Houston	6405 West Road	(214) 274-1078	Vincent Mai
TX	Cibolo	170 W Borgfeld Rd	(214) 876-3777	Jody O'Donnell
TX	Odessa	6207 Texas 191	(325) 665-0876	Scott Wofford DC
TX	Missouri City, Texas 77459	20236 Fort Bend Pkwy Suite 220	(281) 797-7982	Joseph Craft
TX	Corpus Christi	5325 Saratoga, Suite 220	(512) 415-6405	Donald Daniels, DC
TX	New Caney	21383 Valley Ranch Blvd., Suite 400	(832) 527-4119	Noah Stone
TX	Georgetown	19388 Ronald Reagan Boulevard, Suite 640	(512) 970-5979	Kevin Stutz
TX	El Paso	12261 Eastlake Boulevard, Suite E506	(806) 441-9094	Ronald Bostick
TX	Houston	14315 E Sam Houston Pkwy N, Suite TBD	(214) 274-1078	Vincent Mai
TX	Victoria	8901 N Navarro St	(325) 665-0876	Scott Wofford DC
TX	Montgomery	18784 Highway 105,	(832) 527-4119	Noah Stone
TX	New Braunfels	272 FM 306, Suite 120	(432) 557-1955	Billy Perkins
TX	Manvel	To Be Determined	(713) 828-4784	Barbot McNabb
TX	San Antonio	5601 Bandera Rd	(214) 876-3777	Jody O'Donnell
TX	To Be Determined	To Be Determined	(214) 876-3777	Jody O'Donnell
TX	North Frisco	To Be Determined	(630) 803-1541	Philip "Phil" Davis
TX	To Be Determined	To Be Determined	(713) 828-4784	Barbot McNabb
TX	To Be Determined	To Be Determined	(325) 665-0876	Scott Wofford DC
UT	To Be Determined	To Be Determined	(805) 451-3281	Chris O'Neal
VA	Lynchburg	8000 Timberlake Rd	(804) 687-1479	Jonathan Ceaser
VA	To Be Determined	To Be Determined	(804) 687-1479	Jonathan Ceaser
VA	To Be Determined	To Be Determined	(804) 687-1479	Jonathan Ceaser
WA	To Be Determined	To Be Determined	(310) 729-5360	Keith Edwards
WA	To Be Determined	To Be Determined	(602) 405-0558	Tony Di Giuseppe
WA	To Be Determined	To Be Determined	(406) 250-2361	Joel Robinson
WA	To Be Determined	To Be Determined	(406) 250-2361	Joel Robinson
WA	To Be Determined	To Be Determined	(435) 773-5294	Bryson Smith
WA	To Be Determined	To Be Determined	(435) 773-5294	Bryson Smith
WA	Bonney Lake	19410 State Hwy 410	(480) 773-9170	David Lee, DC
WI	To Be Determined	To Be Determined	(312) 217-3203	Yameen Makda
WI	Appleton	1017 mutual way	(920) 740-6608	Troy Ochowicz

<u>Part B</u> (Former Franchisees Who Left System During Prior Fiscal Year)

State	City	Current Business Phone or Last Known Home Phone	Owner Name(s)
California	Brentwood	925- 392-1600	Brian Lancaster
California	Castro Valley	510-800-6092	Brian Lancaster
California	Concord	925- 297-1791	Brian Lancaster
Florida	Orlando	321- 274-1315	Linda Lampasso
Florida	Winter Spring	321- 274-1315	Linda Lampoasso
Illinois	Oakbrook Terrace	630-632-4417	Victoria Ciabattari
Michigan	Northville	734-658-4826	Rahul Pillai
Michigan	Canton	734-658-4826	Rahul Pillai
New Jersey	Hoboken	732- 939-0839	Victor Chu
New Jersey	Jersey City	732- 939-0839	Victor Chu
South Carolina	Taylors	864- 655-5850	Rob Bousquet, DC
Wisconsin	Madison	608-239-0617	Shawn and Lisa Biquelet

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

EXHIBIT "G"

TO DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

[See Attached]

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

Table of Contents

PART I: FINANCIAL INFORMATION

ITEM 1. UNAUDITED FINANCIAL STATEMENTS

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2024	December 31, 2023
ASSETS	(unaudited)	
Current assets:		
Cash and cash equivalents	$ 18,742,884	$ 18,153,609
Restricted cash	923,958	1,060,683
Accounts receivable, net	3,265,800	3,718,924
Deferred franchise and regional development costs, current portion	1,046,156	1,047,430
Prepaid expenses and other current assets	2,926,719	2,439,837
Assets held for sale	17,726,238	17,915,055
Total current assets	44,631,755	44,335,538
Property and equipment, net	10,303,746	11,044,317
Operating lease right-of-use asset	12,214,619	12,413,221
Deferred franchise and regional development costs, net of current portion	5,016,644	5,203,936
Intangible assets, net	4,573,725	5,020,926
Goodwill	7,226,701	7,352,879
Deferred tax assets ($1.1 million and $1.1 million attributable to VIEs as of March 31, 2024 and December 31, 2023)	960,621	1,031,648
Deposits and other assets	755,743	748,394
Total assets	$ 85,683,554	$ 87,150,859
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,281,198	$ 1,625,088
Accrued expenses	1,964,005	1,963,009
Co-op funds liability	923,958	1,060,683
Payroll liabilities ($1.0 million and $0.7 million attributable to VIEs as of March 31, 2024 and December 31, 2023)	4,511,015	3,485,744
Operating lease liability, current portion	3,750,477	3,756,328
Finance lease liability, current portion	25,763	25,491
Deferred franchise fee revenue, current portion	2,528,468	2,516,554
Deferred revenue from company clinics ($1.6 million and $1.6 million attributable to VIEs as of March 31, 2024 and December 31, 2023)	4,603,602	4,463,747
Upfront regional developer fees, current portion	340,040	362,326
Other current liabilities	585,110	483,249
Liabilities to be disposed of ($3.7 million and $3.6 million attributable to VIEs as of March 31, 2024 and December 31, 2023)	12,832,986	13,831,863
Total current liabilities	33,346,622	33,574,082
Operating lease liability, net of current portion	10,606,889	10,914,997
Finance lease liability, net of current portion	31,471	38,016
Debt under the Credit Agreement	—	2,000,000
Deferred franchise fee revenue, net of current portion	13,316,975	13,597,325
Upfront regional developer fees, net of current portion	940,662	1,019,316

Other liabilities ($1.2 million and $1.2 million attributable to VIE as of March 31, 2024 and December 31, 2023)	1,235,241	1,235,241
Total liabilities	59,477,860	62,378,977
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Series A preferred stock, $0.001 par value; 50,000 shares authorized, 0 issued and outstanding, as of March 31, 2024 and December 31, 2023	—	—
Common stock, $0.001 par value; 20,000,000 shares authorized, 14,968,547 shares issued and 14,935,716 shares outstanding as of March 31, 2024 and 14,783,757 shares issued and 14,751,633 outstanding as of December 31, 2023	14,967	14,783
Additional paid-in capital	47,991,362	47,498,151
Treasury stock 32,831 shares as of March 31, 2024 and 32,124 shares as of December 31, 2023, at cost	(867,037)	(860,475)
Accumulated deficit	(20,958,598)	(21,905,577)
Total The Joint Corp. stockholders' equity	26,180,694	24,746,882
Non-controlling Interest	25,000	25,000
Total equity	26,205,694	24,771,882
Total liabilities and stockholders' equity	$ 85,683,554	$ 87,150,859

The accompanying notes are an integral part of these condensed consolidated financial statements.

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
CONDENSED CONSOLIDATED INCOME STATEMENTS
(unaudited)

	Three Months Ended March 31,	
	2024	**2023**
Revenues:		
Revenues from company-owned or managed clinics	$ 17,537,504	$ 17,127,957
Royalty fees	7,587,547	6,866,023
Franchise fees	655,873	754,425
Advertising fund revenue	2,166,473	1,952,406
Software fees	1,386,776	1,210,005
Other revenues	387,993	390,004
Total revenues	29,722,166	28,300,820
Cost of revenues:		
Franchise and regional development cost of revenues	2,341,765	2,140,835
IT cost of revenues	374,311	333,850
Total cost of revenues	2,716,076	2,474,685
Selling and marketing expenses	3,886,113	4,160,244
Depreciation and amortization	1,403,906	2,215,055
General and administrative expenses	20,263,692	20,038,476
Total selling, general and administrative expenses	25,553,711	26,413,775
Net loss on disposition or impairment	362,103	65,469
Income (loss) from operations	1,090,276	(653,109)
Other income, net	35,630	3,821,162
Income before income tax expense	1,125,906	3,168,053
Income tax expense	178,927	841,889
Net income	$ 946,979	$ 2,326,164
Earnings per share:		
Basic earnings per share	$ 0.06	$ 0.16
Diluted earnings per share	$ 0.06	$ 0.16
Basic weighted average shares	14,801,354	14,566,185
Diluted weighted average shares	15,011,286	14,861,734

The accompanying notes are an integral part of these condensed consolidated financial statements.

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(unaudited)

	Common Stock		Additional Paid In Capital	Treasury Stock		Accumulated Deficit	Total The Joint Corp. stockholders' equity	Non-controlling interest	Total
	Shares	Amount		Shares	Amount				
Balances, December 31, 2023	14,783,757	$ 14,783	$ 47,498,151	32,124	$ (860,475)	$ (21,905,577)	$ 24,746,882	$ 25,000	$ 24,771,882
Stock-based compensation expense	—	—	493,395	—	—	—	493,395	—	493,395
Issuance of restricted stock	184,790	184	(184)	—	—	—	—	—	—
Exercise of stock options	—	—	—	—	—	—	—	—	—
Purchases of treasury stock under employee stock plans	—	—	—	707	(6,562)	—	(6,562)	—	(6,562)
Net income	—	—	—	—	—	946,979	946,979	—	946,979
Balances, March 31, 2024 (unaudited)	14,968,547	$ 14,967	$ 47,991,362	32,831	$ (867,037)	$ (20,958,598)	$ 26,180,694	$ 25,000	$ 26,205,694

	Common Stock		Additional Paid In Capital	Treasury Stock		Accumulated Deficit	Total The Joint Corp. stockholders' equity	Non-controlling interest	Total
	Shares	Amount		Shares	Amount				
Balances, December 31, 2022	14,560,353	$ 14,560	$ 45,558,305	31,866	$ (856,642)	$ (12,153,380)	$ 32,562,843	$ 25,000	$ 32,587,843
Stock-based compensation expense	—	—	266,210	—	—	—	266,210	—	266,210
Issuance of restricted stock	95,386	95	(95)	—	—	—	—	—	—
Exercise of stock options	15,621	16	138,441	—	—	—	138,457	—	138,457
Purchases of treasury stock under employee stock plans	—	—	—	169	(2,637)	—	(2,637)	—	(2,637)
Net Income	—	—	—	—	—	2,326,164	2,326,164	—	2,326,164
Balances, March 31, 2023 (unaudited)	14,671,360	$ 14,671	$ 45,962,861	32,035	$ (859,279)	$ (9,827,216)	$ 35,291,037	$ 25,000	$ 35,316,037

The accompanying notes are an integral part of these condensed consolidated financial statements.

THE JOINT CORP. AND SUBSIDIARY AND AFFILIATES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended March 31,	
	2024	**2023**
Cash flows from operating activities:		
Net income	$ 946,979	$ 2,326,164
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,403,906	2,215,055
Net loss on disposition or impairment (non-cash portion)	362,103	65,469
Net franchise fees recognized upon termination of franchise agreements	(39,456)	(73,095)
Deferred income taxes	71,027	733,390
Stock based compensation expense	493,395	266,210
Changes in operating assets and liabilities:		
Accounts receivable	453,124	385,629
Prepaid expenses and other current assets	(487,954)	(1,370,390)
Deferred franchise costs	201,718	(27,255)
Deposits and other assets	(7,349)	801
Assets and liabilities held for sale, net	(911,166)	—
Accounts payable	(348,824)	(1,189,662)
Accrued expenses	996	818,784
Payroll liabilities	1,025,270	1,540,498
Deferred revenue	(102,277)	437,838
Upfront regional developer fees	(100,940)	(47,116)
Other liabilities	(150,222)	(57,727)
Net cash provided by operating activities	2,810,330	6,024,593
Cash flows from investing activities:		
Proceeds from sale of clinics	50,100	—
Purchase of property and equipment	(395,046)	(1,200,215)
Net cash used in investing activities	(344,946)	(1,200,215)
Cash flows from financing activities:		
Payments of finance lease obligation	(6,272)	(6,011)
Purchases of treasury stock under employee stock plans	(6,562)	(2,637)
Proceeds from exercise of stock options	—	138,457
Repayment of debt under the Credit Agreement	(2,000,000)	—
Net cash provided by (used in) financing activities	(2,012,834)	129,809
Increase in cash, cash equivalents and restricted cash	452,550	4,954,187
Cash, cash equivalents and restricted cash, beginning of period	19,214,292	10,550,417
Cash, cash equivalents and restricted cash, end of period	$ 19,666,842	$ 15,504,604

Reconciliation of cash, cash equivalents and restricted cash:	March 31, 2024	March 31, 2023
Cash and cash equivalents	$ 18,742,884	$ 14,773,225
Restricted cash	923,958	731,379
	$ 19,666,842	$ 15,504,604

Supplemental cash flow disclosures:

The following table represents supplemental cash flow disclosures and non-cash investing and financing activities:

	Three Months Ended March 31,	
	2024	2023
Net cash paid for (refunded):		
Interest	$ 19,098	$ 81,651
Income taxes	$ —	$ (41,246)
Non-cash investing and financing activity:		
Unpaid purchases of property and equipment	$ 4,934	$ 167,959

The accompanying notes are an integral part of these condensed consolidated financial statements.

The Joint Corp. 10-K -Annual Report, Item 8

Financial Statements and Supplementary Data

For the Fiscal Years Ended

December 31, 2023 and 2022

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
The Joint Corp.
Scottsdale, Arizona

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of The Joint Corp. (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated March 7, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue growth rate utilized in the determination of the fair value of reacquired franchise rights and customer relationships for certain acquisitions

As described in Note 3 of the consolidated financial statements, the Company repurchased certain operating franchised clinics for a net purchase consideration of approximately $1.2 million in May 2023. The acquisitions were treated as an asset purchase. As a result of the acquisitions, management was required to determine the estimated fair values of assets acquired and liabilities assumed, including certain identifiable intangible assets. Management utilized third-party valuation specialists to assist in the preparation of the valuation of certain identifiable intangible assets. Management exercised judgment to develop and select revenue growth rates in the measurement of the fair values of the reacquired franchise rights and customer relationships.

We identified the revenue growth rates utilized in the determination of the fair values of the reacquired franchise rights and customer relationships for certain acquisitions as a critical audit matter. The principal considerations for our determination included the subjectivity and judgment required to determine the revenue growth rates used in the fair value measurement of reacquired franchise rights and customer relationships for certain acquisitions. Auditing these revenue growth rates involved especially subjective auditor judgment due to the nature and extent of audit effort required.

The primary procedures we performed to address this critical audit matter included:

- Evaluating the reasonableness of the revenue growth rates by i) comparing to the historical performance using the audited prior year revenue, (ii) assessing the revenue growth rates against industry metrics, and (iii) comparing the actual post-acquisition net revenue to the forecast revenue.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2021.
Phoenix, Arizona

March 7, 2024

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THE JOINT CORP.
CONSOLIDATED BALANCE SHEETS

	December 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18,153,609	$ 9,745,066
Restricted cash	1,060,683	805,351
Accounts receivable	3,718,924	3,911,272
Deferred franchise and regional development costs, current portion	1,047,430	1,054,060
Prepaid expenses and other current assets	2,439,837	2,098,359
Assets held for sale	17,915,055	—
Total current assets	44,335,538	17,614,108
Property and equipment, net	11,044,317	17,475,152
Operating lease right-of-use asset	12,413,221	20,587,199
Deferred franchise and regional development costs, net of current portion	5,203,936	5,707,678
Intangible assets, net	5,020,926	10,928,295
Goodwill	7,352,879	8,493,407
Deferred tax assets ($1.1 million and $1.0 million attributable to VIEs as of December 31, 2023 and 2022)	1,031,648	11,928,152
Deposits and other assets	748,394	756,386
Total assets	$ 87,150,859	$ 93,490,377
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,625,088	$ 2,966,589
Accrued expenses	1,963,009	1,069,610
Co-op funds liability	1,060,683	805,351
Payroll liabilities ($0.7 million and $0.6 million attributable to VIEs as of December 31, 2023 and 2022)	3,485,744	2,030,510
Operating lease liability, current portion	3,756,328	5,295,830
Finance lease liability, current portion	25,491	24,433
Deferred franchise fee revenue, current portion	2,516,554	2,468,601
Deferred revenue from company clinics ($1.6 million and $4.7 million attributable to VIEs as of December 31, 2023 and 2022)	4,463,747	7,471,549
Upfront regional developer fees, current portion	362,326	487,250
Other current liabilities	483,249	597,294
Liabilities to be disposed of ($3.6 million attributable to VIEs as of December 31, 2023)	13,831,863	—
Total current liabilities	33,574,082	23,217,017
Operating lease liability, net of current portion	10,914,997	18,672,719
Finance lease liability, net of current portion	38,016	63,507
Debt under the Credit Agreement	2,000,000	2,000,000
Deferred franchise fee revenue, net of current portion	13,597,325	14,161,134
Upfront regional developer fees, net of current portion	1,019,316	1,500,278
Other liabilities	1,235,241	1,287,879
Total liabilities	62,378,977	60,902,534
Commitments and contingencies (note 10)		
Stockholders' equity:		
Series A preferred stock, $0.001 par value; 50,000 shares authorized, 0 issued and outstanding, as of December 31, 2023 and 2022	—	—
Common stock, $0.001 par value; 20,000,000 shares authorized, 14,783,757 shares issued and 14,751,633 shares outstanding as of December 31, 2023 and 14,560,353 shares issued and 14,528,487 outstanding as of December 31, 2022	14,783	14,560
Additional paid-in capital	47,498,151	45,558,305
Treasury stock 32,124 shares as of December 31, 2023 and 31,866 shares as of December 31, 2022, at cost	(860,475)	(856,642)
Accumulated deficit	(21,905,577)	(12,153,380)

Total The Joint Corp. stockholders' equity	24,746,882	32,562,843
Non-controlling Interest	25,000	25,000
Total equity	24,771,882	32,587,843
Total liabilities and stockholders' equity	$ 87,150,859	$ 93,490,377

See notes to consolidated financial statements.

THE JOINT CORP.
CONSOLIDATED INCOME STATEMENTS

	Year Ended December 31,	
	2023	**2022**
Revenues:		
Revenues from company-owned or managed clinics	$ 70,718,880	$ 59,422,294
Royalty fees	29,160,831	26,190,531
Franchise fees	2,882,895	2,441,325
Advertising fund revenue	8,321,043	7,456,696
Software fees	5,086,562	4,290,739
Other revenues	1,526,145	1,450,725
Total revenues	117,696,356	101,252,310
Cost of revenues:		
Franchise and regional developer cost of revenues	9,063,375	7,803,404
IT cost of revenues	1,483,183	1,367,659
Total cost of revenues	10,546,558	9,171,063
Selling and marketing expenses	16,541,990	13,962,709
Depreciation and amortization	8,582,203	6,646,622
General and administrative expenses	81,466,088	70,233,447
Total selling, general and administrative expenses	106,590,281	90,842,778
Net loss on disposition or impairment	2,632,604	410,215
(Loss) income from operations	(2,073,087)	828,254
Other income (expense), net	3,711,843	(133,101)
Income before income tax expense	1,638,756	695,153
Income tax expense	11,390,953	68,448
Net (loss) income	$ (9,752,197)	$ 626,705
(Loss) earnings per share:		
Basic (loss) earnings per share	$ (0.66)	$ 0.04
Diluted (loss) earnings per share	$ (0.65)	$ 0.04
Basic weighted average shares	14,688,115	14,488,314
Diluted weighted average shares	14,935,217	14,868,093

See notes to consolidated financial statements.

THE JOINT CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock			Treasury Stock					
	Shares	Amount	Additional Paid In Capital	Shares	Amount	Accumulated Deficit	Total The Joint Corp. stockholder's equity	Non-controlling Interest	Total
Balances, December 31, 2021	14,451,355	$ 14,450	$ 43,900,157	31,643	$ (850,838)	$ (12,780,085)	$ 30,283,684	$ 25,000	$ 30,308,684
Stock-based compensation expense	—	—	1,273,989	—	—	—	1,273,989	—	1,273,989
Issuance of restricted stock	65,618	66	(66)	—	—	—	—	—	—
Exercise of stock options	43,380	44	384,225	—	—	—	384,269	—	384,269
Purchases of treasury stock under employee stock plans	—	—	—	223	(5,804)	—	(5,804)	—	(5,804)
Net income	—	—	—	—	—	626,705	626,705	—	626,705
Balances, December 31, 2022	14,560,353	14,560	45,558,305	31,866	(856,642)	(12,153,380)	32,562,843	25,000	32,587,843
Stock-based compensation expense			1,737,682				1,737,682	—	1,737,682
Issuance of restricted stock	197,781	198	(198)				—	—	—
Exercise of stock options	25,623	25	202,362				202,387	—	202,387
Purchases of treasury stock under employee stock plans				258	(3,833)		(3,833)	—	(3,833)
Net Loss						(9,752,197)	(9,752,197)	—	(9,752,197)
Balances, Balances, December 31, 2023	14,783,757	$ 14,783	$ 47,498,151	32,124	$ (860,475)	$ (21,905,577)	$ 24,746,882	$ 25,000	$ 24,771,882

See notes to consolidated financial statements.

THE JOINT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2023	Year Ended December 31, 2022
Cash flows from operating activities:		
Net (loss) income	$ (9,752,197)	$ 626,705
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	8,582,203	6,646,622
Net loss on disposition or impairment (non-cash portion)	2,632,604	410,215
Net franchise fees recognized upon termination of franchise agreements	(217,827)	(68,537)
Deferred income taxes	10,896,504	(441,353)
Stock based compensation expense	1,737,682	1,273,989
Changes in operating assets and liabilities:		
Accounts receivable	192,348	(154,672)
Prepaid expenses and other current assets	(341,478)	183,406
Deferred franchise costs	355,952	(351,151)
Deposits and other assets	1,492	(189,184)
Accounts payable	(1,381,836)	818,265
Accrued expenses	793,679	(1,170,070)
Payroll liabilities	1,455,234	(1,875,807)
Upfront regional developer fees	(598,778)	(1,288,134)
Deferred revenue	301,095	2,889,139
Other liabilities	20,912	900,151
Net cash provided by operating activities	14,677,589	8,209,584
Cash flows from investing activities:		
Acquisition of AZ clinics	—	(6,966,923)
Acquisition of NC clinics	—	(3,289,312)
Acquisition of CA clinics	(1,188,765)	(1,850,000)
Proceeds from sale of clinics	—	105,200
Purchase of property and equipment	(4,999,070)	(5,899,080)
Net cash used in investing activities	(6,187,835)	(17,900,115)
Cash flows from financing activities:		
Payments of finance lease obligation	(24,432)	(49,855)
Purchases of treasury stock under employee stock plans	(3,833)	(5,804)
Proceeds from exercise of stock options	202,386	384,269
Net cash provided by financing activities	174,121	328,610
Increase (decrease) in cash	8,663,875	(9,361,921)
Cash, cash equivalents and restricted cash, beginning of period	10,550,417	19,912,338
Cash, cash equivalents and restricted cash, end of period	$ 19,214,292	$ 10,550,417

	December 31, 2023	December 31, 2022
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 18,153,609	$ 9,745,066
Restricted cash	1,060,683	805,351
	$ 19,214,292	$ 10,550,417

Supplemental cash flow disclosures:

The following table represents supplemental cash flow disclosures and non-cash investing and financing activities:

	Year Ended December 31,	
	2023	2022
Net cash paid (refunded) for:		
Interest	$ 173,062	$ 71,255
Income taxes	$ 569,765	$ (369,481)
Non-cash investing and financing activity:		
Unpaid purchases of property and equipment	$ 140,055	$ 576,725
Non-cash investment in acquisition of franchised clinics	$ 28,997	$ 115,372

See notes to consolidated financial statements.

THE JOINT CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Basis of Presentation

These financial statements represent the consolidated financial statements of The Joint Corp. ("The Joint"), which includes its variable interest entities ("VIEs"), and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC (collectively, the "Company"). The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amount of assets, liabilities, revenue, costs, expenses, other (expenses) income, and income taxes that are reported in the consolidated financial statements and accompanying disclosures. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates. For a discussion of significant estimates and judgments made in recognizing revenue, accounting for leases, and accounting for income taxes, see Note 2, "Revenue Disclosures," Note 9, "Income Taxes," and Note 10, "Commitments and Contingencies."

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Joint and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC, which was dormant for all periods presented. The Company consolidates VIEs in which the Company is the primary beneficiary in accordance with Accounting Standards Codification 810, Consolidations ("ASC 810"). Non-controlling interests represent third-party equity ownership interests in VIEs. All significant inter-affiliate accounts and transactions between The Joint and its VIEs have been eliminated in consolidation.

Comprehensive (Loss) Income

Net (loss) income and comprehensive (loss) income are the same for the years ended December 31, 2023 and 2022.

Nature of Operations

The Joint Corp., a Delaware corporation, was formed on March 10, 2010 for the principal purpose of franchising, developing, selling regional developer rights, supporting the operations of franchised chiropractic clinics, and operating and managing corporate chiropractic clinics at locations throughout the United States of America. The franchising of chiropractic clinics is regulated by the Federal Trade Commission and various state authorities.

The following table summarizes the number of clinics in operation under franchise agreements and as company-owned or managed for the years ended December 31, 2023 and 2022:

	Year Ended December 31,	
Franchised clinics:	**2023**	**2022**
Clinics open at beginning of period	712	610
Opened during the period	104	121
Acquired during the period	—	2
Sold during the period	(3)	(16)
Closed during the period	(13)	(5)
Clinics in operation at the end of the period	800	712

Company-owned or managed clinics:	Year Ended December 31, 2023	2022
Clinics open at beginning of period	126	96
Opened during the period	10	16
Acquired during the period	3	16
Sold during the period	—	(2)
Closed during the period	(4)	—
Clinics in operation at the end of the period	135	126
Total clinics in operation at the end of the period	935	838
Clinic licenses sold but not yet developed	132	197
Executed letters of intent for future clinic licenses	40	38

Variable Interest Entities

Certain states prohibit the "corporate practice of chiropractic," which restricts business corporations from practicing chiropractic care by exercising control over clinical decisions by chiropractic doctors. In states which prohibit the corporate practice of chiropractic, the Company typically enters into long-term management services agreements ("MSAs") with professional corporations ("PCs") that are owned by licensed chiropractic doctors, which, in turn, employ or contract with doctors who provide professional chiropractic care in its clinics. Under these management agreements with PCs, the Company provides, on an exclusive basis, all non-clinical services of the chiropractic practice. The Company has entered into such management agreements with three PCs, including one in Kansas, in connection with the opening of company-managed clinics in August 2022. An entity deemed to be the primary beneficiary of a VIE is required to consolidate the VIE in its financial statements. An entity is deemed to be the primary beneficiary of a VIE if it has both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb the majority of losses of the VIE or the right to receive the majority of benefits from the VIE. In accordance with relevant accounting guidance, these PCs were determined to be VIEs. Such PCs are VIEs, as fees paid by the PCs to the Company as its management service provider are considered variable interests because the fees do not meet all the following criteria: 1) The fees are compensation for services provided and are commensurate with the level of effort required to provide those services; 2) The decision maker or service provider does not hold other interests in the VIE that individually, or in the aggregate, would absorb more than an insignificant amount of the VIE's expected losses or receive more than an insignificant amount of the VIE's expected residual returns; 3) The service arrangement includes only terms, conditions, or amounts that are customarily present in arrangements for similar services negotiated at arm's length. Additionally, the Company has determined that it has the ability to direct the activities that most significantly impact the performance of these PCs and have an obligation to absorb losses or receive benefits which could potentially be significant to the PCs. Accordingly, the PCs are VIEs for which the Company is the primary beneficiary and are consolidated by the Company.

The revenues of VIEs represent the revenues of Company-managed clinics in states that prohibit the corporate practice of chiropractic. The Company's involvement with VIEs affects its financial performance and cash flows primarily through amounts recorded in Revenues from company-owned or managed clinics and General and administrative expenses, which are principally comprised of payroll and related expenses, merchant card fees and insurance expense. The management fees/income provided by the MSAs are considered intercompany transactions and therefore eliminated upon consolidation of VIEs.

The VIEs' total revenue was $41.5 million and $34.8 million for the years ended December 31, 2023 and 2022, respectively. The VIEs' general and administrative expenses, excluding the consolidated intercompany management fee, were $18.4 million and $15.7 million for the years ended December 31, 2023 and 2022, respectively.

The VIEs' deferred revenue liability balance for amounts collected in advance for membership and wellness packages was $1.6 million and $4.7 million as of December 31, 2023 and December 31, 2022, respectively. The VIEs' payroll liability balance as of December 31, 2023 and December 31, 2022 was $0.7 million and $0.6 million, respectively. The VIEs' deferred tax assets balance as of December 31, 2023 and December 31, 2022 was $1.1 million and $1.0 million, respectively. The VIEs' liabilities to be disposed of as of December 31, 2023 was $3.6 million. The carrying amount of the other VIEs' assets and liabilities was immaterial as of December 31, 2023 and December 31, 2022, except for those previously listed.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and credit quality of, the financial institutions with which it invests. As of the balance sheet date and periodically throughout the period, the Company has maintained balances in various operating accounts in excess of federally insured limits. The Company has invested substantially all its cash in short-term bank deposits. The Company had no cash equivalents as of December 31, 2023 and 2022.

Restricted Cash

Restricted cash relates to cash that franchisees and company-owned or managed clinics contribute to the Company's National Marketing Fund and cash that franchisees provide to various voluntary regional Co-Op Marketing Funds. Cash contributed by franchisees to the National Marketing Fund is to be used in accordance with the Company's Franchise Disclosure Document with a focus on regional and national marketing and advertising. While such cash balance is not legally segregated and restricted as to withdrawal or usage, the Company's accounting policy is to classify these funds as restricted cash.

Accounts Receivable

Accounts receivable primarily represent amounts due from franchisees for royalty and software fees. The Company records an allowance for credit losses as a reduction to its accounts receivables for amounts that the Company does not expect to recover. An allowance for credit losses is determined through assessments of collectability based on historical trends, the financial condition of the Company's franchisees, including any known or anticipated bankruptcies, and an evaluation of current economic conditions, as well as the Company's expectations of conditions in the future. Actual losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. As of December 31, 2023, and 2022, the Company had no allowance for credit losses on accounts receivable.

Deferred Franchise Costs and Regional Development Costs

Deferred franchise and regional development costs represent commissions that are direct and incremental to the Company and are paid in conjunction with the sale of a franchise license or regional development rights. These costs are recognized as an expense, in franchise and regional development cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise or regional developer agreement.

Property and Equipment

Property and equipment are stated at cost or for property acquired as part of franchise acquisitions at fair value at the date of closing. Depreciation is computed using the straight-line method over estimated useful lives, which is generally three to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Capitalized Software

The Company capitalizes certain software development costs, including costs to implement cloud computing arrangements that is a service contract. These capitalized costs are primarily related to software used by clinics for operations and by the Company for the management of operations. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct, are capitalized as assets in progress until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Internally developed software is recorded as part of property and equipment. Maintenance and training costs are expensed as incurred. Internally developed software is amortized on a straight-line basis over its estimated useful life, which is generally three to five years. Implementation costs incurred in connection with a cloud computing arrangement that is a service contract are included in prepaid expenses in the Company's consolidated balance sheets.

Leases

The Company leases property and equipment under operating and finance leases. The Company leases its corporate office space and the space for each of the company-owned or managed clinic in the portfolio. The Company recognizes a right-of-use ("ROU") asset and lease liability for all leases. Certain leases include one or more renewal options, generally for the same period as the initial term of the lease. The exercise of lease renewal options is generally at the Company's sole discretion and, as such, the Company typically determines that exercise of these renewal options is not reasonably certain. As a result, the Company does not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the ROU asset and lease liability. When available, the Company uses the rate implicit in the lease to discount lease payments; however, the rate implicit in the lease is not readily determinable for substantially all of its leases. In such cases, the Company estimates its incremental borrowing rate as the interest rate it would pay to borrow an amount equal to the lease payments over a similar term, with similar collateral as in the lease, and in a similar economic environment. The Company estimates these rates using available evidence such as rates imposed by third-party lenders to the Company in recent financings or observable risk-free interest rate and credit spreads for commercial debt of a similar duration, with credit spreads correlating to the Company's estimated creditworthiness.

For operating leases that include rent holidays and rent escalation clauses, the Company recognizes lease expense on a straight-line basis over the lease term from the date it takes possession of the leased property. Pre-opening costs are recorded as incurred in general and administrative expenses. Variable lease payments, such as percentage rentals based on location sales, periodic adjustments for inflation, reimbursement of real estate taxes, any variable common area maintenance and any other variable costs associated with the leased property are expensed as incurred and are also included in general and administrative expenses on the consolidated income statements.

Intangible Assets

Intangible assets consist primarily of re-acquired franchise rights and customer relationships. The Company amortizes the fair value of re-acquired franchise rights over the remaining contractual terms of the re-acquired franchise rights at the time of the acquisition, which generally range from one to nine years. The fair value of customer relationships is amortized over their estimated useful life of two to four years.

Goodwill

Goodwill consists of the excess of the purchase price over the fair value of tangible and identifiable intangible assets acquired in the acquisitions of franchises. Goodwill and intangible assets deemed to have indefinite lives are not amortized but are tested for impairment annually and more frequently if a triggering event occurs that makes it more likely than not that the fair value of a reporting unit is below carrying value. As required, the Company performs an annual impairment test of goodwill as of the first day of the fourth quarter or more frequently if a triggering event occurs. No impairments of goodwill were recorded for the years ended December 31, 2023 and 2022.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to estimated undiscounted future cash flows in its assessment of whether or not long-lived assets are recoverable. The Company records an impairment loss when the carrying amount of the asset is not recoverable and exceeds its fair value. During the year ended December 31, 2023, certain long-lived asset groups classified as held and used were determined to not be recoverable. The carrying values of these asset groups included fixed assets of $3.0 million that were written down to $1.2 million. During the year ended December 31, 2022, an operating lease ROU asset related to a closed clinic with a total carrying amount of approximately $0.2 million was written down to zero. As a result, the Company recorded a noncash impairment loss of approximately $1.8 million and $0.2 million during the years ended December 31, 2023 and 2022.

In connection with the planned sale of certain company-owned and managed clinics, the Company reclassified $4.9 million of net property and equipment, $3.4 million of intangible assets, net, $1.1 million of goodwill and $9.2 million of ROU assets to Assets held for sale and reclassified $10.2 million of lease liability and $3.6 million of deferred revenue from Company clinics to Liabilities to be disposed of in the consolidated balance sheet as of December 31, 2023. Long-lived assets that meet the held for sale criteria are reported at the lower of their carrying value or fair value, less estimated costs to sell. As a result, the Company recorded a valuation allowance of $0.7 million to adjust the carrying value of the disposal group to fair value less cost to sell during the year ended December 31, 2023.

In connection with the sale of two company-managed clinics to franchisees, the Company reclassified $288,192 of property and equipment and $359,807 of ROU assets to Assets held for sale and reclassified $428,593 of ROU liability and $54,351 of

deferred revenue from company clinics to Liabilities to be disposed of in the consolidated balance sheet as of June 30, 2022. Long-lived assets that meet the held for sale criteria are reported at the lower of their carrying value or fair value, less estimated costs to sell. As a result, the Company recorded a valuation allowance of $79,400 to adjust the carrying value of the disposal group to fair value less cost to sell during the year ended December 31, 2022. One of the two clinics was sold during August 2022, and the second clinic was sold in October 2022.

Advertising Fund

The Company has established an advertising fund for national or regional marketing and advertising of services offered by its clinics. The monthly marketing fee is 2% of clinic sales. The Company segregates the marketing funds collected which are included in restricted cash on its consolidated balance sheets. As amounts are expended from the fund, the Company recognizes a related expense. Such costs are included in selling and marketing expenses on the consolidated income statements.

Co-Op Marketing Funds

Some franchises have established regional Co-Ops for advertising within their local and regional markets. The Company maintains a custodial relationship under which the Co-Op Marketing Funds collected are segregated and used for the purposes specified by the Co-Ops' officers. The Co-Op Marketing Funds are included in restricted cash on the Company's consolidated balance sheets.

Revenue Recognition

The Company generates revenue primarily through its company-owned and managed clinics and through royalties, franchise fees, advertising fund contributions, IT related income and computer software fees from its franchisees.

Revenues from Company-Owned or Managed Clinics. The Company earns revenues from clinics that it owns and operates or manages throughout the United States. Revenues are recognized when services are performed. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed. Any unused visits associated with monthly memberships are recognized on a month-to-month basis. The Company recognizes a contract liability (or a deferred revenue liability) related to the prepaid treatment plans for which the Company has an ongoing performance obligation. The Company derecognizes this contract liability, and recognizes revenue, as the patient consumes his or her visits related to the package and the Company transfers its services. If the Company determines that it is not subject to unclaimed property laws for the portion of wellness package that it does not expect to be redeemed (referred to as "breakage") then it recognizes breakage revenue in proportion to the pattern of exercised rights by the patient.

Royalties and Advertising Fund Revenue. The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales, and a marketing and advertising fee currently equal to 2% of gross sales. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of clinic sales over the term of the franchise agreement. The revenue accounting standard provides an exception for the recognition of sales-based royalties promised in exchange for a license (which generally requires a reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price). As the franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement, such sales-based royalties are recognized as franchisee clinic level sales occur. Royalties are collected semi-monthly, two working days after each sales period has ended.

Franchise Fees. The Company requires the entire non-refundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of 10 years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include training of franchisees and staff, site selection, construction/vendor management and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. Renewal franchise fees, as well as transfer fees, are also recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Software Fees. The Company collects a monthly fee from its franchisees for use of its proprietary chiropractic software, computer support and internet services support. These fees are recognized ratably on a straight-line basis over the term of the respective franchise agreement.

Capitalized Sales Commissions. Sales commissions earned by the regional developers and the Company's sales force are considered incremental and recoverable costs of obtaining a franchise agreement with a franchisee. These costs are deferred and then amortized as the respective franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement.

Upfront Regional Developer Rights Fees

The Company has a regional developer program where regional developers are granted an exclusive geographical territory and commit to a minimum development obligation within that defined territory. Upon granting of the exclusive rights to develop a territory, a regional developer will pay an upfront fee to the Company. Upfront regional developer fees represent consideration received from a vendor to act as the Company's agent within an exclusive territory. The upfront regional developer rights fee is accounted for as a reduction of cost of revenues, in franchise and regional development cost of revenues, to offset the respective future commissions paid to the regional developer. The fees are ratably recognized over the term of the related regional developer agreement.

Regional developers receive fees which are funded by the initial franchise fees collected from franchisees upon the sale of franchises within their exclusive geographical territory and a royalty of 3% of sales generated by franchised clinics in their exclusive geographical territory. Initial fees related to the sale of franchises within their exclusive geographical territory are initially deferred as deferred franchise costs and are recognized as an expense in franchise cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise agreement. Royalties of 3% of sales generated by franchised clinics in their regions are also recognized as franchise cost of revenues as franchisee clinic level sales occur. This 3% fee is funded by the 7% royalties we collect from the franchisees in their regions. Certain regional developer agreements result in the regional developer acquiring the rights to existing royalty streams from clinics already open in the respective territory. In those instances, fees collected from the sale of the royalty stream is recognized as a decrease to franchise and regional developer cost of revenues over the remaining life of the respective franchise agreements.

Regional Developer Rights Contract Termination Costs

From time to time, subject to the Company's strategy, regional developer rights are reacquired by the Company, resulting in a termination of the contract. The termination costs to reacquire the regional developer rights are recognized at fair value, less any unrecognized upfront regional developer fee liability balance, as a general and administrative expense in the period in which the contract is terminated in accordance with the contract terms and are recorded within general and administrative expenses.

Advertising Costs

Advertising costs are advertising and marketing expenses incurred by the Company, primarily through advertising funds. The Company expenses production costs of commercial advertising upon first airing and expenses the costs of communicating the advertising in the period in which the advertising occurs. Advertising expenses were $6.8 million and $5.2 million, for the years ended December 31, 2023 and 2022, respectively.

Income Taxes

Income taxes are accounted for using a balance sheet approach known as the asset and liability method. The asset and liability method accounts for deferred income taxes by applying the statutory tax rates in effect at the date of the consolidated balance sheets to differences between the book basis and the tax basis of assets and liabilities. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The differences relate principally to depreciation of property and equipment and treatment of revenue for franchise fees and regional developer fees collected. Tax positions are reviewed at least quarterly and adjusted as new information becomes available. The recoverability of deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These estimates of future taxable income inherently require significant judgment. To the extent it is considered more likely than not that a deferred tax asset will be not recovered, a valuation allowance is established.

The Company accounts for uncertainty in income taxes by recognizing the tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits and expenses recognized in the consolidated financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company has identified $1.2 million and $1.3 million in uncertain tax positions as of December 31, 2023 and 2022, respectively. Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2023, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2018 and 2017, respectively.

(Loss) Earnings per Common Share

Basic (loss) earnings per common share is computed by dividing net (loss) income by the weighted-average number of common shares outstanding during the period. Diluted (loss) earnings per common share is computed by giving effect to all potentially dilutive common shares including restricted stock and stock options.

	Year Ended December 31,	
	2023	2022
Net (loss) income	$ (9,752,197)	$ 626,705
Weighted average common shares outstanding - basic	14,688,115	14,488,314
Effect of dilutive securities:		
Unvested restricted stock and stock options	247,102	379,779
Weighted average common shares outstanding - diluted	14,935,217	14,868,093
Basic (loss) earnings per share	$ (0.66)	$ 0.04
Diluted (loss) earnings per share	$ (0.65)	$ 0.04

Potentially dilutive securities excluded from the calculation of diluted net (loss) income per common share as the effect would be anti-dilutive were as follows:

	Year Ended December 31,	
	2023	2022
Unvested restricted stock	—	—
Stock options	89,152	89,152

Stock-Based Compensation

The Company accounts for share-based payments by recognizing compensation expense based upon the estimated fair value of the awards on the date of grant. The Company determines the estimated grant-date fair value of restricted shares using the closing price on the date of the grant and the grant-date fair value of stock options using the Black-Scholes-Merton model. In order to calculate the fair value of the options, certain assumptions are made regarding the components of the model, including risk-free interest rate, volatility, expected dividend yield and expected option life. Changes to the assumptions could cause significant adjustments to the valuation. The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

Retirement Benefit Plan

Employees of the Company are eligible to participate in a defined contribution retirement plan, the Joint Corp. 401(k) Retirement Plan (the "401(k) Plan"), under Section 401(k) of the Internal Revenue Code. Under the 401(k) Plan, employees may contribute their eligible compensation, not to exceed the annual limits set by the IRS. The 401(k) Plan allows the Company to match participants' contributions in an amount determined at the sole discretion of the Company. The Company matched participants' contributions for the years ended December 31, 2023 and 2022, up to a maximum of 4% of the employee's eligible compensation. Employer contributions totaled $570,877 and $478,277, for the years ended December 31, 2023 and 2022, respectively.

Loss Contingencies

ASC Topic 450 governs the disclosure of loss contingencies and accrual of loss contingencies in respect of litigation and other claims. The Company records an accrual for a potential loss when it is probable that a loss will occur and the amount of the loss can be reasonably estimated. When the reasonable estimate of the potential loss is within a range of amounts, the minimum of the range of potential loss is accrued, unless a higher amount within the range is a better estimate than any other amount within

the range. Moreover, even if an accrual is not required, the Company provides additional disclosure related to litigation and other claims when it is reasonably possible (i.e., more than remote) that the outcomes of such litigation and other claims include potential material adverse impacts on the Company. Legal costs to be incurred in connection with a loss contingency are expensed as such costs are incurred.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Items subject to significant estimates and assumptions include loss contingencies, share-based compensations, useful lives and realizability of long-lived assets, deferred revenue and revenue recognition related to breakage, deferred franchise costs, calculation of ROU assets and liabilities related to leases, realizability of deferred tax assets, impairment of goodwill, intangible assets, other long-lived assets, and purchase price allocations and related valuations.

Recently Adopted Accounting Guidance and Accounting Pronouncements Not Yet Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public entities to provide greater disaggregation within their annual rate reconciliation, including new requirements to present reconciling items on a gross basis in specified categories, disclose both percentages and dollar amounts, and disaggregate individual reconciling items by jurisdiction and nature when the effect of the items meet a quantitative threshold. The guidance also requires disaggregating the annual disclosure of income taxes paid, net of refunds received, by federal (national), state, and foreign taxes, with separate presentation of individual jurisdictions that meet a quantitative threshold. The guidance is effective for annual periods beginning after December 15, 2024 on a prospective basis, with a retrospective option, and early adoption is permitted. We are currently evaluating the impact of adoption of this standard on our consolidated financial statements and disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities with a single reportable segment to provide all the disclosures required by this standard and all existing segment disclosures in Topic 280 on an interim and annual basis, including new requirements to disclose significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within the reported measure(s) of a segment's profit or loss, the amount and composition of any other segment items, the title and position of the CODM, and how the CODM uses the reported measure(s) of a segment's profit or loss to assess performance and decide how to allocate resources. The guidance is effective for annual periods beginning after December 15, 2023, and interim periods beginning after December 15, 2024, applied retrospectively with early adoption permitted. We are currently evaluating the impact of adoption of this standard on our consolidated financial statements and disclosures.

Note 2: Revenue Disclosures

Company-Owned or Managed Clinics

The Company earns revenues from clinics that it owns and operates or manages throughout the United States. Revenues are recognized when services are performed. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed in accordance with the Company's breakage policy, as discussed in Note 1," Revenue Recognition."

Franchising Fees, Royalty Fees, Advertising Fund Revenue, and Software Fees

As of December 31, 2023, we had 800 franchised clinics in operation, 132 clinic licenses sold but not yet developed and 40 executed letters of intent for future clinic licenses. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees, (b) continuing franchise fees (royalties), (c) advertising fees, and (d) software fees. Generally, the revenue accounting standard requires the reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price. However, the revenue accounting standard provides an exception, and it allows a reporting entity to recognize revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs: (i) the subsequent sale or usage occurs, or (ii) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied). In accordance with the revenue accounting standard exception, royalty and advertising revenue are recognized when the franchisee's sales occur.

The Company recognizes the primary components of the transaction price as follows:

- Initial and renewal franchise fees, as well as transfer fees, are recognized as revenue ratably on a straight-line basis over the term of the respective franchise agreement commencing with the execution of the franchise, renewal, or transfer agreement. As these fees are typically received in cash at or near the beginning of the contract term, the cash received is initially recorded as a contract liability until recognized as revenue over time.

- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's sales occur. Depending on timing within a fiscal period, the recognition of revenue results in either what is considered a contract asset (unbilled receivable) or, once billed, accounts receivable, on the consolidated balance sheet.

- The Company is entitled to a software fee, which is charged monthly. The Company recognizes revenue related to software fees ratably on a straight-line basis over the term of the franchise agreement.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the reported sales of the franchisee, neither of which requires estimation. The Company believes its franchising arrangements do not contain a significant financing component.

The Company recognizes advertising fees received under franchise agreements as advertising fund revenue.

Disaggregation of Revenue

The Company believes that the captions contained on the consolidated income statements appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2023 and 2022. Other revenues primarily consist of merchant income associated with preferred vendor royalties associated with franchisees' credit card transactions.

The following table shows the Company's revenues disaggregated according to the timing of transfer of services:

	December 31,	
	2023	2022
Revenue recognized at a point in time	$ 109,726,899	$ 94,520,246
Revenue recognized over time	$ 7,969,457	$ 6,732,064
Total Revenue	$ 117,696,356	$ 101,252,310

Rollforward of Contract Liabilities and Contract Costs

Changes in the Company's contract liability for deferred revenue from company clinics during the years ended December 31, 2023 and 2022 were as follows:

	Deferred Revenue from company clinics
Balance at December 31, 2021	$ 5,235,745
Revenue recognized that was included in the contract liability at the beginning of the year	(4,553,086)
Net increase during the year ended December 31, 2022	6,788,890
Balance at December 31, 2022	$ 7,471,549
Revenue recognized that was included in the contract liability at the beginning of the year	(6,455,934)
Net increase during the year ended December 31, 2023	3,448,132
Balance at December 31, 2023	$ 4,463,747

Changes in the Company's contract liability for deferred franchise fees during the years ended December 31, 2023 and 2022 were as follows:

	Deferred Revenue short and long-term
Balance at December 31, 2021	$ 15,375,151
Revenue recognized that was included in the contract liability at the beginning of the year	(2,250,471)
Net increase during the year ended December 31, 2022	3,505,055
Balance at December 31, 2022	$ 16,629,735
Revenue recognized that was included in the contract liability at the beginning of the year	(2,709,080)
Net increase during the year ended December 31, 2023	2,193,224
Balance at December 31, 2023	$ 16,113,879

The Company's deferred franchise and development costs represent capitalized sales commissions. Changes during the years ended December 31, 2023 and 2022 were as follows:

	Deferred Franchise and Development Costs short and long-term
Balance at December 31, 2021	$ 6,500,007
Recognized as cost of revenue during the year	(938,736)
Net increase during the year ended December 31, 2022	1,200,467
Balance at December 31, 2022	$ 6,761,738
Recognized as cost of revenue during the year	(1,135,592)
Net increase during the year ended December 31, 2023	625,220
Balance at December 31, 2023	$ 6,251,366

The following table illustrates revenues expected to be recognized in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as of December 31, 2023:

Contract liabilities expected to be recognized in	Amount
2024	$ 2,516,554
2025	2,383,487
2026	2,289,250
2027	2,216,125
2028	2,080,555
Thereafter	4,627,908
Total	$ 16,113,879

Note 3: Acquisitions and Assets Held for Sale

2023 Acquisitions

On May 22, 2023, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the sellers three operating franchised clinics in California (the "2023 CA Clinics Purchase"). As of the acquisition date, the Company operates the franchises as company-managed clinics. The total purchase price for the transaction was $1,188,764 to the seller less $28,997 of net deferred revenue, resulting in total purchase consideration of $1,159,767.

Based on the terms of the purchase agreement, the 2023 CA Clinics Purchase has been treated as an asset purchase under GAAP as there were no outputs or processes to generate outputs acquired as part of these transactions. Under an asset purchase, assets are recognized based on their cost to the acquiring entity. Cost is allocated to the individual assets acquired or liabilities assumed based on their relative fair values and does not give rise to goodwill.

The allocation of the total purchase price of the 2023 CA Clinics Purchase was as follows:

Property and equipment	$	313,995
Operating lease right-of-use asset		317,662
Intangible assets		1,004,513
Total assets acquired		1,636,170
Deferred revenue		(158,365)
Operating lease liability - current portion		(118,081)
Operating lease liability - net of current portion		(199,957)
Net purchase consideration	$	1,159,767

Intangible assets in the table above primarily consist of reacquired franchise rights of $0.7 million amortized over their estimated useful lives of six to seven years, customer relationships of $0.1 million amortized over an estimated useful life of two years and assembled workforce of $0.2 million amortized over an estimated useful life of two years.

2022 Acquisitions

On May 19, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller four operating franchises in Arizona. The Company operates the franchises as company-owned clinics. The total purchase price for the transaction was $5,761,256, less $70,484 of net deferred revenue, resulting in total purchase consideration of $5,690,772.

On July 5, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller one operating franchise in Arizona (collectively, including the May 19th purchase, the "AZ Clinics Purchase"). The Company operates the franchise as a company-owned clinic. The total purchase price for the transaction was $1,205,667, less $13,241 of net deferred revenue, resulting in total purchase consideration of $1,192,426.

Based on the terms of the purchase agreements, the AZ Clinics Purchase has been treated as a business combination under GAAP using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at

the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

The allocation of the total purchase price of AZ Clinics Purchase was as follows:

Property and equipment	$	241,511
Operating lease right-of-use asset		912,937
Intangible assets		3,689,100
Total assets acquired		4,843,548
Goodwill		3,408,205
Deferred revenue		(455,317)
Operating lease liability - current portion		(128,516)
Operating lease liability - net of current portion		(784,722)
Net purchase consideration	$	6,883,198

Intangible assets in the table above consist of re-acquired franchise rights of $2,892,100, amortized over estimated useful lives of approximately four to eight years and customer relationships of $797,000, amortized over estimated useful lives of two to three years. The fair value of re-acquired franchise rights are estimated using the multi-period excess earnings method. The multi-period excess earnings method model estimates revenues and cash flows derived from the primary asset and then deducts portions of the cash flow that can be attributed to supporting assets, such as assembled workforce and working capital that contributed to the generation of the cash flows. The resulting cash flow, which is attributable solely to the primary asset acquired, is then discounted at a rate of return commensurate with the risk of the asset to calculate a present value. Customer relationships are also calculated using the multi-period excess earnings method.

The valuation method involved the use of significant estimates and assumptions primarily related to forecasted revenue growth rates, gross margin, contributory asset charges, customer attrition rates, and market-participant discount rates. These measures are based on significant Level 3 inputs not observable in the market. Key assumptions developed based on the Company's historical experience, future projections and comparable market data include future cash flows, long-term growth rates, attrition rates and discount rates

Goodwill represents the excess of the purchase consideration over the fair value of the underlying acquired net tangible and intangible assets. The factors that contributed to the recognition of goodwill included synergies and benefits expected to be gained from leveraging the Company's existing operations and infrastructures, as well as the expected associated revenue and cash flow projections. Goodwill has been allocated to the Company's Corporate Clinics segment based on such expected benefits. Goodwill related to the acquisition is expected to be deductible for income tax purposes over 15 years. The Company completed the purchase price allocation during the fourth quarter of 2022.

On July 29, 2022, the Company entered into Asset and Franchise Purchase Agreements under which the Company repurchased from the sellers three operating franchises in North Carolina. The Company operates the franchises as company-managed clinics. The total purchase price for the transactions was $1,317,312, less $31,647 of net deferred revenue, resulting in total purchase consideration of $1,285,665.

On October 13, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller an operating franchise in North Carolina. The Company operates the franchise as a company-managed clinic. The total purchase price for the transaction was $761,384, less $5,108 of net deferred revenue, resulting in total purchase consideration of $756,276.

On October 24, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller an operating franchise in North Carolina (collectively, including the July 29th and October 13th purchases, the "NC Clinics Purchase"). The Company operates the franchise as a company-managed clinic. The total purchase price for the transaction was $1,391,112, less $9,262 of net deferred revenue, resulting in total purchase consideration of $1,381,850.

On December 23, 2022, the Company entered into Asset and Franchise Purchase Agreements under which the Company repurchased from the sellers six operating franchises and one undeveloped clinic in California (the "2022 CA Clinics

Purchase"). The Company operates the franchises as company-managed clinics. The total purchase price for the transactions was $1,965,755, less $70,628 of net deferred revenue, resulting in total purchase consideration of $1,895,127.

Based on the terms of the purchase agreement, the NC and 2022 CA Clinics Purchases have been treated as asset purchases under GAAP as there were no outputs or processes to generate outputs acquired as part of these transactions. Under an asset purchase, assets are recognized based on their cost to the acquiring entity. Cost is allocated to the individual assets acquired or liabilities assumed based on their relative fair values and does not give rise to goodwill.

The allocation of the total purchase price of NC Clinics Purchase was as follows:

Property and equipment	$	198,236
Operating lease right-of-use asset		521,222
Intangible assets		3,544,456
Total assets acquired		4,263,914
Deferred revenue		(326,332)
Operating lease liability - current portion		(146,255)
Operating lease liability - net of current portion		(367,536)
Net purchase consideration	$	3,423,791

Intangible assets in the table above consist of reacquired franchise rights of $2,042,658 amortized over their estimated useful lives of two to nine years, customer relationships of $909,828 amortized over an estimated useful life of two to three years, and assembled workforce of $591,970 amortized over an estimated useful life of two years.

The allocation of the total purchase price of 2022 CA Clinics Purchase was as follows:

Property and equipment	$	677,518
Tenant improvement allowance		55,790
Operating lease right-of-use asset		1,520,353
Intangible assets		1,480,359
Total assets acquired		3,734,020
Deferred revenue		(215,555)
Operating lease liability - current portion		(200,877)
Operating lease liability - net of current portion		(1,422,461)
Net purchase consideration	$	1,895,127

Intangible assets in the table above primarily consist of reacquired franchise rights of $1,151,272 amortized over their estimated useful lives of six to seven years, customer relationships of $20,531 amortized over an estimated useful life of two years, and assembled workforce of $308,556 amortized over an estimated useful life of two years.

Assets Held for Sale

In June 2023, the Company entered into negotiations to sell one of its company-managed clinics in California to a franchisee for a total of $0.1 million. The Company executed an LOI with the buyer in October 2023 and the sale closed February 2024. This transaction did not represent a major strategic shift for the Company, and, therefore, it does not meet the criteria to be classified as a discontinued operation. As a result, the results of this clinic are reported in the Company's operating results and in its Corporate Clinics segment until the sale finalized in February 2024. Effective with the designation as held for sale in June 2023, the Company discontinued recording depreciation on property and equipment, net and amortization of ROU assets for the clinic as required by GAAP. The Company also separately classified the related assets and liabilities of the clinics as held for sale in its December 31, 2023 consolidated balance sheet.

During Q3 2023, the Company committed to a plan to sell specific corporate owned or managed clinics making up under 10% of the corporate clinic portfolio with an estimated fair value of $1.6 million. The clinics are in varying stages of sales negotiations with all of them expected to close within one year. The clinics identified to commit to sell during Q3 2023 did not

represent a major strategic shift and therefore, they do not meet the criteria to be classified as a discontinued operation. As a result, the results of these clinics will continue to be reported in the Company's operating results and in its Corporate Clinics segment until the sales are each finalized. Effective with the designation as held for sale in September 2023, the Company discontinued recording depreciation on property and equipment, net, amortization of intangible assets, net and amortization of ROU assets for the clinics as required by GAAP. The Company also separately classified the related assets and liabilities of the clinics as held for sale in its December 31, 2023 consolidated balance sheet.

In November 2023, the Company initiated a plan to re-franchise the majority of its corporate-owned or managed clinics with plans to retain a small portion of high-performing clinics. The clinics identified in the plan to re-franchise make up approximately 67% (excluding the clinics previously committed to sell during Q3 2023) of the corporate owned or managed clinic portfolio. The clinics are in varying stages of sales negotiations with 42 of them expected to close within one year with an estimated fair value of $29.0 million at December 31, 2023. The clinics identified to commit to sell and expected to close within one year did not represent a major strategic shift because the clinics identified to commit to sell and expected to close within one year do not involve exiting a major line of business or exiting a major geographic area. As a result, the results of these clinics will continue to be reported in the Company's operating results and in its Corporate Clinics segment until the sales are each finalized. Effective with the designation as held for sale in November 2023, the Company discontinued recording depreciation on property and equipment, net, amortization of intangible assets, net and amortization of ROU assets for the clinics as required by GAAP. The Company also separately classified the related assets and liabilities of the clinics as held for sale in its December 31, 2023 consolidated balance sheet.

Long-lived assets that meet the criteria for the held for sale designation are reported at the lower of their carrying value or fair value less estimated cost to sell. As a result of its evaluation of the recoverability of the carrying value of the assets and liabilities held for sale relative to the agreed upon sales prices or the clinics estimated fair values, the Company recorded an estimated loss on disposal of $0.7 million for the year ended December 31, 2023 as Net loss on disposition or impairment in its consolidated income statement and a valuation allowance included in assets held for sale on its consolidated balance sheet.

The principal components of the held for sale assets and liabilities as of December 31, 2023 were as follows:

	December 31, 2023	
Assets		
Property and equipment, net	$	4,887,220
Operating lease right-of-use asset		9,193,496
Intangible assets, net		3,351,430
Goodwill		1,140,529
Valuation allowance		(657,620)
Total assets held for sale	$	17,915,055
Liabilities		
Operating lease liability, current and non-current	$	10,209,382
Deferred revenue from company clinics		3,622,481
Total liabilities to be disposed of	$	13,831,863

The pre-tax income of the clinics designated as held for sale is $4.4 million and $3.6 million for the years ended December 31, 2023 and 2022, respectively, the results of which exclude the allocation of overhead.

Note 4: Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2023	2022
Office and computer equipment	$ 4,169,576	$ 5,207,833
Leasehold improvements	12,013,250	17,842,901
Internally developed software	5,399,698	5,843,758
Finance lease assets	151,396	151,396
	21,733,920	29,045,888
Accumulated depreciation and amortization	(12,005,459)	(12,675,085)
	9,728,461	16,370,803
Construction in progress	1,315,856	1,104,349
Property and Equipment, net	$ 11,044,317	$ 17,475,152

Depreciation expense was $5,117,723 and $4,092,669 for the years ended December 31, 2023 and 2022, respectively.

Amortization expense related to finance lease assets was $30,279 and $55,572 for the years ended December 31, 2023 and 2022, respectively.

Construction in progress at December 31, 2023 and December 31, 2022 principally related to development and construction costs for the Company-owned or managed clinics.

Note 5: Fair Value Consideration

The Company's financial instruments include cash, restricted cash, accounts receivable, accounts payable, accrued expenses and debt under the Credit Agreement. The carrying amounts of its financial instruments, excluding the debt under the Credit Agreement, approximate their fair value due to their short maturities. The carrying value of the Company's debt under the Credit Agreement approximates fair value due to its interest rate being calculated from observable quoted prices for similar instruments, which is considered a Level 2 fair value measurement.

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on reliability of the inputs as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

As of December 31, 2023 and 2022, the Company did not have any financial instruments that were measured on a recurring basis as Level 1, 2 or 3.

The Company's non-financial assets, which primarily consist of goodwill, intangible assets, property, plant and equipment, and operating lease ROU assets, are not required to be measured at fair value on a recurring basis, and instead are reported at their carrying amount. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable (and at least annually for goodwill), non-financial assets are assessed for impairment. If the fair value is determined to be lower than the carrying amount, an impairment charge is recorded to write down the asset to its fair value, which is considered Level 3 within the fair value hierarchy.

The assets and liabilities resulting from the Acquisitions (see Note 3, Acquisitions and Assets Held for Sale) were recorded at fair values on a nonrecurring basis at the date of acquisition and are considered Level 3 within the fair value hierarchy.

During the year ended December 31, 2023, intangible assets related to a clinic planned for closure with a total carrying amount of approximately $0.1 million was written down to zero. The remaining life of the intangible assets related to the clinic extended through December 2025. However, the clinic closed at the end of its lease term in November 2023. The Company considered the intangible assets fully impaired at that time as the ability to obtain economic benefits in the period the clinic remained open was unlikely. As a result, the Company recorded a noncash impairment loss of approximately $0.1 million during the year ended December 31, 2023 as Net loss on disposition or impairment in its consolidated income statement.

In connection with the planned sale of certain company-owned and managed clinics, the Company reclassified $4.9 million of net property and equipment, $3.4 million of intangible assets, net, $1.1 million of goodwill and $9.2 million of ROU assets to Assets held for sale and reclassified $10.2 million of lease liability and $3.6 million of deferred revenue from Company clinics to Liabilities to be disposed of in the consolidated balance sheet as of December 31, 2023. Long-lived assets that meet the held for sale criteria are reported at the lower of their carrying value or fair value, less estimated costs to sell. The estimated fair value of the company-owned or managed clinics classified as Held for Sale (see Note 3, Acquisitions and Assets Held for Sale) were recorded at fair values on a nonrecurring basis and are based upon Level 2 inputs, which includes a potential buyer agreed upon selling price or Level 3 inputs, which include historical and future expected financial performance of the clinic and historical acquisition trends based on previous reacquired franchise clinic purchases. The fair value measurement of the assets held for sale was recorded as $0.2 million based upon Level 2 inputs and $30.4 million based upon Level 3 inputs. As a result, the Company recorded a valuation allowance of $0.7 million to adjust the carrying value of the disposal group to fair value less cost to sell during the year ended December 31, 2023.

In connection with the planned sale or determined closure of certain company-owned and managed clinics, the Company recorded an impairment loss of $1.7 million included in the net loss, disposition and impairment on the consolidated income statement for impairment of long-lived assets classified as held and used where the asset group was not determined to be recoverable. The asset group was determined to be the clinic level, as this is the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. The long lived assets fair values were determined by the following: Level 2 inputs where available, which included using a valuation multiple (e.g, price per square foot) based on observable prices for comparable long lived assets; and Level 3 inputs, which included the multiple earnings approach using the Company's historical earnings trend data, comparable historical asset sales by the Company and franchisees that were not exact matches, and (for calculating the fair value of intangible assets specifically) the Company's historical experience, future projections and comparable market data include future cash flows, long-term growth rates, attrition rates and discount rates. The carrying values of these asset groups impaired to their fair value included fixed assets of $2.9 million that were written down to $1.2 million determined by the Level 3 inputs discussed above.

During the year ended December 31, 2022, an operating lease ROU assets related to a closed clinic with a total carrying amount of $0.2 million was written down to zero. The associated operating lease liability had a life of 39 months at the time of impairment. However, the ROU asset was fully impaired due to the abandonment of the lease in 2022. The Company considers the ROU asset as abandoned as it lacks the ability to sublease the underlying asset and obtain economic benefits. As a result, the Company recorded a noncash impairment loss of approximately $0.2 million as Net loss on disposition or impairment in its consolidated income statement during the year ended December 31, 2022.

Note 6: Intangible Assets and Goodwill

During 2023, the Company recognized $0.7 million, $0.1 million, and $0.2 million of reacquired franchise rights, customer relationships, and assembled workforce, respectively, from the acquisitions as disclosed in Note 3, "Acquisitions." Intangible assets consisted of the following:

	December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Intangible assets subject to amortization:			
Reacquired franchise rights	$ 7,385,830	$ 2,926,595	$ 4,459,235
Customer relationships	1,682,807	1,349,938	332,869
Assembled workforce	440,844	212,022	228,822
	$ 9,509,481	$ 4,488,555	$ 5,020,926

	December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Intangible assets subject to amortization:			
Reacquired franchise rights	$ 12,881,894	$ 4,755,286	$ 8,126,608
Customer relationships	4,330,365	2,352,500	1,977,865
Assembled workforce	959,837	136,015	823,822
	$ 18,172,096	$ 7,243,801	$ 10,928,295

The following is the weighted average amortization period for the Company's intangible assets:

	Amortization (Years)
Reacquired franchise rights	5.9
Customer relationships	2.6
Assembled workforce	2.0
All intangible assets	4.9

Amortization expense related to the Company's intangible assets was $3,434,201 and 2,498,390 for the years ended December 31, 2023 and 2022, respectively.

Estimated amortization expense for 2024 and subsequent years is as follows:

2024	$ 1,500,619
2025	1,100,700
2026	958,290
2027	565,521
2028	454,120
Thereafter	441,676
Total	$ 5,020,926

The changes in the carrying amount of goodwill were as follows:

	Corporate Clinic Segment
Balance as of December 31, 2022	
Goodwill, gross	8,548,401
Accumulated impairment losses	(54,994)
Goodwill, net	8,493,407
2023 acquisition	—
Balance as of December 31, 2023	
Goodwill, gross	8,548,401
Accumulated impairment losses	(54,994)
Goodwill reclassified to Held for sale	(1,140,529)
Goodwill, net	7,352,879

Note 7: Debt

Credit Agreement

On February 28, 2020, the Company entered into a Credit Agreement (the "Credit Agreement"), with JPMorgan Chase Bank, N.A., individually, and as Administrative Agent and Issuing Bank ("JPMorgan Chase" or the "Lender"). The Credit Agreement provided for senior secured credit facilities (the "Credit Facilities") in the amount of $7,500,000, including a $2,000,000

revolver (the "Revolver") and $5,500,000 development line of credit (the "Line of Credit"). The Revolver included amounts available for letters of credit of up to $1,000,000 and an uncommitted additional amount of $2,500,000. All outstanding principal and interest on the Revolver were due on February 28, 2022.

On February 28, 2022, the Company entered into an amendment to its Credit Facilities (as amended, the "2022 Credit Facility") with the Lender. Under the 2022 Credit Facility, the Revolver increased to $20,000,000 (from $2,000,000), the portion of the Revolver available for letters of credit increased to $5,000,000 (from $1,000,000), the uncommitted additional amount increased to $30,000,000 (from $2,500,000) and the developmental line of credit of $5,500,000 was terminated. The Revolver will be used for working capital needs, general corporate purposes and for acquisitions, development and capital improvement uses. At the option of the Company, borrowings under the 2022 Credit Facility bear interest at: (i) the adjusted Secured Overnight Financing Rate ("SOFR"), which is the daily simple SOFR, plus 0.10%, plus 1.75%, payable on the last day of the selected interest period of one, three or six months, and on the three-month anniversary of the beginning of any six-month interest period, if applicable; or (ii) an Alternative Base Rate (ABR), plus 1.00%, payable monthly. The ABR is the greatest of: (A) the prime rate (as published by the Wall Street Journal), (B) the Federal Reserve Bank of New York rate, plus 0.5%, and (C) the adjusted one-month term SOFR rate. Amounts outstanding under the Revolver on February 28, 2022 continued to bear interest at the rate selected under the Credit Facilities prior to the amendment until the last day of the interest period in effect, at which time, if not repaid, the amounts outstanding under the Revolver will bear interest at the 2022 Credit Facility rate. As a result of this refinance, $2,000,000 of current maturity of long-term debt has been reclassified to long-term as of December 31, 2022. The 2022 Credit Facility will terminate and all principal and interest will become due and payable on the fifth anniversary of the amendment (February 28, 2027). On January 17, 2024, the Company paid down the outstanding balance on its Debt under the Credit Agreement of $2,000,000. As a result of this pay down, $2,000,000 of the long-term debt has been reclassified as current as of December 31, 2023.

The Credit Facilities contain customary events of default, including but not limited to nonpayment; material inaccuracy of representations and warranties; violations of covenants; certain bankruptcies and liquidations; cross-default to material indebtedness; certain material judgments; and certain fundamental changes such as a merger or sale of substantially all assets (as further defined in the Credit Facilities). The Credit Facilities require the Company to comply with customary affirmative, negative and financial covenants, including minimum interest coverage and maximum net leverage. A breach of any of these operating or financial covenants would result in a default under the Credit Facilities. If an event of default occurs and is continuing, the lenders could elect to declare all amounts then outstanding, together with accrued interest, to be immediately due and payable. The Credit Facilities are collateralized by substantially all of the Company's assets, including the assets in the Company's company-owned or managed clinics. The Company intends to use the Revolver for general working capital needs. The interest rate on funds borrowed under the Revolver as of December 31, 2023 was 7.2%. As of December 31, 2023, the Company was in compliance with all applicable financial and non-financial covenants under the Credit Agreement, and $2,000,000 remains outstanding as of December 31, 2023.

In connection with the issuance of the Credit Facilities and the 2022 Credit Facility, the Company incurred debt issuance costs of $52,648 and $76,415, respectively. Interest expense and amortization expense related to debt issuance costs are being amortized to "Other expense, net" and was $207,555 and $129,118 for the years ended December 31, 2023 and 2022, respectively.

Note 8: Stock-Based Compensation

The Company grants stock-based awards under its 2014 Incentive Stock Plan (the "2014 Plan"). The shares issued as a result of stock-based compensation transactions generally have been funded with the issuance of new shares of the Company's common stock.

The Company may grant the following types of incentive awards under the 2014 Plan: (i) non-qualified stock options; (ii) incentive stock options; (iii) stock appreciation rights; (iv) restricted stock; and (v) restricted stock units. Each award granted under the 2014 Plan is subject to an award agreement that incorporates, as applicable, the exercise price, the term of the award, the periods of restriction, the number of shares to which the award pertains, and such other terms and conditions as the plan committee determines. Awards granted under the 2014 Plan are classified as equity awards, which are recorded in stockholders' equity in the Company's consolidated balance sheets. Through December 31, 2023, the Company has granted under the 2014 Plan (i) non-qualified stock options; (ii) incentive stock options; and (iii) restricted stock. There were no stock appreciation rights and restricted stock units granted under the 2014 Plan as of December 31, 2023.

Stock Options

The Company's closing price on the date of grant is the basis of fair value of its common stock used in determining the value of share-based awards. To the extent the value of the Company's share-based awards involves a measure of volatility, the Company uses available historical volatility of the Company's common stock over a period of time corresponding to the expected stock option term. The Company uses the simplified method to calculate the expected term of stock option grants to employees as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term of stock options granted to employees. Accordingly, the expected life of the options granted is based on the average of the vesting term, which is generally four years and the contractual term, which is generally ten years. The Company will continue to evaluate the appropriateness of utilizing such method. The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected stock option term. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

The Company did not grant options during the years ended December 31, 2023 and 2022.

The information below summarizes the stock options activity:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2021	595,089	$ 9.72	5.9	$ 33,336,794
Granted at market price	—			
Exercised	(43,380)	8.86		$ 657,058
Expired	(2,795)	28.45		
Cancelled	(16,991)	24.96		
Outstanding at December 31, 2022	531,923	$ 9.2	4.7	$ 3,797,904
Granted at market price	—			
Exercised	(25,623)	7.90		$ 205,191
Expired	(12,591)	13.07		
Cancelled	(7,375)	28.58		
Outstanding at December 31, 2023	486,334	$ 8.88	3.7	$ 1,903,699
Exercisable at December 31, 2023	453,465	$ 7.34	3.5	$ 1,903,699
Vested and expected to vest at December 31, 2023	485,643	$ 8.83	3.7	$ 1,903,699

The aggregate fair value of the Company's stock options vested during 2023 and 2022 was $407,166 and $631,512, respectively.

The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%. For the years ended December 31, 2023 and 2022, stock-based compensation expense for stock options was $322,574 and $515,279, respectively.

Unrecognized stock-based compensation expense for stock options as of December 31, 2023 was $275,792, which is expected to be recognized ratably over the next 1.2 years.

Restricted Stock

Restricted stock awards granted to employees generally vest in four equal annual installments, although on May 25, 2023, the Company granted 51,401 shares of restricted stock as part of a special award to certain high performing employees that vest in one installment on the first anniversary of the grant. Restricted stock awards granted to non-employee directors vest on the earlier of (i) one year from the grant date and (ii) the date of the next annual meeting of the shareholders of the Company occurring after the date of grant.

The information below summaries the restricted stock activity:

Restricted Stock Awards	Shares	Weighted Average Grant-Date Fair Value per Award
Non-vested at December 31, 2021	27,720	$ 28.51
Granted	68,125	29.47
Vested	(17,240)	29.13
Cancelled	(8,293)	30.51
Non-vested at December 31, 2022	70,312	29.05
Granted	204,122	14.54
Vested	(33,869)	22.06
Cancelled	(8,664)	28.46
Non-vested at December 31, 2023	231,901	$ 17.32

For the years ended December 31, 2023 and 2022, stock-based compensation expense for restricted stock was $1,415,108 and $758,710, respectively. Unrecognized stock-based compensation expense for restricted stock awards as of December 31, 2023 was $2,799,213 to be recognized ratably over 2.5 years.

Tax Benefits

Net (loss) income for 2023 and 2022 included pre-tax expense related to stock-based compensation of $1.7 million and $1.3 million, respectively. The Company recognized federal income tax benefits of $0 and $0.1 million from the exercises of stock options and restricted stock awards for 2023 and 2022, respectively.

Note 9: Income Taxes

Income tax expense (benefit) reported in the consolidated income statements is comprised of the following:

	December 31, 2023	December 31, 2022
Current expense:		
Federal	$ 178,152	$ 377,281
State, net of state tax credits	251,428	132,520
Total current expense	429,580	509,801
Deferred expense (benefit):		
Federal	8,606,677	(295,011)
State	2,354,696	(146,342)
Total deferred expense (benefit)	10,961,373	(441,353)
Total income tax expense	$ 11,390,953	$ 68,448

The following are the components of the Company's deferred tax assets (liabilities) for federal and state income taxes:

	December 31, 2023	December 31, 2022
Deferred income tax assets:		
Accrued expenses	$ 426,218	$ 97,148
Deferred revenue	5,414,824	5,338,821
Lease liability	6,697,111	6,582,122
Goodwill - component 2	63,328	72,033
Nonqualified stock options	378,208	339,075
Interest expense limitation	—	35,031
Net operating loss carryforwards	3,383,391	5,285,726
Tax credits	35,850	35,850
Intangibles	3,907,623	3,166,533
Total deferred income tax assets	20,306,553	20,952,339
Deferred income tax liabilities:		
Lease right-of-use asset	(5,852,353)	(5,694,797)
Deferred franchise costs	(108,148)	(100,558)
Goodwill - component 1	(673,278)	(537,421)
Asset basis difference related to property and equipment	(1,853,103)	(2,545,455)
Restricted stock compensation	65,886	(145,956)
Total deferred income tax liabilities	(8,420,996)	(9,024,187)
Valuation allowance	(10,853,909)	—
Net deferred tax asset ($1.1 million and $1.0 million attributable to VIEs as of December 31, 2023 and 2022)	$ 1,031,648	$ 11,928,152

A valuation allowance of $10.9 million and $0 was recorded against the deferred tax asset balance of The Joint Corp., without its VIEs, as of December 31, 2023 and 2022, respectively. As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regard to future realization of deferred tax assets in each reporting jurisdiction. A significant piece of objective evidence evaluated was the cumulative loss incurred in each jurisdiction over the three-year period ended December 31, 2023. Such objective evidence limits the ability to consider other subjective evidence, such as projections for future growth, in evaluating the need for a valuation allowance. As a result, management has determined that it is more likely than not that The Joint Corp. will not realize its deferred tax assets as of December 31, 2023, and has recorded a valuation allowance after consideration of any recorded deferred tax liabilities

The Joint Corp, without the VIE, has federal gross net operating loss carryforwards of $13.4 million and $21.6 million as of December 31, 2023 and 2022, respectively. Federal tax effected of these net operating losses were $2.8 million and $4.5 million as of December 31, 2023 and 2022, respectively. $8.3 million of the federal net operating loss is subject to a 20-year carryforward, with a portion beginning to expire in 2036. $5.1 million of the federal net operating loss has an indefinite carryforward period.

The Joint Corp., without its consolidated VIEs, has various state net operating loss carryforwards. The determination of the state net operating loss carryforwards is dependent upon apportionment percentages and state laws that can change from year to year and impact the amount of such carryforwards. If such net operating loss carryforwards are not utilized, they will begin to expire in 2025.

The Joint Corp. has research and development credits of $14,229 that will begin to expire in 2031 and $21,621 California AMT credits that do not expire.

The VIE's have net operating loss carryforwards of $0.2 million and $0.5 million as of December 31, 2023 and 2022, respectively. No federal net operating loss is subject to a 20 year carryforward. $0.2 million of the federal net operating loss has an indefinite carryforward period.

The VIE's have various state net operating loss carryforwards. The determination of the state net operating loss carryforwards is dependent upon apportionment percentages and state laws that can change from year to year and impact the amount of such carryforwards. If such net operating loss carryforwards are not utilized, they will begin to expire in 2036.

The following is a reconciliation of the statutory federal income tax rate applied to pre-tax accounting net income, compared to the income tax benefit in the consolidated income statements:

	For the Years Ended December 31,			
	2023		2022	
	Amount	Percent	Amount	Percent
Expected federal tax expense	$ 344,139	21.0 %	$ 145,982	21.0 %
Meals and entertainment	31,057	1.9 %	—	— %
State tax provision (benefit), net of federal benefit	163,657	10.0 %	41,660	6.0 %
Other permanent differences	12,651	0.8 %	15,458	2.2 %
Change in VA	10,849,714	662.1 %	—	— %
Stock compensation	(2,030)	(0.1)%	(91,454)	(13.2)%
Change in tax rate	147,911	9.0 %	(64,756)	(9.3)%
Return to provision	(153,254)	(9.4)%	—	— %
Other adjustments	(2,892)	(0.2)%	21,558	3.1 %
Expense	$ 11,390,953	695.1 %	$ 68,448	9.8 %

Changes in the Company's income tax expense relate primarily to states taxes, change in valuation allowance, changes in tax rates, return-to-provision adjustments, as well as changes in pre-tax income during the year ended December 31, 2023, as compared to the year ended December 31, 2022. For the years ended December 31, 2023 and December 31, 2022, effective tax rates were 695.1% and 9.8%, respectively. The difference between the statutory federal income tax rate and the Company's effective tax rate was primarily due to the valuation allowance, and state taxes.

For the years ended December 31, 2023 and December 31, 2022, the Company had gross uncertain tax positions attributable to the VIEs of $1.2 million and $1.3 million, respectively.

	December 31,	
	2023	2022
Beginning balances	$ 1,314,351	$ 1,314,351
Increases related to tax positions taken during a prior year	—	—
Decreases related to tax positions taken during a prior year	—	—
Increases related to tax positions taken during a current year	—	—
Decreases related to settlements with taxing authorities	—	—
Decreases related to expiration of the statute of limitations	(138,585)	—
Ending balances	$ 1,175,766	$ 1,314,351

At December 31, 2023 and December 31, 2022, there were $19,433 and $19,433, respectively, of unrecognized tax benefits that if recognized would affect the annual effective tax rate.

Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses. Accrued interest and penalties was $142,213 and $143,584 for the years ended December 31, 2023 and December 31, 2022 and recorded as other liabilities.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2023, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2020 and 2019, respectively.

Note 10: Commitments and Contingencies

Leases

The table below summarizes the components of lease expense and income statement location for the years ended December 31, 2023 and December 31, 2022:

	Line Item in the Company's Consolidated Income Statements	Years Ended December 31, 2023	2022
Finance lease costs:			
Amortization of assets	Depreciation and amortization	$ 30,279	$ 55,572
Interest on lease liabilities	Other expense, net	3,167	4,516
Total finance lease costs		$ 33,446	$ 60,088
Operating lease costs	General and administrative expenses	$ 6,075,254	$ 5,647,185
Total lease costs		$ 6,108,700	$ 5,707,273

Supplemental information and balance sheet location related to leases for the years ended December 31, 2023 and December 31, 2022 was as follows:

	Years Ended December 31, 2023	2022
Operating Leases:		
Operating lease right-of -use asset	$12,413,221	$20,587,199
Operating lease liability, current portion	$ 3,756,328	$ 5,295,830
Operating lease liability, net of current portion	10,914,997	18,672,719
Total operating lease liability	$14,671,325	$23,968,549
Finance Leases:		
Property and equipment, at cost	$ 151,396	$ 151,396
Less accumulated amortization	(117,932)	(87,652)
Property and equipment, net	$ 33,464	$ 63,744
Finance lease liability, current portion	$ 25,491	$ 24,433
Finance lease liability, net of current portion	38,016	63,507
Total finance lease liabilities	$ 63,507	$ 87,940
Weighted average remaining lease term (in years):		
Operating leases	4.8	5.4
Finance lease	2.4	3.4
Weighted average discount rate:		
Operating leases	5.4 %	4.8 %
Finance leases	4.3 %	4.3 %

Supplemental cash flow information related to leases for the years ended December 31, 2023 and December 31, 2022 were as follows:

	Years Ended December 31,	
	2023	2022
Cash paid for amounts included in measurement of liabilities:		
Operating cash flows from operating leases	$ 6,567,992	$ 5,931,114
Operating cash flows from finance leases	3,167	4,516
Financing cash flows from finance leases	24,432	49,855
Non-cash transactions: ROU assets obtained in exchange for lease liabilities		
Operating lease	4,645,810	7,222,822
Finance lease	—	—

Maturities of lease liabilities as of December 31, 2023 were as follows:

	Operating Leases	Finance Lease
2024	$ 4,424,754	$ 27,600
2025	4,052,720	27,600
2026	2,753,979	11,500
2027	2,026,045	—
2028	1,202,912	—
Thereafter	2,233,735	—
Total lease payments	16,694,145	66,700
Less: Imputed interest	(2,022,820)	(3,193)
Total lease obligations	14,671,325	63,507
Less: Current obligations	(3,756,328)	(25,491)
Long-term lease obligation	$ 10,914,997	$ 38,016

The Company entered into a lease for its new corporate clinic's space that had not yet commenced as of the year ended December 31, 2023. This lease is expected to result in additional ROU asset and liability of approximately $0.6 million. This lease is expected to commence during the first or second quarter of 2024, with lease terms ten years.

Guarantee in Connection with the Sale of the Divested Business

In connection with the sale of a company-managed clinic in 2022, the Company guaranteed one future operating lease commitment assumed by the buyers. The Company is obligated to perform under the guarantee if the buyers fail to perform under the lease agreement at any time during the remainder of the lease agreement, which expires on May 31, 2027. At the date of sale, the undiscounted maximum potential future payments totaled $247,296. As of the year ended December 31, 2023, the undiscounted remaining lease payments under the agreement totaled $184,296. The Company had not recorded a liability with respect to the guarantee obligation as of December 31, 2023, as the Company concluded that payment under the lease guarantee was not probable.

Litigation

In the normal course of business, the Company is party to litigation and claims from time to time. The Company maintains insurance to cover certain litigation and claims, subject to policy limits.

Note 11: Segment Reporting

An operating segment is defined as a component of an enterprise for which discrete financial information is available and is reviewed regularly by the Chief Operating Decision Maker ("CODM") to evaluate performance and make operating decisions. The Company has identified its CODM as the Chief Executive Officer.

The Company has two operating business segments. The Corporate Clinics segment is comprised of the operating activities of the company-owned or managed clinics. As of December 31, 2023, the Company operated or managed 135 clinics under this segment. The Franchise Operations segment is comprised of the operating activities of the franchise business unit. As of December 31, 2023, the franchise system consisted of 800 clinics in operation. Corporate is a non-operating segment that develops and implements strategic initiatives and supports the Company's two operating business segments by centralizing key administrative functions such as finance and treasury, information technology, insurance and risk management, legal and human resources. Corporate also provides the necessary administrative functions to support the Company as a publicly-traded company. A portion of the expenses incurred by Corporate are allocated to the operating segments.

The tables below present financial information for the Company's two operating business segments.

	Year Ended December 31,	
	2023	2022
Revenues:		
Corporate clinics	$ 70,718,880	$ 59,422,294
Franchise operations	46,977,476	41,830,016
Total revenues	$ 117,696,356	$ 101,252,310
Depreciation and amortization:		
Corporate clinics	$ 7,415,395	$ 5,557,494
Franchise operations	809,135	744,172
Corporate administration	357,673	344,956
Total depreciation and amortization	$ 8,582,203	$ 6,646,622
Segment operating (loss) income:		
Corporate clinics	$ (2,502,643)	$ 110,257
Franchise operations	20,332,354	17,340,402
Unallocated corporate	(19,902,798)	(16,622,405)
Total segment operating (loss) income	$ (2,073,087)	$ 828,254
Reconciliation of total segment operating (loss) income to consolidated earnings before income taxes:		
Total segment operating (loss) income	$ (2,073,087)	$ 828,254
Other income (expense), net	3,711,843	(133,101)
Income before income tax expense	$ 1,638,756	$ 695,153

	December 31, 2023	December 31, 2022
Segment assets:		
Corporate clinics	$ 52,210,617	$ 56,008,234
Franchise operations	10,521,582	12,360,878
Total segment assets	$ 62,732,199	$ 68,369,112
Unallocated cash and cash equivalents and restricted cash	$ 19,214,292	$ 10,550,417
Unallocated property and equipment	2,843,491	915,216
Other unallocated assets	2,360,877	13,655,632
Total assets	$ 87,150,859	$ 93,490,377

"Unallocated cash and cash equivalents and restricted cash" relates primarily to corporate cash and cash equivalents and restricted cash as discussed at Note 1, "Cash and Cash Equivalents," "unallocated property and equipment" relates primarily to corporate fixed assets, and "other unallocated assets" relates primarily to deposits, prepaid and other assets.

Note 12: Employee Retention Credit

The employee retention credit ("ERC"), as originally enacted through the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") on March 27, 2020, is a refundable credit against certain employment taxes equal to 50% of the qualified wages an eligible employer paid to employees from March 17, 2020 to December 31, 2020. The Disaster Tax Relief Act, enacted on December 27, 2020, extended the ERC for qualified wages paid from January 1, 2021 to June 30, 2021 and the credit was increased to 70% of qualified wages an eligible employer paid to employees during the extended period. The American Rescue Plan Act of 2021, enacted on March 11, 2021, further extended the ERC through December 31, 2021.

In October 2022, the Company filed an application with the IRS for the ERC. Employers are eligible for the credit if they experienced full or partial suspension or modification of operations during any calendar quarter because of governmental orders due to the pandemic or a significant decline in gross receipts based on a comparison of quarterly revenue results for 2020 and/or 2021 with the comparable quarter in 2019. The Company's ERC application was equal to 70% of qualified wages paid to employees during the period from January 1, 2021 to June 30, 2021 for a maximum quarterly credit of $7,000 per employee. In March 2023, the Company received notice and refunds from the IRS related to the overpayment of Federal Employment Tax plus interest in the amount of $4.8 million related to the ERC application. The $4.8 million ERC is subject to a 20% consulting fee. The Company's eligibility remains subject to audit by the IRS for a period of five years.

Since there are no generally accepted accounting principles for for-profit business entities that receive government assistance that is not in the form of a loan, an income tax credit or revenue from a contract with a customer, we determined the appropriate accounting treatment by analogy to other guidance. We accounted for the ERC by analogy to International Accounting Standards ("IAS") 20, Accounting for Government Grants and Disclosure of Government Assistance, of International Financial Reporting Standards.

Under an IAS 20 analogy, a business entity would recognize the ERC on a systematic basis over the periods in which the entity recognizes the payroll expenses for which the grant (i.e., tax credit) is intended to compensate when there is reasonable assurance (i.e., it is probable) that the entity will comply with any conditions attached to the grant and the grant (i.e., tax credit) will be received.

We have accounted for the $3.8 million ERC, net of the consulting fee, for the year ended December 31, 2023 as other income on the Statement of Income when the Company was reasonably assured that the Company met all requirements of the ERC and the grant would be received. The ERC refund is not taxable; however, the credit is subject to expense disallowance rules which increased income tax expense as a discrete item by $0.9 million, net of the consulting expense deduction, for the year ended December 31, 2023.

Note 13: Related Party Transaction

Mr. Jefferson Gramm, Managing Partner of Bandera Partners LLC who is a beneficial holder of more than 5% of our outstanding common stock (approximately 27% as of December 31, 2023) was appointed to the Board of Directors effective as of January 2, 2024, to serve until the election and qualification of his successor at the 2024 Annual Meeting.

In December 2020, we sold two franchise licenses at $39,900 and $29,900 each (which reflects the $10,000 multi-unit discount for the second license per the Franchise Disclosure Document) to Marshall Gramm, who is a family member of Mr. Jefferson Gramm. In April 2020 and 2021, we sold two franchise licenses at $39,900 and $29,900, respectively (which reflects the $10,000 multi-unit discount for the second license per the Franchise Disclosure Document), to a franchisee of which Mr. Jefferson Gramm is a 50% co-partner in the business.

These transactions involved terms no less favorable to us than those that would have been obtained in the absence of such affiliation. Although we have no way of estimating the aggregate amount of franchise fees, royalties, advertising fund fees, IT related income and computer software fees that these franchisees will pay over the life of the franchise licenses, the franchisees affiliated with Mr. Gramm are subject to such fees under the same terms and conditions as all other franchisees. These franchisees affiliated with Mr. Gramm paid $124,275 and $92,767 in 2023 and 2022, respectively, for such royalties and other fees.

In October 2020, Mr. Gramm loaned approximately $370,000 to an unaffiliated franchisee that owns and operates one franchise clinic. The loan is not secured by the assets of the business and there are no foreclosure rights.

Note 14: Subsequent Events

On January 17, 2024, the Company paid down the outstanding balance on its Debt under the Credit Agreement of $2,000,000.

The Joint Corp. 10-K/A -Annual Report, Item 8

Financial Statements and Supplementary Data

For the Fiscal Years Ended

December 31, 2022 and 2021

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
The Joint Corp.
Scottsdale, Arizona

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of The Joint Corp. (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Restatement of Consolidated Financial Statements

As discussed in Note 2 to the consolidated financial statements, the 2022 and 2021 financial statements have been restated to correct misstatements.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue growth rate utilized in the determination of the fair value of acquired member relationships and reacquired franchise rights for certain acquisitions

As described in Note 4 of the consolidated financial statements, the Company acquired certain clinics during the current year. As a result of the acquisitions, management was required to determine the estimated fair values of assets acquired and liabilities assumed, including certain identifiable intangible assets. Management utilized third-party valuation specialists to assist in the preparation of the valuation of certain identifiable intangible assets. Management exercised judgment to develop and select revenue growth rates in the measurement of the fair value of the acquired member relationships and reacquired franchise rights.

We identified the revenue growth rates utilized in the determination of the fair value of acquired member relationships and reacquired franchise rights for certain acquisitions as a critical audit matter. The principal considerations for our determination

included the subjectivity and judgment required to determine the revenue growth rates used in the fair value measurement of acquired member relationships and reacquired franchise rights for certain acquisitions. Auditing these revenue growth rates involved especially subjective auditor judgment due to the nature and extent of audit effort required.
The primary procedures we performed to address this critical audit matter included:

Evaluating the reasonableness of the revenue growth rates by (i) reviewing the historical performance of the Company using its audited financial statements, (ii) assessing revenue projections against industry metrics, and (iii) comparing the actual post-acquisition net revenue to the forecast revenue.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2021.
Phoenix, Arizona

March 10, 2023, except for the effects of the restatement discussed in Note 2, as to which the date is September 26, 2023

THE JOINT CORP.

CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 2022 (As Restated)	December 31, 2021 (As Restated)
Current assets:		
Cash and cash equivalents	$ 9,745,066	$ 19,526,119
Restricted cash	805,351	386,219
Accounts receivable	3,911,272	3,700,810
Deferred franchise and regional development costs, current portion	1,054,060	994,587
Prepaid expenses and other current assets	2,098,359	2,281,765
Total current assets	17,614,108	26,889,500
Property and equipment, net	17,475,152	14,388,946
Operating lease right-of-use asset	20,587,199	18,425,914
Deferred franchise and regional development costs, net of current portion	5,707,678	5,505,420
Intangible assets, net	10,928,295	4,712,763
Goodwill	8,493,407	5,085,203
Deferred tax assets	11,928,152	11,486,799
Deposits and other assets	756,386	567,202
Total assets	$ 93,490,377	$ 87,061,747
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,966,589	$ 1,705,568
Accrued expenses	1,069,610	1,809,460
Co-op funds liability	805,351	386,219
Payroll liabilities ($0.6 million and $0.4 million attributable to VIEs as of December 31, 2022 and 2021)	2,030,510	3,906,317
Operating lease liability, current portion	5,295,830	4,613,843
Finance lease liability, current portion	24,433	49,855
Deferred franchise fee revenue, current portion	2,468,601	2,421,721
Deferred revenue from company clinics ($4.7 million and $3.5 million attributable to VIEs as of December 31, 2022 and 2021)	7,471,549	5,235,745
Upfront regional developer fees, current portion	487,250	770,171
Other current liabilities	597,294	539,500
Total current liabilities	23,217,017	21,438,399
Operating lease liability, net of current portion	18,672,719	16,872,093
Finance lease liability, net of current portion	63,507	87,939
Debt under the Credit Agreement	2,000,000	2,000,000
Deferred franchise fee revenue, net of current portion	14,161,134	12,953,430
Upfront regional developer fees, net of current portion	1,500,278	2,505,491
Other liabilities	1,287,879	895,711
Total liabilities	60,902,534	56,753,063
Commitments and contingencies (note 11)		
Stockholders' equity:		
Series A preferred stock, $0.001 par value; 50,000 shares authorized, 0 issued and outstanding, as of December 31, 2022 and 2021	—	—
Common stock, $0.001 par value; 20,000,000 shares authorized, 14,560,353 shares issued and 14,528,487 shares outstanding as of December 31, 2022 and 14,451,355 shares issued and 14,419,712 outstanding as of December 31, 2021	14,560	14,450
Additional paid-in capital	45,558,305	43,900,157
Treasury stock 31,866 shares as of December 31, 2022 and 31,643 shares as of December 31, 2021, at cost	(856,642)	(850,838)
Accumulated deficit	(12,153,380)	(12,780,085)
Total The Joint Corp. stockholders' equity	32,562,843	30,283,684
Non-controlling Interest	25,000	25,000
Total equity	32,587,843	30,308,684
Total liabilities and stockholders' equity	$ 93,490,377	$ 87,061,747

See notes to consolidated financial statements.

THE JOINT CORP.
CONSOLIDATED INCOME STATEMENTS

	Year Ended December 31,	
	2022 *(As Restated)*	**2021** *(As Restated)*
Revenues:		
Revenues from company-owned or managed clinics	$ 59,422,294	$ 44,348,234
Royalty fees	26,190,531	22,062,989
Franchise fees	2,441,325	2,659,097
Advertising fund revenue	7,456,696	6,298,924
Software fees	4,290,739	3,383,856
Other revenues	1,450,725	1,257,913
Total revenues	101,252,310	80,011,013
Cost of revenues:		
Franchise and regional developer cost of revenues	7,803,404	6,559,486
IT cost of revenues	1,367,659	1,105,652
Total cost of revenues	9,171,063	7,665,138
Selling and marketing expenses	13,962,709	11,424,416
Depreciation and amortization	6,646,622	3,921,887
General and administrative expenses	70,233,447	50,846,818
Total selling, general and administrative expenses	90,842,778	66,193,121
Net loss on disposition or impairment	410,215	26,789
Income from operations	828,254	6,125,965
Other expense, net	(133,101)	(69,878)
Income before income tax expense (benefit)	695,153	6,056,087
Income tax expense (benefit)	68,448	(1,508,960)
Net income	$ 626,705	$ 7,565,047
Earnings per share:		
Basic earnings per share	$ 0.04	$ 0.53
Diluted earnings per share	$ 0.04	$ 0.51
Basic weighted average shares	14,488,314	14,319,448
Diluted weighted average shares	14,868,093	14,935,577

See notes to consolidated financial statements.

THE JOINT CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock			Treasury Stock					
	Shares	Amount	Additional Paid In Capital	Shares	Amount	Accumulated Deficit	Total The Joint Corp. stockholder's equity	Non-controlling Interest	Total
						(As Restated)	*(As Restated)*		*(As Restated)*
Balances, December 31, 2020 (as restated)	14,174,237	14,174	41,350,001	17,167	(143,111)	(20,345,132)	20,875,932	100	20,876,032
Stock-based compensation expense	—	—	1,056,015	—	—	—	1,056,015	—	1,056,015
Issuance of restricted stock	17,074	17	(17)	—	—	—	—	—	—
Exercise of stock options	260,044	259	1,519,058	—	—	—	1,519,317	—	1,519,317
Purchases of treasury stock under employee stock plans	—	—	—	14,476	(707,727)	—	(707,727)	—	(707,727)
Change in non-controlling interest	—	—	(24,900)	—	—	—	(24,900)	24,900	—
Net income (as restated)	—	—	—	—	—	7,565,047	7,565,047	—	7,565,047
Balances, December 31, 2021 (as restated)	14,451,355	14,450	43,900,157	31,643	(850,838)	(12,780,085)	30,283,684	25,000	30,308,684
Stock-based compensation expense			1,273,989				1,273,989	—	1,273,989
Issuance of restricted stock	65,618	66	(66)				—	—	—
Exercise of stock options	43,380	44	384,225				384,269	—	384,269
Purchases of treasury stock under employee stock plans				223	(5,804)		(5,804)	—	(5,804)
Net Income (as restated)						626,705	626,705	—	626,705
Balances, December 31, 2022 (as restated)	14,560,353	$ 14,560	$45,558,305	31,866	$(856,642)	$ (12,153,380)	$ 32,562,843	$ 25,000	$32,587,843

See notes to consolidated financial statements.

THE JOINT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2022 (As Restated)	2021 (As Restated)
Cash flows from operating activities:		
Net (loss) income	$ 626,705	$ 7,565,047
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	6,646,622	3,921,887
Net loss on disposition or impairment (non-cash portion)	410,215	125,237
Net franchise fees recognized upon termination of franchise agreements	(68,537)	(133,007)
Deferred income taxes	(441,353)	(1,778,157)
Stock based compensation expense	1,273,989	1,056,015
Changes in operating assets and liabilities:		
Accounts receivable	(154,672)	(1,637,589)
Prepaid expenses and other current assets	183,406	(715,740)
Deferred franchise costs	(351,151)	(1,418,235)
Deposits and other assets	(189,184)	(148,516)
Accounts payable	818,265	(14,373)
Accrued expenses	(1,170,070)	886,738
Payroll liabilities	(1,875,807)	1,130,281
Upfront regional developer fees	(1,288,134)	(572,944)
Deferred revenue	2,889,139	4,162,209
Other liabilities	900,151	1,415,227
Net cash provided by operating activities	8,209,584	13,844,080
Cash flows from investing activities:		
Acquisition of AZ clinics	(6,966,923)	(1,925,000)
Acquisition of NC clinics	(3,289,312)	(3,840,135)
Acquisition of CA clinics	(1,850,000)	—
Proceeds from sale of clinics	105,200	—
Purchase of property and equipment	(5,899,080)	(6,989,534)
Net cash used in investing activities	(17,900,115)	(12,754,669)
Cash flows from financing activities:		
Payments of finance lease obligation	(49,855)	(80,322)
Purchases of treasury stock under employee stock plans	(5,804)	(707,727)
Proceeds from exercise of stock options	384,269	1,519,317
Repayment of debt under the Paycheck Protection Program	—	(2,727,970)
Net cash provided by (used in) financing activities	328,610	(1,996,702)
Decrease in cash	(9,361,921)	(907,291)
Cash, cash equivalents and restricted cash, beginning of period	19,912,338	20,819,629
Cash, cash equivalents and restricted cash, end of period	$ 10,550,417	$ 19,912,338

	December 31, 2022	December 31, 2021
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 9,745,066	$ 19,526,119
Restricted cash	805,351	386,219
	$ 10,550,417	$ 19,912,338

During the years ended December 31, 2022 and 2021, cash refunded for income taxes was $369,481 and cash paid for income taxes was $566,808, respectively. During the years ended December 31, 2022 and 2021, cash paid for interest was $71,255 and $69,273, respectively.

See notes to consolidated financial statements.

Supplemental disclosure of non-cash activity:

As of December 31, 2022, accounts payable and accrued expenses included property and equipment purchases of $442,756 and $133,969, respectively. As of December 31, 2021, accounts payable and accrued expenses included property and equipment purchases of $158,293 and $152,501, respectively.

In connection with the acquisitions during the years ended December 31, 2022 and December 31, 2021, net deferred revenue of $200,371 and $134,539, respectively, relating to unrecognized net franchise fees collected upon the execution of the franchise agreements reduced the purchase price of the acquisitions.

THE JOINT CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Basis of Presentation

These financial statements represent the consolidated financial statements of The Joint Corp. ("The Joint"), which includes its variable interest entities ("VIEs"), and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC (collectively, the "Company"). The preparation of financial statements in conformity with accounting principles generally accepted in the Unites States of America ("GAAP") requires management to make estimates and assumptions that affect the amount of assets, liabilities, revenue, costs, expenses, other (expenses) income, and income taxes that are reported in the consolidated financial statements and accompanying disclosures. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. As a result, actual results may be different from these estimates. For a discussion of significant estimates and judgments made in recognizing revenue, accounting for leases, and accounting for income taxes, see Note 3, "Revenue Disclosures", Note 10, "Income Taxes", and Note 11, "Commitments and Contingencies".

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Joint and its wholly owned subsidiary, The Joint Corporate Unit No. 1, LLC, which was dormant for all periods presented. The Company consolidates VIEs in which the Company is the primary beneficiary in accordance with Accounting Standards Codification 810, Consolidations ("ASC 810"). Non-controlling interests represent third-party equity ownership interests in VIEs. All significant inter-affiliate accounts and transactions between The Joint and its VIEs have been eliminated in consolidation.

Comprehensive Income

Net income and comprehensive income are the same for the years ended December 31, 2022 and 2021.

Nature of Operations

The Joint Corp., a Delaware corporation, was formed on March 10, 2010 for the principal purpose of franchising, developing, selling regional developer rights, supporting the operations of franchised chiropractic clinics, and operating and managing corporate chiropractic clinics at locations throughout the United States of America. The franchising of chiropractic clinics is regulated by the Federal Trade Commission and various state authorities.

The following table summarizes the number of clinics in operation under franchise agreements and as company-owned or managed for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
Franchised clinics:	**2022**	**2021**
Clinics open at beginning of period	610	515
Opened during the period	121	110
Acquired during the period	2	—
Sold during the period	(16)	(12)
Closed during the period	(5)	(3)
Clinics in operation at the end of the period	712	610

	Year Ended December 31,	
Company-owned or managed clinics:	**2022**	**2021**
Clinics open at beginning of period	96	64
Opened during the period	16	20
Acquired during the period	16	12
Sold during the period	(2)	—
Closed during the period	—	—
Clinics in operation at the end of the period	126	96
Total clinics in operation at the end of the period	838	706
Clinic licenses sold but not yet developed	197	245
Executed letters of intent for future clinic licenses	38	38

Variable Interest Entities

Certain states prohibit the "corporate practice of chiropractic," which restricts business corporations from practicing chiropractic care by exercising control over clinical decisions by chiropractic doctors. In states which prohibit the corporate practice of chiropractic, the Company typically enters into long-term management services agreements ("MSAs") with professional corporations ("PCs") that are owned by licensed chiropractic doctors, which, in turn, employ or contract with doctors who provide professional chiropractic care in its clinics. Under these management agreements with PCs, the Company provides, on an exclusive basis, all non-clinical services of the chiropractic practice. The Company has entered into such management agreements with three PCs, including one in Kansas, in connection with the opening of company-managed clinics in August 2022. An entity deemed to be the primary beneficiary of a VIE is required to consolidate the VIE in its financial statements. An entity is deemed to be the primary beneficiary of a VIE if it has both of the following characteristics: (a) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (b) the obligation to absorb the majority of losses of the VIE or the right to receive the majority of benefits from the VIE. In accordance with relevant accounting guidance, these PCs were determined to be VIEs. Such PCs are VIEs, as fees paid by the PCs to the Company as its management service provider are considered variable interests because the fees do not meet all the following criteria: 1) The fees are compensation for services provided and are commensurate with the level of effort required to provide those services; 2) The decision maker or service provider does not hold other interests in the VIE that individually, or in the aggregate, would absorb more than an insignificant amount of the VIE's expected losses or receive more than an insignificant amount of the VIE's expected residual returns; 3) The service arrangement includes only terms, conditions, or amounts that are customarily present in arrangements for similar services negotiated at arm's length. Additionally, the Company has determined that it has the ability to direct the activities that most significantly impact the performance of these PCs and have an obligation to absorb losses or receive benefits which could potentially be significant to the PCs. Accordingly, the PCs are variable interest entities for which the Company is the primary beneficiary and are consolidated by the Company.

The revenues of VIEs represent the revenues of Company-managed clinics in states that prohibit the corporate practice of chiropractic. The Company's involvement with VIEs affects its financial performance and cash flows primarily through amounts recorded in Revenues from company-owned or managed clinics and General and administrative expenses, which are principally comprised of payroll and related expenses. The management fees/income provided by the MSAs are considered intercompany transactions and therefore eliminated upon consolidation of VIEs.

The VIEs' total revenue and payroll and related expenses for the year ended December 31, 2022 were $34.8 million and $14.0 million, respectively. The VIE's total revenue and payroll and related expenses for the year ended December 31, 2021 were $28.6 million and $8.5 million, respectively.

The VIEs' deferred revenue liability balance for amounts collected in advance for membership and wellness packages was $4.7 million and $3.5 million as of December 31, 2022 and December 31, 2021, respectively. The VIEs' payroll liability balance as of December 31, 2022 and December 31, 2021 was $0.6 million and $0.4 million, respectively. The carrying amount of the other VIEs' assets and liabilities was immaterial as of December 31, 2022 and December 31, 2021.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and credit quality of, the financial institutions with which it invests. As of the balance sheet date and periodically throughout the period, the Company has maintained balances in various operating accounts in excess of federally insured limits. The Company has invested substantially all its cash in short-term bank deposits. The Company had no cash equivalents as of December 31, 2022 and 2021.

Restricted Cash

Restricted cash relates to cash that franchisees and company-owned or managed clinics contribute to the Company's National Marketing Fund and cash that franchisees provide to various voluntary regional Co-Op Marketing Funds. Cash contributed by franchisees to the National Marketing Fund is to be used in accordance with the Company's Franchise Disclosure Document with a focus on regional and national marketing and advertising. While such cash balance is not legally segregated and restricted as to withdrawal or usage, the Company's accounting policy is to classify these funds as restricted cash.

Accounts Receivable

Accounts receivable primarily represent amounts due from franchisees for royalty and software fees. The Company records an allowance for credit losses as a reduction to its accounts receivables for amounts that the Company does not expect to recover. An allowance for credit losses is determined through assessments of collectability based on historical trends, the financial condition of the Company's franchisees, including any known or anticipated bankruptcies, and an evaluation of current economic conditions, as well as the Company's expectations of conditions in the future. Actual losses ultimately could differ materially in the near term from the amounts estimated in determining the allowance. As of December 31, 2022, and 2021, the Company had no allowance for credit losses on accounts receivable.

Deferred Franchise Costs and Regional Development Costs

Deferred franchise and regional development costs represent commissions that are direct and incremental to the Company and are paid in conjunction with the sale of a franchise license or regional development rights. These costs are recognized as an expense, in franchise and regional development cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise or regional developer agreement.

Property and Equipment

Property and equipment are stated at cost or for property acquired as part of franchise acquisitions at fair value at the date of closing. Depreciation is computed using the straight-line method over estimated useful lives, which is generally three to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the assets. Maintenance and repairs are charged to expense as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Capitalized Software

The Company capitalizes certain software development cost, including costs to implement cloud computing arrangements that is a service contract. These capitalized costs are primarily related to software used by clinics for operations and by the Company for the management of operations. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct, are capitalized as assets in progress until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Software developed is recorded as part of property and equipment. Maintenance and training costs are expensed as incurred. Internal use software is amortized on a straight-line basis over its estimated useful life, which is generally three to five years. Implementation costs incurred in connection with a cloud computing arrangement that is a service contract are included in prepaid expenses in the Company's consolidated balance sheets.

Leases

The Company leases property and equipment under operating and finance leases. The Company leases its corporate office space and the space for each of the company-owned or managed clinic in the portfolio. The Company recognizes a right-of-use

("ROU") asset and lease liability for all leases. Certain leases include one or more renewal options, generally for the same period as the initial term of the lease. The exercise of lease renewal options is generally at the Company's sole discretion and, as such, the Company typically determines that exercise of these renewal options is not reasonably certain. As a result, the Company does not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the right-of-use asset and lease liability. When available, the Company uses the rate implicit in the lease to discount lease payments; however, the rate implicit in the lease is not readily determinable for substantially all of its leases. In such cases, the Company estimates its incremental borrowing rate as the interest rate it would pay to borrow an amount equal to the lease payments over a similar term, with similar collateral as in the lease, and in a similar economic environment. The Company estimates these rates using available evidence such as rates imposed by third-party lenders to the Company in recent financings or observable risk-free interest rate and credit spreads for commercial debt of a similar duration, with credit spreads correlating to the Company's estimated creditworthiness.

For operating leases that include rent holidays and rent escalation clauses, the Company recognizes lease expense on a straight-line basis over the lease term from the date it takes possession of the leased property. Pre-opening costs are recorded as incurred in general and administrative expenses. Variable lease payments, such as percentage rentals based on location sales, periodic adjustments for inflation, reimbursement of real estate taxes, any variable common area maintenance and any other variable costs associated with the leased property are expensed as incurred and are also included in general and administrative expenses on the consolidated income statements.

Intangible Assets

Intangible assets consist primarily of re-acquired franchise rights and customer relationships. The Company amortizes the fair value of re-acquired franchise rights over the remaining contractual terms of the re-acquired franchise rights at the time of the acquisition, which generally range from one to nine years. The fair value of customer relationships is amortized over their estimated useful life of two to four years.

Goodwill

Goodwill consists of the excess of the purchase price over the fair value of tangible and identifiable intangible assets acquired in the acquisitions of franchises. Goodwill and intangible assets deemed to have indefinite lives are not amortized but are tested for impairment annually and more frequently if a triggering event occurs that makes it more likely than not that the fair value of a reporting unit is below carrying value. As required, the Company performs an annual impairment test of goodwill as of the first day of the fourth quarter or more frequently if a triggering event occurs. No impairments of goodwill were recorded for the years ended December 31, 2022 and 2021.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company looks primarily to estimated undiscounted future cash flows in its assessment of whether or not long-lived assets are recoverable. The Company records an impairment loss when the carrying amount of the asset is not recoverable and exceeds its fair value. During the year ended December 31, 2022, an operating lease ROU asset related to a closed clinic with a total carrying amount of approximately $250,000 was written down to zero. As a result, the Company recorded a noncash impairment loss of approximately $250,000 during the year ended December 31, 2022. During the year ended December 31, 2021, certain operating lease right-of-use assets related to closed clinics with a total carrying amount of $0.5 million were written down to their fair value of $0.4 million. As a result, the Company recorded a noncash impairment loss of approximately $0.1 million during the year ended December 31, 2021.

In connection with the sale of two company-managed clinics to franchisees, the Company reclassified $288,192 of property and equipment and $359,807 of ROU assets to Assets held for sale and reclassified $428,593 of ROU liability and $54,351 of deferred revenue from company clinics to Liabilities to be disposed of in the consolidated balance sheet as of June 30, 2022. Long-lived assets that meet the held for sale criteria are reported at the lower of their carrying value or fair value, less estimated costs to sell. As a result, the Company recorded a valuation allowance of $79,400 to adjust the carrying value of the disposal group to fair value less cost to sell during the year ended December 31, 2022. One of the two clinics was sold during August 2022, and the second clinic was sold in October 2022.

Advertising Fund

The Company has established an advertising fund for national or regional marketing and advertising of services offered by its clinics. The monthly marketing fee is 2% of clinic sales. The Company segregates the marketing funds collected which are

included in restricted cash on its consolidated balance sheets. As amounts are expended from the fund, the Company recognizes a related expense. Such costs are included in selling and marketing expenses on the consolidated income statements.

Co-Op Marketing Funds

Some franchises have established regional Co-Ops for advertising within their local and regional markets. The Company maintains a custodial relationship under which the Co-Op Marketing Funds collected are segregated and used for the purposes specified by the Co-Ops' officers. The Co-Op Marketing Funds are included in restricted cash on the Company's consolidated balance sheets.

Revenue Recognition

The Company generates revenue primarily through its company-owned and managed clinics and through royalties, franchise fees, advertising fund contributions, IT related income and computer software fees from its franchisees.

Revenues from Company-Owned or Managed Clinics. The Company earns revenues from clinics that it owns and operates or manages throughout the United States. Revenues are recognized when services are performed. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed. Any unused visits associated with monthly memberships are recognized on a month-to-month basis. The Company recognizes a contract liability (or a deferred revenue liability) related to the prepaid treatment plans for which the Company has an ongoing performance obligation. The Company derecognizes this contract liability, and recognizes revenue, as the patient consumes his or her visits related to the package and the Company transfers its services. If the Company determines that it is not subject to unclaimed property laws for the portion of wellness package that it does not expect to be redeemed (referred to as "breakage") then it recognizes breakage revenue in proportion to the pattern of exercised rights by the patient.

Royalties and Advertising Fund Revenue. The Company collects royalties, as stipulated in the franchise agreement, equal to 7% of gross sales, and a marketing and advertising fee currently equal to 2% of gross sales. Royalties, including franchisee contributions to advertising funds, are calculated as a percentage of clinic sales over the term of the franchise agreement. The revenue accounting standard provides an exception for the recognition of sales-based royalties promised in exchange for a license (which generally requires a reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price). As the franchise agreement royalties, inclusive of advertising fund contributions, represent sales-based royalties that are related entirely to the Company's performance obligation under the franchise agreement, such sales-based royalties are recognized as franchisee clinic level sales occur. Royalties are collected semi-monthly, two working days after each sales period has ended.

Franchise Fees. The Company requires the entire non-refundable initial franchise fee to be paid upon execution of a franchise agreement, which typically has an initial term of ten years. Initial franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement. The Company's services under the franchise agreement include training of franchisees and staff, site selection, construction/vendor management and ongoing operations support. The Company provides no financing to franchisees and offers no guarantees on their behalf. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. Renewal franchise fees, as well as transfer fees, are also recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Software Fees. The Company collects a monthly fee from its franchisees for use of its proprietary chiropractic software, computer support, and internet services support. These fees are recognized ratably on a straight-line basis over the term of the respective franchise agreement.

Capitalized Sales Commissions. Sales commissions earned by the regional developers and the Company's sales force are considered incremental and recoverable costs of obtaining a franchise agreement with a franchisee. These costs are deferred and then amortized as the respective franchise fees are recognized ratably on a straight-line basis over the term of the franchise agreement.

Upfront Regional Developer Rights Fees (as restated)

The Company has a regional developer program where regional developers are granted an exclusive geographical territory and commit to a minimum development obligation within that defined territory. Upon granting of the exclusive rights to develop a territory, a regional developer will pay an upfront fee to the Company. Upfront regional developer fees represent consideration received from a vendor to act as the Company's agent within an exclusive territory. The upfront regional developer rights fee is

accounted for as a reduction of cost of revenues, in franchise and regional development cost of revenues, to offset the respective future commissions paid to the regional developer. The fees are ratably recognized over the term of the related regional developer agreement.

Regional developers receive fees which are funded by the initial franchise fees collected from franchisees upon the sale of franchises within their exclusive geographical territory and a royalty of 3% of sales generated by franchised clinics in their exclusive geographical territory. Initial fees related to the sale of franchises within their exclusive geographical territory are initially deferred as deferred franchise costs and are recognized as an expense in franchise cost of revenues when the respective revenue is recognized, which is generally over the term of the related franchise agreement. Royalties of 3% of sales generated by franchised clinics in their regions are also recognized as franchise cost of revenues as franchisee clinic level sales occur. This 3% fee is funded by the 7% royalties we collect from the franchisees in their regions. Certain regional developer agreements result in the regional developer acquiring the rights to existing royalty streams from clinics already open in the respective territory. In those instances, fees collected from the sale of the royalty stream is recognized as a decrease to franchise and regional developer cost of revenues over the remaining life of the respective franchise agreements.

Regional Developer Rights Contract Termination Costs (as restated)

From time to time, subject to the Company's strategy, regional developer rights are reacquired by the Company, resulting in a termination of the contract. The termination costs to reacquire the regional developer rights are recognized at fair value, less any unrecognized upfront regional developer fee liability balance, as a general and administrative expense in the period in which the contract is terminated in accordance with the contract terms and are recorded within general and administrative expenses.

Advertising Costs

Advertising costs are advertising and marketing expenses incurred by the Company, primarily through advertising funds. The Company expenses production costs of commercial advertising upon first airing and expenses the costs of communicating the advertising in the period in which the advertising occurs. Advertising expenses were $5,163,381 and $4,116,740, for the years ended December 31, 2022 and 2021, respectively.

Income Taxes (as restated)

Income taxes are accounted for using a balance sheet approach known as the asset and liability method. The asset and liability method accounts for deferred income taxes by applying the statutory tax rates in effect at the date of the consolidated balance sheets to differences between the book basis and the tax basis of assets and liabilities. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. The differences relate principally to depreciation of property and equipment and treatment of revenue for franchise fees and regional developer fees collected. Tax positions are reviewed at least quarterly and adjusted as new information becomes available. The recoverability of deferred tax assets is evaluated by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. These estimates of future taxable income inherently require significant judgment. To the extent it is considered more likely than not that a deferred tax asset will be not recovered, a valuation allowance is established.

The Company accounts for uncertainty in income taxes by recognizing the tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits and expenses recognized in the consolidated financial statements from such a position based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company has identified $1.3 million and $1.3 million in uncertain tax positions as of December 31, 2022 and 2021, respectively. Interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expenses.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2022, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2018 and 2017, respectively.

Earnings per Common Share

Basic earnings per common share is computed by dividing net income by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share is computed by giving effect to all potentially dilutive common shares including restricted stock and stock options.

	Year Ended December 31,	
	2022	2021
	(As Restated)	(As Restated)
Net income	$ 626,705	$ 7,565,047
Weighted average common shares outstanding - basic	14,488,314	14,319,448
Effect of dilutive securities:		
Unvested restricted stock and stock options	379,779	616,129
Weighted average common shares outstanding - diluted	14,868,093	14,935,577
Basic earnings per share	$ 0.04	$ 0.53
Diluted earnings per share	$ 0.04	$ 0.51

Potentially dilutive securities excluded from the calculation of diluted net income per common share as the effect would be anti-dilutive were as follows:

	Year Ended December 31,	
	2022	2021
Unvested restricted stock	—	58
Stock options	40,349	4,658

Stock-Based Compensation

The Company accounts for share-based payments by recognizing compensation expense based upon the estimated fair value of the awards on the date of grant. The Company determines the estimated grant-date fair value of restricted shares using the closing price on the date of the grant and the grant-date fair value of stock options using the Black-Scholes-Merton model. In order to calculate the fair value of the options, certain assumptions are made regarding the components of the model, including risk-free interest rate, volatility, expected dividend yield and expected option life. Changes to the assumptions could cause significant adjustments to the valuation. The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

Retirement Benefit Plan

Employees of the Company are eligible to participate in a defined contribution retirement plan, the Joint Corp. 401(k) Retirement Plan (the "401(k) Plan"), under Section 401(k) of the Internal Revenue Code. Under the 401(k) Plan, employees may contribute their eligible compensation, not to exceed the annual limits set by the IRS. The 401(k) Plan allows the Company to match participants' contributions in an amount determined at the sole discretion of the Company. The Company matched participants' contributions for the years ended December 31, 2022 and 2021, up to a maximum of 4% of the employee's eligible compensation. Employer contributions totaled $478,277 and $346,561, for the years ended December 31, 2022 and 2021, respectively.

Loss Contingencies

ASC Topic 450 governs the disclosure of loss contingencies and accrual of loss contingencies in respect of litigation and other claims. The Company records an accrual for a potential loss when it is probable that a loss will occur and the amount of the loss can be reasonably estimated. When the reasonable estimate of the potential loss is within a range of amounts, the minimum of the range of potential loss is accrued, unless a higher amount within the range is a better estimate than any other amount within the range. Moreover, even if an accrual is not required, the Company provides additional disclosure related to litigation and other claims when it is reasonably possible (i.e., more than remote) that the outcomes of such litigation and other claims include potential material adverse impacts on the Company. Legal costs to be incurred in connection with a loss contingency are expensed as such costs are incurred.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Items subject to significant estimates and assumptions include loss contingencies, share-based compensations, useful lives and realizability of long-lived assets, deferred revenue and revenue recognition related to breakage, deferred franchise costs, calculation of ROU assets and liabilities related to leases, realizability of deferred tax assets, impairment of goodwill, intangible assets, other long-lived assets, and purchase price allocations and related valuations.

Recently Adopted Accounting Guidance and Accounting Pronouncements Not Yet Adopted

None.

Note 2: Restatement of Previously Issued Annual Consolidated Financial Statements for the Fiscal Years Ended December 31, 2022 and December 31, 2021

Subsequent to the issuance of the Company's consolidated financial statements as of and for the year ended December 31, 2022, included in the Form 10-K filed with the SEC on March 10, 2023, the following errors were identified:

- The Company has historically recorded the re-acquired Regional Developer Rights as an intangible asset and amortized the re-acquired Regional Developer Rights over the contractual terms under the RD Agreement remaining at the time of the re-acquisition. The Company has concluded that this treatment was incorrect in accordance with U.S. GAAP. The Company should not have capitalized the re-acquired Regional Developer Rights but instead should have recognized the full cost of the re-acquisition as an expense in the respective period.

- The Company has historically recorded the upfront fee paid by the regional developer as a deferred liability, which was then recognized ratably to revenue as the regional developer performed various service obligations. However, the Company concluded that the deferred liability should be ratably recognized against cost of revenue as an offset against future commissions instead of revenue.

- The Company has historically charged the VIEs a management fee for the benefit of the Company providing non-clinical administrative services needed by the professional corporation chiropractic practice. The economic compensation or profitability resulting from an intercompany transaction between two or more parties is based on each party's relative contribution to the economic activity under analysis. The standalone professional corporations have not historically been profitable from an income tax perspective and are fully valuing their deferred tax assets and related attributes for ASC 740 purposes. The professional corporations' earned annual losses were not consistent with their function, risk, and asset profile for transfer pricing. As such, the Company has estimated transfer pricing adjustments which were computed based on assumed targets of profitability. The resulting operating profit, after incorporating estimated transfer pricing adjustments, were further used as a means for computing overall potential tax exposure and correlative benefit.

The Company assessed the impact of these errors on its previously issued financial statements and determined them to be quantitatively and qualitatively material to 2022 and 2021 based on its analysis of Staff Accounting Bulletin ("SAB") No. 99, "Materiality," and SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". These errors have been corrected in the accompanying consolidated balance sheets as of December 31, 2022 and 2021 and the consolidated income statements, statements of changes in stockholders' equity, and statements of cash flows for the years then ended.

The following table summarizes the effect of the errors on the Company's consolidated balance sheet as of December 31, 2022:

	December 31, 2022		December 31, 2022
	As Previously Reported	Adjustments	As Restated
Intangible assets, net	$ 12,867,529	$ (1,939,234)	$ 10,928,295
Deferred tax assets	8,441,713	3,486,439	11,928,152
Total assets	91,943,172	1,547,205	93,490,377
Current liabilities:			
Deferred franchise and regional development fee revenue, current portion	2,955,851	(2,955,851)	—
Deferred franchise fee revenue, current portion	—	2,468,601	2,468,601
Upfront regional developer fees, current portion	—	487,250	487,250
Other current liabilities	499,250	98,044	597,294
Total current liabilities	23,118,973	98,044	23,217,017
Deferred franchise and regional development fee revenue, net of current portion	15,661,412	(15,661,412)	—
Deferred franchise fee revenue, net of current portion	—	14,161,134	14,161,134
Upfront regional developer fees, net of current portion	—	1,500,278	1,500,278
Other liabilities	27,230	1,260,649	1,287,879
Total liabilities	59,543,841	1,358,693	60,902,534
Accumulated deficit	(12,341,892)	188,512	(12,153,380)
Total The Joint Corp. stockholders' equity	32,374,331	188,512	32,562,843
Total equity	32,399,331	188,512	32,587,843
Total liabilities and stockholders' equity	91,943,172	1,547,205	93,490,377

The following table summarizes the effect of the errors on the Company's consolidated income statement for the year ended December 31, 2022:

	Year Ended December 31, 2022		Year Ended December 31, 2022
	As Previously Reported	Adjustments	As Restated
Revenues:			
Regional developer fees	$ 659,099	$ (659,099)	$ —
Total revenues	101,911,409	(659,099)	101,252,310
Cost of revenues:			
Franchise and regional developer cost of revenues	8,462,503	(659,099)	7,803,404
Total cost of revenues	9,830,162	(659,099)	9,171,063
Depreciation and amortization	7,643,980	(997,358)	6,646,622
General and administrative expenses	67,987,482	2,245,965	70,233,447
Total selling, general and administrative expenses	89,594,171	1,248,607	90,842,778
Income from operations	2,076,861	(1,248,607)	828,254
Income before income tax expense (benefit)	1,943,760	(1,248,607)	695,153
Income tax expense (benefit)	766,510	(698,062)	68,448
Net income	1,177,250	(550,545)	626,705
Earnings per share:			
Basic earnings per share	$ 0.08	$ (0.04)	$ 0.04
Diluted earnings per share	$ 0.08	$ (0.04)	$ 0.04

The following table summarizes the effect of the errors on the Company's consolidated statements of stockholders' equity as of December 31, 2022, December 31, 2021, and December 31, 2020:

	Accumulated Deficit	Total The Joint Corp. stockholder's equity	Total Equity
12/31/2020 (as previously reported)	(20,094,912)	21,126,152	21,126,252
Adjustment due to cumulative error correction	(250,220)	(250,220)	(250,220)
12/31/2020 (as restated)	(20,345,132)	20,875,932	20,876,032
12/31/2021 (as previously reported)	(13,519,142)	29,544,627	29,569,627
Adjustment due to cumulative error correction	739,057	739,057	739,057
12/31/2021 (as restated)	(12,780,085)	30,283,684	30,308,684
12/31/2022 (as previously reported)	(12,341,892)	32,374,331	32,399,331
Adjustment due to cumulative error correction	188,512	188,512	188,512
12/31/2022 (as restated)	(12,153,380)	32,562,843	32,587,843

The following table summarizes the effect of the errors on the Company's consolidated statement of cash flows for the year ended December 31, 2022:

	Year Ended December 31, 2022		**Year Ended December 31, 2022**
	As Previously Reported	Adjustments	As Restated
Cash flows from operating activities:			
Net income	$ 1,177,250	(550,545)	$ 626,705
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	7,643,980	(997,358)	6,646,622
Deferred income taxes	746,921	(1,188,274)	(441,353)
Changes in operating assets and liabilities:			
Upfront regional developer fees	—	(1,288,134)	(1,288,134)
Deferred revenue	2,230,041	659,098	2,889,139
Other liabilities	409,938	490,213	900,151
Net cash provided by operating activities	11,084,584	(2,875,000)	8,209,584
Cash flows from investing activities:			
Reacquisition and termination of regional developer rights	(2,875,000)	2,875,000	—
Net cash used in investing activities	(20,775,115)	2,875,000	(17,900,115)
Decrease in cash	(9,361,921)	—	(9,361,921)

The following table summarizes the effect of the errors on the Company's consolidated balance sheet as of December 31, 2021:

	December 31, 2021 As Previously Reported	Adjustments	December 31, 2021 As Restated
Intangible assets, net	5,403,390	(690,627)	4,712,763
Deferred tax assets	9,188,634	2,298,165	11,486,799
Total assets	85,454,209	1,607,538	87,061,747
Current liabilities:			
Deferred franchise and regional development fee revenue, current portion	3,191,892	(3,191,892)	—
Deferred franchise fee revenue, current portion	—	2,421,721	2,421,721
Upfront regional developer fees, current portion	—	770,171	770,171
Other current liabilities	539,500	—	539,500
Total current liabilities	21,438,399	—	21,438,399
Deferred franchise and regional development fee revenue, net of current portion	15,458,921	(15,458,921)	—
Deferred franchise fee revenue, net of current portion	—	12,953,430	12,953,430
Upfront regional developer fees, net of current portion	—	2,505,491	2,505,491
Other liabilities	27,230	868,481	895,711
Total liabilities	55,884,582	868,481	56,753,063
Accumulated deficit	(13,519,142)	739,057	(12,780,085)
Total The Joint Corp. stockholders' equity	29,544,627	739,057	30,283,684
Total equity	29,569,627	739,057	30,308,684
Total liabilities and stockholders' equity	85,454,209	1,607,538	87,061,747

The following table summarizes the effect of the errors on the Company's consolidated income statement for the year ended December 31, 2021:

	Year Ended December 31, 2021 As Previously Reported	Adjustments	Year Ended December 31, 2021 As Restated
Revenues:			
Regional developer fees	848,640	(848,640)	—
Total revenues	80,859,653	(848,640)	80,011,013
Cost of revenues:			
Franchise and regional developer cost of revenues	7,408,125	(848,639)	6,559,486
Total cost of revenues	8,513,777	(848,639)	7,665,138
Depreciation and amortization	6,088,947	(2,167,060)	3,921,887
General and administrative expenses	49,453,305	1,393,513	50,846,818
Total selling, general and administrative expenses	66,966,668	(773,547)	66,193,121
Income from operations	5,352,419	773,546	6,125,965
Income before income tax expense (benefit)	5,282,541	773,546	6,056,087
Income tax (benefit)	(1,293,229)	(215,731)	(1,508,960)
Net income	6,575,770	989,277	7,565,047
Earnings per share:			
Basic earnings per share	$ 0.46	$ 0.07	$ 0.53
Diluted earnings per share	$ 0.44	$ 0.07	$ 0.51

The following table summarizes the effect of the errors on the Company's consolidated statement of cash flows for the year ended December 31, 2021:

	Year Ended December 31, 2021 As Previously Reported	Adjustments	Year Ended December 31, 2021 As Restated
Cash flows from operating activities:			
Net income	$ 6,575,770	989,277	$ 7,565,047
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6,088,947	(2,167,060)	3,921,887
Deferred income taxes	(1,247,199)	(530,958)	(1,778,157)
Changes in operating assets and liabilities:			
Upfront regional developer fees	—	(572,944)	(572,944)
Deferred revenue	3,624,944	537,265	4,162,209
Other liabilities	1,059,507	355,720	1,415,227
Net cash provided by operating activities	15,232,780	(1,388,700)	13,844,080
Cash flows from investing activities:			
Reacquisition and termination of regional developer rights	(1,388,700)	1,388,700	—
Net cash used in investing activities	(14,143,369)	1,388,700	(12,754,669)
Decrease in cash	(907,291)	—	(907,291)

Note 3: Revenue Disclosures

Company-owned or Managed Clinics

The Company earns revenues from clinics that it owns and operates or manages throughout the United States. Revenues are recognized when services are performed. The Company offers a variety of membership and wellness packages which feature discounted pricing as compared with its single-visit pricing. Amounts collected in advance for membership and wellness packages are recorded as deferred revenue and recognized when the service is performed in accordance with the Company's breakage policy, as discussed in Note 1, Revenue Recognition.

Franchising Fees, Royalty Fees, Advertising Fund Revenue, and Software Fees

The Company currently franchises its concept across 39 states. The franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise fees; (b) continuing franchise fees (royalties); (c) advertising fees; and (d) software fees. Generally, the revenue accounting standard requires the reporting entity to estimate the amount of variable consideration to which it will be entitled in the transaction price. However, the revenue accounting standard provides an exception, and it allows a reporting entity to recognize revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs: (i) the subsequent sale or usage occurs, (ii) the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied). In accordance with the revenue accounting standard exception, royalty and advertising revenue are recognized when the franchisee's sales occur.

The Company recognizes the primary components of the transaction price as follows:

- Initial and renewal franchise fees, as well as transfer fees, are recognized as revenue ratably on a straight-line basis over the term of the respective franchise agreement commencing with the execution of the franchise, renewal, or transfer agreement. As these fees are typically received in cash at or near the beginning of the contract term, the cash received is initially recorded as a contract liability until recognized as revenue over time.

- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's sales occur. Depending on timing within a fiscal period, the recognition of revenue results in either what is considered a contract asset (unbilled receivable) or, once billed, accounts receivable, on the consolidated balance sheet.

- The Company is entitled to a software fee, which is charged monthly. The Company recognizes revenue related to software fees ratably on a straight-line basis over the term of the franchise agreement.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the reported sales of the franchisee, neither of which requires estimation. The Company believes its franchising arrangements do not contain a significant financing component.

The Company recognizes advertising fees received under franchise agreements as advertising fund revenue.

Disaggregation of Revenue

The Company believes that the captions contained on the consolidated income statements appropriately reflect the disaggregation of its revenue by major type for the years ended December 31, 2022 and 2021. Other revenues primarily consist of merchant income associated with credit card transactions.

The following table shows the Company's revenues disaggregated according to the timing of transfer of services:

	December 31,	
	2022	2021
	(As Restated)	*(As Restated)*
Revenue recognized at a point in time	$ 94,520,246	$ 73,968,060
Revenue recognized over time	$ 6,732,064	$ 6,042,953
Total Revenue	$ 101,252,310	$ 80,011,013

Rollforward of Contract Liabilities and Contract Costs

Changes in the Company's contract liability for deferred franchise fees during the years ended December 31, 2022 and 2021 were as follows:

	Deferred Revenue short and long-term
	(As Restated)
Balance at December 31, 2020	$ 12,655,508
Revenue recognized that was included in the contract liability at the beginning of the year	(2,619,098)
Net increase during the year ended December 31, 2021	5,338,741
Balance at December 31, 2021	$ 15,375,151
Revenue recognized that was included in the contract liability at the beginning of the year	(2,250,471)
Net increase during the year ended December 31, 2022	3,505,055
Balance at December 31, 2022	$ 16,629,735

The Company's deferred franchise and development costs represent capitalized sales commissions. Changes during the years ended December 31, 2022 and 2021 were as follows:

	Deferred Franchise and Development Costs short and long-term
Balance at December 31, 2020	$ 5,238,307
Recognized as cost of revenue during the year	(1,099,892)
Net increase during the year ended December 31, 2021	2,361,592
Balance at December 31, 2021	$ 6,500,007
Recognized as cost of revenue during the year	(938,736)
Net increase during the year ended December 31, 2022	1,200,467
Balance at December 31, 2022	$ 6,761,738

The following table illustrates revenues expected to be recognized in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as of December 31, 2022:

Contract liabilities expected to be recognized in	Amount *(As Restated)*
2023	$ 2,468,601
2024	2,354,521
2025	2,208,462
2026	2,112,532
2027	2,033,031
Thereafter	5,452,588
Total	$ 16,629,735

Note 4: Acquisitions

2022 Acquisitions

On May 19, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller four operating franchises in Arizona. The Company operates the franchises as company-owned

clinics. The total purchase price for the transaction was $5,761,256, less $70,484 of net deferred revenue, resulting in total purchase consideration of $5,690,772.

On July 5, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller one operating franchise in Arizona (collectively, including the May 19th purchase, the "AZ Clinics Purchase"). The Company operates the franchise as a company-owned clinic. The total purchase price for the transaction was $1,205,667, less $13,241 of net deferred revenue, resulting in total purchase consideration of $1,192,426.

Based on the terms of the purchase agreements, the AZ Clinics Purchase has been treated as a business combination under U.S. GAAP using the acquisition method of accounting, which requires that assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

The allocation of the total purchase price of AZ Clinics Purchase was as follows:

Property and equipment	$	241,511
Operating lease right-of-use asset		912,937
Intangible assets		3,689,100
Total assets acquired		4,843,548
Goodwill		3,408,205
Deferred revenue		(455,317)
Operating lease liability - current portion		(128,516)
Operating lease liability - net of current portion		(784,722)
Net purchase consideration	$	6,883,198

Intangible assets in the table above consist of re-acquired franchise rights of $2,892,100, amortized over estimated useful lives of approximately four to eight years and customer relationships of $797,000, amortized over estimated useful lives of two to three years. The fair value of re-acquired franchise rights are estimated using the multi-period excess earnings method. The multi-period excess earnings method model estimates revenues and cash flows derived from the primary asset and then deducts portions of the cash flow that can be attributed to supporting assets, such as assembled workforce and working capital that contributed to the generation of the cash flows. The resulting cash flow, which is attributable solely to the primary asset acquired, is then discounted at a rate of return commensurate with the risk of the asset to calculate a present value. Customer relationships are also calculated using the multi-period excess earnings method.

The valuation method involved the use of significant estimates and assumptions primarily related to forecasted revenue growth rates, gross margin, contributory asset charges, customer attrition rates, and market-participant discount rates. These measures are based on significant Level 3 inputs not observable in the market. Key assumptions developed based on the Company's historical experience, future projections and comparable market data include future cash flows, long-term growth rates, attrition rates and discount rates

Goodwill represents the excess of the purchase consideration over the fair value of the underlying acquired net tangible and intangible assets. The factors that contributed to the recognition of goodwill included synergies and benefits expected to be gained from leveraging the Company's existing operations and infrastructures, as well as the expected associated revenue and cash flow projections. Goodwill has been allocated to the Company's Corporate Clinics segment based on such expected benefits. Goodwill related to the acquisition is expected to be deductible for income tax purposes over 15 years. The Company completed the purchase price allocation during the fourth quarter of 2022.

On July 29, 2022, the Company entered into Asset and Franchise Purchase Agreements under which the Company repurchased from the sellers three operating franchises in North Carolina. The Company operates the franchises as company-managed clinics. The total purchase price for the transactions was $1,317,312, less $31,647 of net deferred revenue, resulting in total purchase consideration of $1,285,665.

On October 13, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller an operating franchise in North Carolina. The Company operates the franchise as a company-

managed clinic. The total purchase price for the transaction was $761,384, less $5,108 of net deferred revenue, resulting in total purchase consideration of $756,276.

On October 24, 2022, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller an operating franchise in North Carolina (collectively, including the July 29th and October 13th purchases, the "NC Clinics Purchase"). The Company operates the franchise as a company-managed clinic. The total purchase price for the transaction was $1,391,112, less $9,262 of net deferred revenue, resulting in total purchase consideration of $1,381,850.

On December 23, 2022, the Company entered into Asset and Franchise Purchase Agreements under which the Company repurchased from the sellers six operating franchises and one undeveloped clinic in California (the "CA Clinics Purchase"). The Company operates the franchises as company-managed clinics. The total purchase price for the transactions was $1,965,755, less $70,628 of net deferred revenue, resulting in total purchase consideration of $1,895,127.

Based on the terms of the purchase agreement, the NC and CA Clinics Purchases have been treated as asset purchases under U.S. GAAP as there were no outputs or processes to generate outputs acquired as part of these transactions. Under an asset purchase, assets are recognized based on their cost to the acquiring entity. Cost is allocated to the individual assets acquired or liabilities assumed based on their relative fair values and does not give rise to goodwill.

The allocation of the total purchase price of NC Clinics Purchase was as follows:

Property and equipment	$	198,236
Operating lease right-of-use asset		521,222
Intangible assets		3,544,456
Total assets acquired		4,263,914
Deferred revenue		(326,332)
Operating lease liability - current portion		(146,255)
Operating lease liability - net of current portion		(367,536)
Net purchase consideration	$	3,423,791

Intangible assets in the table above consist of reacquired franchise rights of $2,042,658 amortized over their estimated useful lives of two to nine years, customer relationships of $909,828 amortized over an estimated useful life of two to three years, and assembled workforce of $591,970 amortized over an estimated useful life of two years.

The allocation of the total purchase price of CA Clinics Purchase was as follows:

Property and equipment	$	677,518
Tenant improvement allowance		55,790
Operating lease right-of-use asset		1,520,353
Intangible assets		1,480,359
Total assets acquired		3,734,020
Deferred revenue		(215,555)
Operating lease liability - current portion		(200,877)
Operating lease liability - net of current portion		(1,422,461)
Net purchase consideration	$	1,895,127

Intangible assets in the table above primarily consist of reacquired franchise rights of $1,151,272 amortized over their estimated useful lives of six to seven years, customer relationships of $20,531 amortized over an estimated useful life of two years, and assembled workforce of $308,556 amortized over an estimated useful life of two years.

Pro Forma Results of Operations (Unaudited)

The following table summarizes selected unaudited pro forma consolidated income statements for the years ended December 31, 2022 and 2021 for all 2022 acquisitions, as if the AZ Clinics Purchase (which has been accounted for as a business combination) and the NC and CA Clinics Purchases (which have been accounted for as asset purchases) in 2022 had been completed on January 1, 2021.

	Year Ended December 31,	
(Restated)	2022	2021
Revenues, net	$ 107,022,047	$ 87,280,590
Net (loss) income	171,315	6,424,015

The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the purchases had taken place on January 1, 2021 or of results that may occur in the future. For 2022, this information includes actual data recorded in the Company's consolidated financial statements for the period subsequent to the date of the acquisition.

The Company's consolidated income statements for the year ended December 31, 2022 include net revenue and net income, excluding corporate clinics segment overhead costs, of the acquired clinics in Arizona, North Carolina, and California as follows:

	Year Ended December 31,
	2022
Revenues, net	$ 3,351,521
Net income	947,551

2021 Acquisitions

On April 1, 2021, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller two operating franchises in Phoenix, Arizona (the "2021 AZ Clinics Purchase"). The Company operates the franchises as company-owned clinics. The total purchase price for the transaction was $1,925,000, less $29,417 of net deferred revenue, resulting in total purchase consideration of $1,895,583. Based on the terms of the purchase agreement, the 2021 AZ Clinics Purchase has been treated as a business combination under U.S. GAAP using the acquisition method of accounting.

The allocation of the purchase price was as follows:

Property and equipment	$ 4,928
Operating lease right-of-use asset	651,197
Intangible assets	1,579,500
Total assets acquired	2,235,625
Goodwill	459,599
Deferred revenue	(123,976)
Operating lease liability - current portion	(49,303)
Operating lease liability - net of current portion	(626,362)
Net purchase consideration	$ 1,895,583

Intangible assets in the table above consist of re-acquired franchise rights of $1,376,400 amortized over an estimated useful life of eight to nine years and customer relationships of $203,100 amortized over an estimated useful life of three years.

On April 1, 2021, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller six operating franchises in North Carolina. The Company operates the franchises as company-managed clinics. The total purchase price for the transaction was $2,568,028, less $58,441 of net deferred revenue, resulting in total purchase consideration of $2,509,587.

On November 1, 2021, the Company entered into an Asset and Franchise Purchase Agreement under which the Company repurchased from the seller four operating franchises in North Carolina (collectively, including the April 1 2021 purchase, the "2021 NC Clinics Purchase"). The Company operates the franchises as company-managed clinics. The total purchase price for the transaction was $1,272,107, less $46,681 of net deferred revenue, resulting in total purchase consideration of $1,225,426.

Based on the terms of the purchase agreement, the 2021 NC Clinics Purchase has been treated as an asset purchase under U.S. GAAP as there were no outputs or processes to generate outputs acquired as part of this transaction.

The allocation of the purchase price for the six North Carolina clinics on April 1, 2021 was as follows:

Property and equipment	$	524,046
Operating lease right-of-use asset		865,813
Intangible assets		2,187,472
Total assets acquired		3,577,331
Deferred revenue		(244,998)
Operating lease liability - current portion		(185,181)
Operating lease liability - net of current portion		(637,565)
Net purchase consideration	$	2,509,587

Intangible assets in the table above consist of reacquired franchise rights of $1,195,327 amortized over an estimated useful life of three to four years and customer relationships of $992,145 amortized over an estimated useful life of three years.

The allocation of the purchase price for the four North Carolina clinics on November 1, 2021 was as follows:

Property and equipment	$	252,631
Operating lease right-of-use asset		1,341,482
Intangible assets		1,092,341
Total assets acquired		2,686,454
Deferred revenue		(144,383)
Operating lease liability - current portion		(135,784)
Operating lease liability - net of current portion		(1,180,861)
Net purchase consideration	$	1,225,426

Intangible assets in the table above primarily consist of reacquired franchise rights of $977,244 amortized over an estimated useful life of four to nine years and customer relationships of $55,786 amortized over an estimated useful life of two years.

In 2022 and 2021, acquisition-related costs were not significant. These costs are included in general and administrative expenses on the consolidated income statements.

Note 5: Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2022	2021
Office and computer equipment	$ 5,207,833	$ 3,704,4
Leasehold improvements	17,842,901	13,457,7
Internally developed software	5,843,758	5,044,3
Finance lease assets	151,396	267,2
	29,045,888	22,473,7
Accumulated depreciation and amortization	(12,675,085)	(9,184,9
	16,370,803	13,288,8
Construction in progress	1,104,349	1,100,0
Property and Equipment, net	$ 17,475,152	$ 14,388,9

Depreciation expense was $4,092,669 and $2,329,697 for the years ended December 31, 2022 and 2021, respectively.

Amortization expense related to finance lease assets was $55,572 and $85,300 for the years ended December 31, 2022 and 2021, respectively.

Construction in progress at December 31, 2022 principally related to development and construction costs for the Company-owned or managed clinics. Construction in progress at December 31, 2021 principally relate to development costs for software used by clinics for operations and by the Company for the management of operations.

Note 6: Fair Value Consideration

The Company's financial instruments include cash, restricted cash, accounts receivable, notes receivable, accounts payable, accrued expenses and debt under the Credit Agreement. The carrying amounts of its financial instruments, excluding the debt under the Credit Agreement, approximate their fair value due to their short maturities. The carrying value of the Company's debt under the Credit Agreement approximates fair value due to its interest rate being calculated from observable quoted prices for similar instruments, which is considered a Level 2 fair value measurement.

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on reliability of the inputs as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

As of December 31, 2022 and 2021, the Company did not have any financial instruments that were measured on a recurring basis as Level 1, 2 or 3.

The Company's non-financial assets, which primarily consist of goodwill, intangible assets, property, plant and equipment, and operating lease right-of-use assets, are not required to be measured at fair value on a recurring basis, and instead are reported at their carrying amount. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying amount may not be fully recoverable (and at least annually for goodwill), non-financial assets are assessed for impairment. If the fair value is determined to be lower than the carrying amount, an impairment charge is recorded to write down the asset to its fair value, which is considered Level 3 within the fair value hierarchy.

During the years ended December 31, 2022 and 2021, certain operating lease right-of-use assets related to closed clinics with a total carrying amount of $0.2 million and $0.5 million, respectively, were written down to their respective fair value of zero and $0.4 million. Fair value of the Company's operating lease right-of-use assets was determined based on the discounted cash flows of the estimated market rents. As a result, the Company recorded a noncash impairment loss of approximately $0.2 million and $0.1 million during the years ended December 31, 2022 and 2021, respectively.

Note 7: Intangible Assets and Goodwill

During 2022, the Company recognized $6.1 million, $1.7 million, and $0.9 million of reacquired franchise rights, customer relationships, and assembled workforce, respectively, from the acquisitions (reference Note 4). Intangible assets consisted of the following:

	December 31, 2022		
		(As Restated)	
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Intangible assets subject to amortization:			
Reacquired franchise rights	$ 12,881,894	$ 4,755,286	$ 8,126,608
Customer relationships	4,330,365	2,352,500	1,977,865
Assembled workforce	959,837	136,015	823,822
	$ 18,172,096	$ 7,243,801	$ 10,928,295

	December 31, 2021		
		(As Restated)	
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Intangible assets subject to amortization:			
Reacquired franchise rights	$ 6,795,865	$ 3,153,037	$ 3,642,828
Customer relationships	2,603,006	1,587,443	1,015,563
Assembled workforce	59,311	4,939	54,372
	$ 9,458,182	$ 4,745,419	$ 4,712,763

The following is the weighted average amortization period for the Company's intangible assets (as restated):

	Amortization (Years)
Reacquired franchise rights	5.8
Customer relationships	2.6
Assembled workforce	2.0
All intangible assets	4.8

Restated amortization expense related to the Company's intangible assets was $2,498,390 and $1,506,881 for the years ended December 31, 2022 and 2021, respectively.

Estimated amortization expense for 2023 and subsequent years is as follows (as restated):

2023	$ 3,643,736
2024	2,578,510
2025	1,542,251
2026	1,225,152
2027	670,120
Thereafter	1,268,526
Total	$ 10,928,295

The changes in the carrying amount of goodwill were as follows:

	Corporate Clinic Segment
Balance as of December 31, 2021	
Goodwill, gross	$ 5,140,197
Accumulated impairment losses	(54,994)
Goodwill, net	5,085,203
2022 acquisition	3,408,204
Balance as of December 31, 2022	
Goodwill, gross	8,548,401
Accumulated impairment losses	(54,994)
Goodwill, net	$ 8,493,407

Note 8: Debt

Credit Agreement

On February 28, 2020, the Company entered into a Credit Agreement (the "Credit Agreement"), with JPMorgan Chase Bank, N.A., individually, and as Administrative Agent and Issuing Bank ("JPMorgan Chase" or the "Lender"). The Credit Agreement provided for senior secured credit facilities (the "Credit Facilities") in the amount of $7,500,000, including a $2,000,000 revolver (the "Revolver") and $5,500,000 development line of credit (the "Line of Credit"). The Revolver included amounts available for letters of credit of up to $1,000,000 and an uncommitted additional amount of $2,500,000. All outstanding principal and interest on the Revolver were due on February 28, 2022.

On February 28, 2022, the Company entered into an amendment to its Credit Facilities (as amended, the "2022 Credit Facility") with the Lender. Under the 2022 Credit Facility, the Revolver increased to $20,000,000 (from $2,000,000), the portion of the Revolver available for letters of credit increased to $5,000,000 (from $1,000,000), the uncommitted additional amount increased to $30,000,000 (from $2,500,000) and the developmental line of credit of $5,500,000 was terminated. The Revolver will be used for working capital needs, general corporate purposes and for acquisitions, development and capital improvement uses. At the option of the Company, borrowings under the 2022 Credit Facility bear interest at: (i) the adjusted Secured Overnight Financing Rate ("SOFR"), which is the daily simple SOFR, plus 0.10%, plus 1.75%, payable on the last day of the selected interest period of one, three or six months, and on the three-month anniversary of the beginning of any six-month interest period, if applicable; or (ii) an Alternative Base Rate (ABR), plus 1.00%, payable monthly. The ABR is the greatest of: (A) the prime rate (as published by the Wall Street Journal), (B) the Federal Reserve Bank of New York rate, plus 0.5%, and (C) the adjusted one-month term SOFR rate. Amounts outstanding under the Revolver on February 28, 2022 continued to bear interest at the rate selected under the Credit Facilities prior to the amendment until the last day of the interest period in effect, at which time, if not repaid, the amounts outstanding under the Revolver will bear interest at the 2022 Credit Facility rate. As a result of this refinance, $2,000,000 of current maturity of long-term debt has been reclassified to long-term as of December 31, 2021. The 2022 Credit Facility will terminate and all principal and interest will become due and payable on the fifth anniversary of the amendment (February 28, 2027).

The Credit Facilities contain customary events of default, including but not limited to nonpayment; material inaccuracy of representations and warranties; violations of covenants; certain bankruptcies and liquidations; cross-default to material indebtedness; certain material judgments; and certain fundamental changes such as a merger or sale of substantially all assets

(as further defined in the Credit Facilities). The Credit Facilities require the Company to comply with customary affirmative, negative and financial covenants, including minimum interest coverage and maximum net leverage. A breach of any of these operating or financial covenants would result in a default under the Credit Facilities. If an event of default occurs and is continuing, the lenders could elect to declare all amounts then outstanding, together with accrued interest, to be immediately due and payable. The Credit Facilities are collateralized by substantially all of the Company's assets, including the assets in the Company's company-owned or managed clinics. The Company intends to use the Revolver for general working capital needs and for acquiring and developing new chiropractic clinics. The interest rate on funds borrowed under the Revolver as of December 31, 2022 was 6.43%. As of December 31, 2022, the Company was in compliance with all applicable financial and non-financial covenants under the Credit Agreement, and $2,000,000 remains outstanding as of December 31, 2022.

In connection with the issuance of the Credit Facilities and the 2022 Credit Facility, the Company incurred debt issuance costs of $52,648 and $76,415, respectively. Interest expense and amortization expense related to debt issuance costs are being amortized to "Other expense, net" and was $129,118 and $60,178 for the years ended December 31, 2022 and 2021, respectively.

Paycheck Protection Program Loan

On April 10, 2020, the Company received a loan in the amount of approximately $2.7 million from JPMorgan Chase Bank, N.A. (the "Loan"), pursuant to the Paycheck Protection Program (the "PPP") administered by the United States Small Business Administration. The PPP is part of the Coronavirus Aid, Relief, and Economic Security Act, which provides for forgiveness of up to the full principal amount and accrued interest of qualifying loans guaranteed under the PPP. The Loan was granted pursuant to a Note dated April 9, 2020 issued by the Company. The Note had a maturity date of April 11, 2022 and bore interest at a rate of 0.98% per annum. On March 4, 2021, the Company elected to repay the full principal and accrued interest on the PPP Loan of approximately $2.7 million without prepayment penalty, in accordance with the terms of the PPP loan.

Note 9: Stock-Based Compensation

The Company grants stock-based awards under its 2014 Incentive Stock Plan (the "2014 Plan"). The shares issued as a result of stock-based compensation transactions generally have been funded with the issuance of new shares of the Company's common stock.

The Company may grant the following types of incentive awards under the 2014 Plan: (i) non-qualified stock options; (ii) incentive stock options; (iii) stock appreciation rights; (iv) restricted stock; and (v) restricted stock units. Each award granted under the 2014 Plan is subject to an award agreement that incorporates, as applicable, the exercise price, the term of the award, the periods of restriction, the number of shares to which the award pertains, and such other terms and conditions as the plan committee determines. Awards granted under the 2014 Plan are classified as equity awards, which are recorded in stockholders' equity in the Company's consolidated balance sheets. Through December 31, 2022, the Company has granted under the 2014 Plan (i) non-qualified stock options; (ii) incentive stock options; and (iii) restricted stock. There were no stock appreciation rights and restricted stock units granted under the 2014 Plan as of December 31, 2022.

Stock Options

The Company's closing price on the date of grant is the basis of fair value of its common stock used in determining the value of share-based awards. To the extent the value of the Company's share-based awards involves a measure of volatility, the Company uses available historical volatility of the Company's common stock over a period of time corresponding to the expected stock option term. The Company uses the simplified method to calculate the expected term of stock option grants to employees as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term of stock options granted to employees. Accordingly, the expected life of the options granted is based on the average of the vesting term, which is generally four years and the contractual term, which is generally ten years. The Company will continue to evaluate the appropriateness of utilizing such method. The risk-free interest rate is based on United States Treasury yields in effect at the date of grant for periods corresponding to the expected stock option term. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%.

The Company did not grant options during the year ended December 31, 2022. The Company has computed the fair value of all options granted using the Black-Scholes-Merton model during the year ended December 31, 2021, using the following assumptions:

	Year Ended December 31, 2021
Expected volatility	57%
Expected dividends	None
Expected term (years)	7
Risk-free rate	0.97% to 1.27%

The information below summarizes the stock options activity:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2020	835,601	$ 6.65	6.6	$ 16,153,117
Granted at market price	48,192	47.01		
Exercised	(260,044)	5.84		$ 15,244,054
Cancelled	(28,660)	18.17		
Outstanding at December 31, 2021	595,089	$ 9.72	5.9	$ 33,336,794
Granted at market price	—			
Exercised	(43,380)	8.86		$ 657,058
Expired	(2,795)	28.45		
Cancelled	(16,991)	24.96		
Outstanding at December 31, 2022	531,923	$ 9.20	4.7	$ 3,797,904
Exercisable at December 31, 2022	454,315	$ 6.43	4.3	$ 3,772,164
Vested and expected to vest at December 31, 2022	528,981	$ 9.07	4.7	$ 3,797,670

The weighted-average grant-date fair value of the Company's stock options granted during 2021 was $26.40.

The aggregate fair value of the Company's stock options vested during 2022 and 2021 was $631,512 and $481,404, respectively.

The Company recognizes compensation costs ratably over the period of service using the straight-line method. Forfeitures are estimated based on historical and forecasted turnover, which is approximately 5%. For the years ended December 31, 2022 and 2021, stock-based compensation expense for stock options was $515,279 and $625,291, respectively.

Unrecognized stock-based compensation expense for stock options as of December 31, 2022 was $712,933, which is expected to be recognized ratably over the next 1.9 years.

Restricted Stock

Restricted stock awards granted to employees generally vest in four equal annual installments. Restricted stock awards granted to non-employee directors vest on the earlier of (i) one year from the grant date and (ii) the date of the next annual meeting of the shareholders of the Company occurring after the date of grant.

The information below summaries the restricted stock activity:

Restricted Stock Awards	Shares	Weighted Average Grant-Date Fair Value per Award
Non-vested at December 31, 2020	45,595	$ 13.13
Granted	10,010	58.25
Vested	(26,143)	13.61
Cancelled	(1,742)	20.63
Non-vested at December 31, 2021	27,720	28.51
Granted	68,125	29.47
Vested	(17,240)	29.13
Cancelled	(8,293)	30.51
Non-vested at December 31, 2022	70,312	$ 29.05

For the years ended December 31, 2022 and 2021, stock-based compensation expense for restricted stock was $758,710 and $430,724, respectively. Unrecognized stock-based compensation expense for restricted stock awards as of December 31, 2022 was $1,492,530 to be recognized ratably over 2.8 years.

Tax Benefits

Net income for 2022 and 2021 included pre-tax expense related to stock-based compensation of $1.3 million and $1.1 million, respectively. The company recognized income tax benefits of $0.1 million and $3.3 million from the exercises of stock options and restricted stock awards for 2022 and 2021, respectively.

Note 10: Income Taxes

Income tax expense (benefit) reported in the consolidated income statements is comprised of the following:

	December 31,	
	2022	2021
	(As Restated)	*(As Restated)*
Current expense (benefit):		
Federal	$ 377,281	$ 241,243
State, net of state tax credits	132,520	27,954
Total current expense (benefit)	509,801	269,197
Deferred expense (benefit):		
Federal	(295,011)	(1,376,812)
State	(146,342)	(401,345)
Total deferred expense (benefit)	(441,353)	(1,778,157)
Total income tax expense (benefit)	$ 68,448	$ (1,508,960)

The following are the components of the Company's deferred tax assets (liabilities) for federal and state income taxes:

	December 31,	
	2022	2021
	(As Restated)	*(As Restated)*
Deferred income tax assets:		
Accrued expenses	$ 97,148	$ 938,916
Deferred revenue	5,338,821	4,546,130
Lease liability	6,582,122	5,839,233
Goodwill - component 2	72,033	53,946
Nonqualified stock options	339,075	255,921
Interest expense limitation	35,031	—
Net operating loss carryforwards	5,285,726	5,461,650
Tax credits	35,850	35,850
Intangibles	3,166,533	1,906,947
Total deferred income tax assets	20,952,339	19,038,593
Deferred income tax liabilities:		
Lease right-of-use asset	(5,694,797)	(5,022,052)
Deferred franchise costs	(100,558)	(122,431)
Goodwill - component 1	(537,421)	(405,964)
Asset basis difference related to property and equipment	(2,545,455)	(1,902,389)
Restricted stock compensation	(145,956)	(98,958)
Total deferred income tax liabilities	(9,024,187)	(7,551,794)
Valuation allowance		
Net deferred tax asset	$ 11,928,152	$ 11,486,799

Federal tax effected of these net operating losses were $4.5 million and $4.5 million as of December 31, 2022 and 2021, respectively. $11.1 million of the federal net operating loss is subject to a 20-year carryforward, with a portion beginning to expire in 2036. $10.5 million of the federal net operating loss has an indefinite carryforward period.

The Joint Corp., without its consolidated VIEs, has state tax effected net operating loss carryforwards of $0.7 million and $0.9 million as of December 31, 2022 and 2021, respectively. The determination of the state net operating loss carryforwards is dependent upon apportionment percentages and state laws that can change from year to year and impact the amount of such carryforwards. If such net operating loss carryforwards are not utilized, they will begin to expire in 2025.

The Joint Corp. has research and development credits of $14,229 that will begin to expire in 2031 and $21,621 California AMT credits that do not expire.

The following is a reconciliation of the statutory federal income tax rate applied to pre-tax accounting net income, compared to the income tax benefit in the consolidated income statements:

	For the Years Ended December 31,			
	2022		2021	
	(As Restated)		*(As Restated)*	
	Amount	Percent	Amount	Percent
Expected federal tax expense (benefit)	$ 145,982	21.0 %	$ 1,280,282	21.0 %
State tax provision (benefit), net of federal benefit	41,660	6.0 %	(332,169)	(5.5)%
Other permanent differences	15,458	2.2 %	72,794	1.2 %
Stock compensation	(91,454)	(13.2)%	(2,519,083)	(41.4)%
Change in tax rate	(64,756)	(9.3)%	—	— %
Other adjustments	21,558	3.1 %	(10,784)	(0.2)%
Expense (Benefit)	$ 68,448	9.8 %	$ (1,508,960)	(24.9)%

Changes in the Company's income tax expense (benefit) relate primarily to state taxes and stock-based compensation, as well as changes in pre-tax income during the year ended December 31, 2022, as compared to the year ended December 31, 2021. For the years ended December 31, 2022 and December 31, 2021, effective tax rates were 9.8% and (24.9)%, respectively. The difference between the statutory federal income tax rate and the Company's effective tax rate was primarily due to state taxes, stock-based compensation, and other permanent differences.

For the years ended December 31, 2022 and December 31, 2021, the Company had gross uncertain tax positions of $1.3 million and $1.3 million, respectively.

	December 31,	
	2022	2021
	(As Restated)	*(As Restated)*
Beginning balances	$ 1,314,351	$ 729,837
Increases related to tax positions taken during a prior year	—	—
Decreases related to tax positions taken during a prior year	—	—
Increases related to tax positions taken during a current year	—	584,514
Decreases related to settlements with taxing authorities	—	—
Decreases related to expiration of the statute of limitations	—	—
Ending balances	$ 1,314,351	$ 1,314,351

At December 31, 2022 and December 31, 2021, there were $19,433 and $19,433, respectively of unrecognized tax benefits that if recognized would affect the annual effective tax rate.

Interest and penalties associated with tax positions for the years ended December 31, 2022 and December 31, 2021 were $0 and $40,491, respectively and are recorded in the period assessed as general and administrative expenses. Accrued interest and penalties was $143,584 for both the years ended December 31, 2022 and December 31, 2021 and recorded as other liabilities.

With exceptions due to the generation and utilization of net operating losses or credits, as of December 31, 2022, the Company is no longer subject to federal and state examinations by taxing authorities for tax years before 2019 and 2018, respectively.

Note 11: Commitments and Contingencies

Leases

The table below summarizes the components of lease expense and income statement location for the years ended December 31, 2022 and December 31, 2021:

		Years Ended December 31,	
	Line Item in the Company's Consolidated Income Statements	2022	2021
Finance lease costs:			
Amortization of assets	Depreciation and amortization	$ 55,572	$ 85,300
Interest on lease liabilities	Other expense, net	4,516	9,012
Total finance lease costs		$ 60,088	$ 94,312
Operating lease costs	General and administrative expenses	$ 5,647,185	$ 4,590,571
Total lease costs		$ 5,707,273	$ 4,684,883

Supplemental information and balance sheet location related to leases for the years ended December 31, 2022 and December 31, 2021 was as follows:

	Years Ended December 31,	
	2022	2021
Operating Leases:		
Operating lease right-of-use asset	$ 20,587,199	$ 18,425,914
Operating lease liability, current portion	$ 5,295,830	$ 4,613,843
Operating lease liability, net of current portion	18,672,719	16,872,093
Total operating lease liability	$ 23,968,549	$ 21,485,936
Finance Leases:		
Property and equipment, at cost	$ 151,396	$ 267,252
Less accumulated amortization	(87,652)	(147,937)
Property and equipment, net	$ 63,744	$ 119,315
Finance lease liability, current portion	$ 24,433	$ 49,855
Finance lease liability, net of current portion	63,507	87,939
Total finance lease liabilities	$ 87,940	$ 137,794
Weighted average remaining lease term (in years):		
Operating leases	5.4	5.4
Finance lease	3.4	3.6
Weighted average discount rate:		
Operating leases	4.8%	4.6%
Finance leases	4.3%	4.8%

Supplemental cash flow information related to leases for the years ended December 31, 2022 and December 31, 2021 were as follows:

	Years Ended December 31,	
	2022	2021
Cash paid for amounts included in measurement of liabilities:		
Operating cash flows from operating leases	$ 5,931,114	$ 4,484,737
Operating cash flows from finance leases	4,516	9,012
Financing cash flows from finance leases	49,855	80,322
Non-cash transactions: ROU assets obtained in exchange for lease liabilities		
Operating lease	7,222,822	10,007,188
Finance lease	—	15,140

Maturities of lease liabilities as of December 31, 2022 were as follows:

	Operating Leases	Finance Lease
2023	$ 6,280,108	$ 27,600
2024	5,689,672	27,600
2025	5,084,585	27,600
2026	3,264,579	11,500
2027	2,268,960	—
Thereafter	4,561,694	—
Total lease payments	27,149,598	94,300
Less: Imputed interest	(3,181,049)	(6,360)
Total lease obligations	23,968,549	87,940
Less: Current obligations	(5,295,830)	(24,433)
Long-term lease obligation	$ 18,672,719	$ 63,507

The Company entered into various operating leases for its new corporate clinics' spaces that had not yet commenced as of the year ended December 31, 2022. These leases are expected to result in additional ROU asset and liability of approximately $1.5 million. These leases are expected to commence during the first and second quarter of 2023, with lease terms of five to ten years.

Guarantee in Connection with the Sale of the Divested Business

In connection with the sale of a company-managed clinic in 2022, the Company guaranteed one future operating lease commitment assumed by the buyers. The Company is obligated to perform under the guarantee if the buyers fail to perform under the lease agreement at any time during the remainder of the lease agreement, which expires on May 31, 2027. At the date of sale, the undiscounted maximum potential future payments totaled $247,296. As of the year ended December 31, 2022, the undiscounted remaining lease payments under the agreement totaled $234,696. The Company had not recorded a liability with respect to the guarantee obligation as of December 31, 2022, as the Company concluded that payment under the lease guarantee was not probable.

Litigation

In the normal course of business, the Company is party to litigation and claims from time to time. The Company maintains insurance to cover certain litigation and claims.

Note 12: Segment Reporting

An operating segment is defined as a component of an enterprise for which discrete financial information is available and is reviewed regularly by the Chief Operating Decision Maker ("CODM") to evaluate performance and make operating decisions. The Company has identified its CODM as the Chief Executive Officer.

The Company has two operating business segments. The Corporate Clinics segment is comprised of the operating activities of the company-owned or managed clinics. As of December 31, 2022, the Company operated or managed 126 clinics under this segment. The Franchise Operations segment is comprised of the operating activities of the franchise business unit. As of December 31, 2022, the franchise system consisted of 712 clinics in operation. Corporate is a non-operating segment that develops and implements strategic initiatives and supports the Company's two operating business segments by centralizing key administrative functions such as finance and treasury, information technology, insurance and risk management, legal and human resources. Corporate also provides the necessary administrative functions to support the Company as a publicly-traded company. A portion of the expenses incurred by Corporate are allocated to the operating segments.

The tables below present financial information for the Company's two operating business segments.

	Year Ended December 31,	
	2022 (As Restated)	2021 (As Restated)
Revenues:		
Corporate clinics	$ 59,422,294	$ 44,348,234
Franchise operations	41,830,016	35,662,779
Total revenues	$ 101,252,310	$ 80,011,013
Depreciation and amortization:		
Corporate clinics	$ 5,557,494	$ 3,279,603
Franchise operations	744,172	334,945
Corporate administration	344,956	307,339
Total depreciation and amortization	$ 6,646,622	$ 3,921,887
Segment operating income:		
Corporate clinics	$ 110,257	$ 6,599,932
Franchise operations	17,340,402	15,353,621
Unallocated corporate	(16,622,405)	(15,827,588
Total segment operating income	$ 828,254	$ 6,125,965
Reconciliation of total segment operating income to consolidated earnings before income taxes:		
Total segment operating income	$ 828,254	$ 6,125,965
Other (expense), net	(133,101)	(69,878
Income before income tax expense (benefit)	$ 695,153	$ 6,056,087

	December 31, 2022 (As Restated)	December 31, 2021 (As Restated)
Segment assets:		
Corporate clinics	$ 56,008,234	$ 40,032,2
Franchise operations	12,360,878	12,593,9
Total segment assets	$ 68,369,112	$ 52,626,1
Unallocated cash and cash equivalents and restricted cash	$ 10,550,417	$ 19,912,3
Unallocated property and equipment	915,216	857,1
Other unallocated assets	13,655,632	13,666,0
Total assets	$ 93,490,377	$ 87,061,7

"Unallocated cash and cash equivalents and restricted cash" relates primarily to corporate cash and cash equivalents and restricted cash (see Note 1), "unallocated property and equipment" relates primarily to corporate fixed assets, and "other unallocated assets" relates primarily to deposits, prepaid and other assets.

Note 13: Related Party Transaction

In December 2020, we sold two franchise licenses at $39,900 and $29,900 each (which reflects the $10,000 multi-unit discount for the second license per the Franchise Disclosure Document) to Marshall Gramm, who is a family member of the Managing Partner of Bandera Partners LLC. Bandera Partners LLC was a significant shareholder of more than 5% of our outstanding common stock (approximately 17% as of December 31, 2022). The transaction involved terms no less favorable to us than those that would have been obtained in the absence of such affiliation. Although we have no way of estimating the aggregate

amount of franchise fees, royalties, advertising fund fees, IT related income and computer software fees that Mr. Gramm will pay over the life of the franchise licenses, Mr. Gramm is subject to such fees under the same terms and conditions as all other franchisees. Mr. Gramm paid $34,262 and $11,046 in 2022 and 2021, respectively, for such royalties and other fees.

Note 14: Quarterly Financial Data (Unaudited and Restated)

The Company is providing restated quarterly and year-to-date unaudited consolidated financial information for interim periods occurring within the years ended December 31, 2022 and December 31, 2021. See Note 2, Restatement of Previously Issued Consolidated Financial Statements for further background concerning the events preceding the restatement of financial information in this Comprehensive Form 10-K/A.

The Company assessed the impact of these errors on its previously issued interim financial statements and determined them to be quantitatively and qualitatively material to interim periods for 2022 and 2021 based on its analysis of Staff Accounting Bulletin ("SAB") No. 99, "Materiality," and SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". The impact of these errors is summarized in the tables that follow.

The following table summarizes the effect of the errors on the Company's consolidated balance sheets as of March 31, 2022, June 30, 2022, and September 30, 2022:

	As Previously Reported			Adjustments			As Restated		
	March 31, 2022	June 30, 2022	September 30, 2022	March 31, 2022	June 30, 2022	September 30, 2022	March 31, 2022	June 30, 2022	September 30, 2022
Intangible assets, net	$ 4,829,941	$ 9,114,701	$10,162,506	$ (552,911)	$(2,356,584)	$(2,124,740)	$ 4,277,030	$ 6,758,117	$ 8,037,766
Deferred tax assets	9,205,410	9,116,248	9,115,231	2,493,018	3,202,634	3,333,327	11,698,428	12,318,882	12,448,558
Total assets	85,062,449	86,235,794	88,291,398	1,940,107	846,050	1,208,587	87,002,556	87,081,844	89,499,985
Current liabilities:									
Deferred franchise and regional development fee revenue, current portion	3,130,856	2,981,534	2,974,993	(3,130,856)	(2,981,534)	(2,974,993)	—	—	—
Deferred franchise fee revenue, current portion	—	—	—	2,408,266	2,393,993	2,410,951	2,408,266	2,393,993	2,410,951
Upfront regional developer fees, current portion	—	—	—	722,590	587,541	564,042	722,590	587,541	564,042
Other current liabilities	541,250	558,250	522,500	24,511	49,022	73,533	565,761	607,272	596,033
Total current liabilities	20,624,047	20,238,810	21,637,706	24,511	49,022	73,533	20,648,558	20,287,832	21,711,239
Deferred franchise and regional development fee revenue, net of current portion	15,410,136	15,447,554	15,604,180	(15,410,136)	(15,447,554)	(15,604,180)	—	—	—
Deferred franchise fee revenue, net of current portion	—	—	—	13,154,047	13,584,091	13,870,401	13,154,047	13,584,091	13,870,401
Upfront regional developer fees, net of current portion	—	—	—	2,256,089	1,863,463	1,733,779	2,256,089	1,863,463	1,733,779
Other liabilities	27,230	27,230	27,230	966,523	1,064,565	1,162,607	993,753	1,091,795	1,189,837
Total liabilities	55,328,037	55,752,399	56,765,925	991,034	1,113,587	1,236,140	56,319,071	56,865,986	58,002,065
Accumulated deficit	(13,724,938)	(13,380,196)	(12,889,083)	949,073	(267,537)	(27,553)	(12,775,865)	(13,647,733)	(12,916,636)
Total The Joint Corp. stockholders' equity	29,709,412	30,458,395	31,500,473	949,073	(267,537)	(27,553)	30,658,485	30,190,858	31,472,920
Total equity	29,734,412	30,483,395	31,525,473	949,073	(267,537)	(27,553)	30,683,485	30,215,858	31,497,920
Total liabilities and stockholders' equity	85,062,449	86,235,794	88,291,398	1,940,107	846,050	1,208,587	87,002,556	87,081,844	89,499,985

The following table summarizes the effect of the errors on the Company's consolidated income statements for the three-month periods ended March 31, 2022 (Q1), June 30, 2022 (Q2), and September 30, 2022 (Q3):

	As Previously Reported			Adjustments			As Restated		
	Q1'22	Q2'22	Q3'22	Q1'22	Q2'22	Q3'22	Q1'22	Q2'22	Q3'22
Revenues:									
Regional developer fees	$ 201,787	$ 169,953	$ 153,181	$(201,787)	$ (169,953)	$(153,181)	$ —	$ —	$ —
Total revenues	22,438,538	25,057,318	26,603,000	(201,787)	(169,953)	(153,181)	22,236,751	24,887,365	26,449,819
Cost of revenues:									
Franchise and regional developer cost of revenues	2,002,813	2,074,889	2,141,945	(201,787)	(169,953)	(153,181)	1,801,026	1,904,936	1,988,764
Total cost of revenues	2,312,771	2,427,045	2,490,276	(201,787)	(169,953)	(153,181)	2,110,984	2,257,092	2,337,095
Depreciation and amortization	1,629,176	1,700,476	2,011,768	(292,520)	(238,606)	(231,844)	1,336,656	1,461,870	1,779,924
General and administrative expenses	15,378,623	16,528,022	17,796,806	154,803	2,042,279	—	15,533,426	18,570,301	17,796,806
Total selling, general and administrative expenses	20,295,287	22,068,222	23,347,861	(137,717)	1,803,673	(231,844)	20,157,570	23,871,895	23,116,017
Income from operations	(176,426)	473,207	500,472	137,717	(1,803,673)	231,844	(38,709)	(1,330,466)	732,316
Income before income tax expense (benefit)	(192,573)	453,921	475,237	137,717	(1,803,673)	231,844	(54,856)	(1,349,752)	707,081
Income tax expense (benefit)	13,224	109,179	(15,876)	(72,300)	(587,064)	(8,139)	(59,076)	(477,885)	(24,015)
Net income (loss)	(205,797)	344,742	491,113	210,017	(1,216,609)	239,983	4,220	(871,867)	731,096
Earnings per share:									
Basic earnings (loss) per share	$ (0.01)	$ 0.02	$ 0.03	$ 0.01	$ (0.08)	$ 0.02	$ —	$ (0.06)	$ 0.05
Diluted earnings (loss) per share	$ (0.01)	$ 0.02	$ 0.03	$ 0.01	$ (0.08)	$ 0.02	$ —	$ (0.06)	$ 0.05

The following table summarizes the effect of the errors on the Company's consolidated income statements for the six-month period ended June 30, 2022 and the nine-month period ended September 30, 2022:

	As Previously Reported		Adjustments		As Restated	
	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022
Revenues:						
Regional developer fees	$ 371,740	$ 524,923	$ (371,740)	$ (524,923)	$ —	$ —
Total revenues	47,495,856	74,098,856	(371,740)	(524,923)	47,124,116	73,573,933
Cost of revenues:						
Franchise and regional developer cost of revenues	4,077,701	6,219,646	(371,740)	(524,923)	3,705,961	5,694,723
Total cost of revenues	4,739,816	7,230,092	(371,740)	(524,923)	4,368,076	6,705,169
Depreciation and amortization	3,329,653	5,341,420	(531,126)	(762,970)	2,798,527	4,578,450
General and administrative expenses	31,906,644	49,703,451	2,197,082	2,197,082	34,103,726	51,900,533
Total selling, general and administrative expenses	42,363,509	65,711,371	1,665,956	1,434,112	44,029,465	67,145,483
Income from operations	296,782	797,253	(1,665,956)	(1,434,112)	(1,369,174)	(636,859)
Income before income tax expense (benefit)	261,348	736,585	(1,665,956)	(1,434,112)	(1,404,608)	(697,527)
Income tax expense (benefit)	122,403	106,527	(659,363)	(667,503)	(536,960)	(560,976)
Net income (loss)	138,945	630,058	(1,006,593)	(766,609)	(867,648)	(136,551)
Earnings per share:						
Basic earnings (loss) per share	$ 0.01	$ 0.04	$ (0.07)	$ (0.05)	$ (0.06)	$ (0.01)
Diluted earnings (loss) per share	$ 0.01	$ 0.04	$ (0.07)	$ (0.05)	$ (0.06)	$ (0.01)

The following table summarizes the effect of the errors on the Company's consolidated statements of stockholders' equity for the first through third fiscal quarters of 2022:

	Accumulated Deficit	Total The Joint Corp. stockholder's equity	Total Equity
Balances, December 31, 2021 (as previously reported)	$ (13,519,142)	$ 29,544,627	$ 29,569,627
Adjustment due to cumulative error correction	739,057	739,057	739,057
12/31/2021 (as restated)	$ (12,780,085)	$ 30,283,684	$ 30,308,684
Balances, March 31, 2022 (as previously reported)	$ (13,724,938)	$ 29,709,412	$ 29,734,412
Adjustment due to cumulative error correction	949,073	949,073	949,073
Balances, March 31, 2022 (as restated)	$ (12,775,865)	$ 30,658,485	$ 30,683,485
Balances, June 30, 2022 (as previously reported)	$ (13,380,196)	$ 30,458,395	$ 30,483,395
Adjustment due to cumulative error correction	(267,537)	(267,537)	(267,537)
Balances, June 30, 2022 (as restated)	$ (13,647,733)	$ 30,190,858	$ 30,215,858
Balances, September 30, 2022 (as previously reported)	$ (12,889,083)	$ 31,500,473	$ 31,525,473
Adjustment due to cumulative error correction	(27,553)	(27,553)	(27,553)
Balances, September 30, 2022 (as restated)	$ (12,916,636)	$ 31,472,920	$ 31,497,920

The following table summarizes the effect of the errors on the Company's consolidated statements of cash flows for the three-month period ended March 31, 2022, the six-month period ended June 30, 2022, and the nine-month period ended September 30, 2022:

	As Previously Reported			Adjustments			As Restated		
	Three Months Ended March, 31, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022	Three Months Ended March, 31, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022	Three Months Ended March, 31, 2022	Six Months Ended June 30, 2022	Nine Months Ended September 30, 2022
Cash flows from operating activities:									
Net income (loss)	$ (205,797)	$ 138,945	$ 630,058	210,017	(1,006,593)	(766,609)	$ 4,220	$ (867,648)	$ (136,551)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:									
Depreciation and amortization	1,629,176	3,329,653	5,341,420	(292,520)	(531,126)	(762,970)	1,336,656	2,798,527	4,578,450
Deferred income taxes	(16,776)	72,386	73,403	(194,853)	(904,469)	(1,035,162)	(211,629)	(832,083)	(961,759)
Changes in operating assets and liabilities:									
Upfront regional developer fees	—	—	—	(296,983)	(824,658)	(977,841)	(296,983)	(824,658)	(977,841)
Deferred revenue	296,487	492,473	636,470	201,786	371,740	524,923	498,273	864,213	1,161,393
Other liabilities	280,162	404,329	360,790	122,553	245,106	367,659	402,715	649,435	728,449
Net cash provided by (used in) operating activities	447,878	1,465,160	5,682,415	(250,000)	(2,650,000)	(2,650,000)	197,878	(1,184,840)	3,032,415
Cash flows from investing activities:									
Reacquisition and termination of regional developer rights	(250,000)	(2,650,000)	(2,650,000)	250,000	2,650,000	2,650,000	—	—	—
Net cash used in investing activities	(1,539,943)	(11,414,961)	(14,938,929)	250,000	2,650,000	2,650,000	(1,289,943)	(8,764,961)	(12,288,929)
Decrease in cash	(1,066,427)	(9,876,748)	(8,944,196)	—	—	—	(1,066,427)	(9,876,748)	(8,944,196)

The following table summarizes the effect of the errors on the Company's consolidated balance sheets as of March 31, 2021, June 30, 2021, and September 30, 2021:

	As Previously Reported			Adjustments			As Restated		
	March 31, 2021	June 30, 2021	September 30, 2021	March 31, 2021	June 30, 2021	September 30, 2021	March 31, 2021	June 30, 2021	September 30, 2021
Intangible assets, net	$ 3,444,538	$ 6,176,429	$ 5,280,024	$(2,315,922)	$(1,774,158)	$(1,232,393)	$ 1,128,616	$ 4,402,271	$ 4,047,631
Deferred tax assets	8,360,245	9,322,066	9,850,676	2,092,559	2,040,446	1,894,666	10,452,804	11,362,512	11,745,342
Total assets	67,054,083	78,211,226	81,044,983	(223,364)	266,288	662,273	66,830,719	78,477,514	81,707,256
Current liabilities:									
Deferred franchise and regional development fee revenue, current portion	3,045,868	3,162,710	3,198,750	(3,045,868)	(3,162,710)	(3,198,750)	—	—	—
Deferred franchise fee revenue, current portion	—	—	—	2,229,101	2,347,990	2,405,300	2,229,101	2,347,990	2,405,300
Upfront regional developer fees, current portion	—	—	—	816,767	814,720	793,450	816,767	814,720	793,450
Other current liabilities	707,763	551,035	404,901	—	—	—	707,763	551,035	404,901
Total current liabilities	17,414,714	21,778,714	20,934,744	—	—	—	17,414,714	21,778,714	20,934,744
Deferred franchise and regional development fee revenue, net of current portion	13,560,449	14,708,216	15,349,878	(13,560,449)	(14,708,216)	(15,349,878)	—	—	—
Deferred franchise fee revenue, net of current portion	—	—	—	10,672,244	11,887,275	12,671,068	10,672,244	11,887,275	12,671,068
Upfront regional developer fees, net of current portion	—	—	—	2,888,205	2,820,941	2,678,810	2,888,205	2,820,941	2,678,810
Other liabilities	27,230	27,230	27,231	601,690	690,621	779,551	628,920	717,851	806,782
Total liabilities	43,364,021	50,911,850	51,383,166	601,690	690,621	779,551	43,965,711	51,602,471	52,162,717
Accumulated deficit	(17,780,218)	(15,096,255)	(13,184,061)	(825,054)	(424,333)	(117,278)	(18,605,272)	(15,520,588)	(13,301,339)
Total The Joint Corp. stockholders' equity	23,689,962	27,299,276	29,636,817	(825,054)	(424,333)	(117,278)	22,864,908	26,874,943	29,519,539
Total equity	23,690,062	27,299,376	29,661,817	(825,054)	(424,333)	(117,278)	22,865,008	26,875,043	29,544,539
Total liabilities and stockholders' equity	67,054,083	78,211,226	81,044,983	(223,364)	266,288	662,273	66,830,719	78,477,514	81,707,256

The following table summarizes the effect of the errors on the Company's consolidated income statements for the three-month periods ended March 31, 2021, June 30, 2021, and September 30, 2021:

	As Previously Reported			Adjustments			As Restated		
	Q1'21	Q2'21	Q3'21	Q1'21	Q2'21	Q3'21	Q1'21	Q2'21	Q3'21
Revenues:									
Regional developer fees	$ 217,956	$ 214,434	$ 209,651	$(217,956)	$(214,434)	$(209,651)	$ —	$ —	$ —
Total revenues	17,547,965	20,218,798	20,991,621	(217,956)	(214,434)	(209,651)	17,330,009	20,004,364	20,781,970
Cost of revenues:									
Franchise and regional developer cost of revenues	1,624,572	1,786,833	1,907,874	(217,956)	(214,434)	(209,651)	1,406,616	1,572,399	1,698,223
Total cost of revenues	1,765,317	2,038,538	2,300,122	(217,956)	(214,434)	(209,651)	1,547,361	1,824,104	2,090,471
Depreciation and amortization	1,169,866	1,443,018	1,662,255	(541,765)	(541,765)	(541,764)	628,101	901,253	1,120,491
General and administrative expenses	10,087,060	11,614,444	12,812,331	1,363,144	10,123	10,123	11,450,204	11,624,567	12,822,454
Total selling, general and administrative expenses	13,746,205	16,190,177	17,356,161	821,379	(531,642)	(531,641)	14,567,584	15,658,535	16,824,520
Income from operations	1,971,676	2,034,343	1,338,878	(821,379)	531,642	531,641	1,150,297	2,565,985	1,870,519
Income before income tax expense (benefit)	1,950,139	2,017,970	1,322,739	(821,379)	531,642	531,641	1,128,760	2,549,612	1,854,380
Income tax expense (benefit)	(364,148)	(665,992)	(614,356)	(246,546)	130,920	224,587	(610,694)	(535,072)	(389,769)
Net income	2,314,287	2,683,962	1,937,095	(574,833)	400,722	307,054	1,739,454	3,084,684	2,244,149
Earnings per share:									
Basic earnings per share	$ 0.16	$ 0.19	$ 0.13	$ (0.04)	$ 0.03	$ 0.03	$ 0.12	$ 0.22	$ 0.16
Diluted earnings per share	$ 0.16	$ 0.18	$ 0.13	$ (0.04)	$ 0.03	$ 0.02	$ 0.12	$ 0.21	$ 0.15

The following table summarizes the effect of the errors on the Company's consolidated income statements for the six-month period ended June 30, 2021 and the nine-month period ended September 30, 2021:

	As Previously Reported		Adjustments		As Restated	
	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021
Revenues:						
Regional developer fees	$ 432,390	$ 642,041	$ (432,390)	$ (642,041)	$ —	$ —
Total revenues	37,766,762	58,758,383	(432,390)	(642,041)	37,334,372	58,116,342
Cost of revenues:						
Franchise and regional developer cost of revenues	3,411,404	5,319,278	(432,390)	(642,041)	2,979,014	4,677,237
Total cost of revenues	3,803,854	6,103,976	(432,390)	(642,041)	3,371,464	5,461,935
Depreciation and amortization	2,612,884	4,275,140	(1,083,530)	(1,625,295)	1,529,354	2,649,845
General and administrative expenses	21,701,047	34,513,378	1,373,267	1,383,389	23,074,314	35,896,767
Total selling, general and administrative expenses	29,935,974	47,292,135	289,737	(241,906)	30,225,711	47,050,229
Income from operations	4,006,426	5,345,305	(289,737)	241,906	3,716,689	5,587,211
Income before income tax expense (benefit)	3,968,517	5,291,255	(289,737)	241,906	3,678,780	5,533,161
Income tax expense (benefit)	(1,030,140)	(1,644,496)	(115,626)	108,961	(1,145,766)	(1,535,535)
Net income	4,998,657	6,935,751	(174,111)	132,945	4,824,546	7,068,696
Earnings per share:						
Basic earnings per share	$ 0.35	$ 0.49	$ (0.01)	$ —	$ 0.34	$ 0.49
Diluted earnings per share	$ 0.34	$ 0.46	$ (0.02)	$ 0.01	$ 0.32	$ 0.47

The following table summarizes the effect of the errors on the Company's consolidated statements of stockholders' equity for the first through third fiscal quarters of 2021:

	Accumulated Deficit	Total The Joint Corp. stockholder's equity	Total Equity
Balances, December 31, 2020 (as previously reported)	$ (20,094,912)	$ 21,126,152	$ 21,126,252
Adjustment due to cumulative error correction	(250,220)	(250,220)	(250,220)
Balances, December 31, 2020 (as restated)	$ (20,345,132)	$ 20,875,932	$ 20,876,032
Balances, March 31, 2021 (as previously reported)	$ (17,780,218)	$ 23,689,962	$ 23,690,062
Adjustment due to cumulative error correction	(825,054)	(825,054)	(825,054)
Balances, March 31, 2021 (as restated)	$ (18,605,272)	$ 22,864,908	$ 22,865,008
Balances, June 30, 2021 (as previously reported)	$ (15,096,255)	$ 27,299,276	$ 27,299,376
Adjustment due to cumulative error correction	(424,333)	(424,333)	(424,333)
Balances, June 30, 2021 (as restated)	$ (15,520,588)	$ 26,874,943	$ 26,875,043
Balances, September 30, 2021 (as previously reported)	$ (13,184,061)	$ 29,636,817	$ 29,661,817
Adjustment due to cumulative error correction	(117,278)	(117,278)	(117,278)
Balances, September 30, 2021 (as restated)	$ (13,301,339)	$ 29,519,539	$ 29,544,539

The following table summarizes the effect of the errors on the Company's consolidated statements of cash flows for the three-month period ended March 31, 2021, the six-month period ended June 30, 2021, and the nine-month period ended September 30, 2021:

	As Previously Reported			Adjustments			As Restated		
	Three Months Ended March, 31, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021	Three Months Ended March, 31, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021	Three Months Ended March, 31, 2021	Six Months Ended June 30, 2021	Nine Months Ended September 30, 2021
Cash flows from operating activities:									
Net income	$2,314,287	$4,998,657	$ 6,935,751	$ (574,833)	$ (174,111)	$ 132,945	$1,739,454	$4,824,546	$7,068,696
Adjustments to reconcile net income to net cash provided by operating activities:									
Depreciation and amortization	1,169,866	2,612,884	4,275,140	(541,765)	(1,083,530)	(1,625,295)	628,101	1,529,354	2,649,845
Deferred income taxes	(418,810)	(1,380,631)	(1,909,241)	(325,352)	(273,239)	(127,459)	(744,162)	(1,653,870)	(2,036,700)
Changes in operating assets and liabilities:									
Upfront regional developer fees	—	—	—	(143,634)	(212,945)	(376,346)	(143,634)	(212,945)	(376,346)
Deferred revenue	329,383	1,757,294	2,410,202	107,955	177,266	340,666	437,338	1,934,560	2,750,868
Other liabilities	235,116	565,779	852,924	88,929	177,859	266,789	324,045	743,638	1,119,713
Net cash provided by operating activities	2,271,448	9,014,529	12,451,587	(1,388,700)	(1,388,700)	(1,388,700)	882,748	7,625,829	11,062,887
Cash flows from investing activities:									
Reacquisition and termination of regional developer rights	(1,388,700)	(1,388,700)	(1,388,700)	1,388,700	1,388,700	1,388,700	—	—	—
Net cash used in investing activities	(2,340,341)	(8,877,659)	(11,264,585)	1,388,700	1,388,700	1,388,700	(951,641)	(7,488,959)	(9,875,885)
Decrease in cash	(2,812,479)	(1,985,284)	(827,347)	—	—	—	(2,812,479)	(1,985,284)	(827,347)

Note 15: Subsequent Events

The employee retention credit ("ERC"), as originally enacted through the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") on March 27, 2020, is a refundable credit against certain employment taxes equal to 50% of the qualified wages an eligible employer paid to employees from March 17, 2020 to December 31, 2020. The Disaster Tax Relief Act, enacted on December 27, 2020, extended the employee retention credit for qualified wages paid from January 1, 2021 to June 30, 2021, and the credit was increased to 70% of qualified wages an eligible employer paid to employees during the extended period. The American Rescue Plan Act of 2021, enacted on March 11, 2021, further extended the employee retention credit through December 31, 2021.

In October 2022, the Company filed an application with the IRS for the ERC. Employers are eligible for the credit if they experienced full or partial suspension or modification of operations during any calendar quarter because of governmental orders due to the pandemic or a significant decline in gross receipts based on a comparison of quarterly revenue results for 2020 and/or 2021 with the comparable quarter in 2019. The Company's ERC application was equal to 70% of qualified wages paid to employees during the period from January 1, 2021 to June 30, 2021 for a maximum quarterly credit of $7,000 per employee. In March 2023, the Company received notice from the IRS related to the overpayment of Federal Employment Tax plus interest in the amount of $4.8 million related to the ERC application. The $4.8 million ERC is subject to a 20% consulting fee. The Company's eligibility remains subject to audit by the IRS for a period of five years.

EXHIBIT "H"

TO DISCLOSURE DOCUMENT

OTHER AGREEMENTS

EXHIBIT "H"-1

STATE ADDENDA

[See Attached]

STATE ADDENDA AND AMENDMENTS TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES

BACKGROUND AND PURPOSE

The following modifications are made to the THE JOINT® Franchise Disclosure Document ("FDD" or "Disclosure Document") issued by The Joint Corp. ("we" or "us" or "franchisor") to franchisee ("you" or "franchisee") and may supersede certain portions of the Franchise Agreement between you and us dated _____, 202__ (the "Franchise Agreement"). When the term "Supplemental Agreements" is used, it means any area development agreement, area representative agreement, master franchise agreement, or similar agreement entered into between us and you, if applicable.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement, Supplemental Agreements and other documents related to the sale of a franchise. This State-Specific Addendum ("State Addendum") will modify these agreements to comply with the applicable state's laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum (but only the State Addendum for the applicable State) will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements. If you sign this State Addendum, only the terms applicable to the state or states whose franchise laws apply to your transaction will govern. If you sign this State Addendum, but none of the state franchise laws listed above applies because their jurisdictional requirements have not been met, then this State Addendum will be void and inapplicable to you.

CALIFORNIA

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.

2. 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.

3. 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.

4. 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 or Supplemental Agreement restricting venue to a forum outside the State of California.

5. The Franchise Agreement and Supplemental Agreements require application of the laws of Arizona. This provision may not be enforceable under California law.

6. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

7. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

8. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.

9. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

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

11. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT https://dfpi.ca.gov/.

HAWAII

1. The following is added to the Cover Page:

   THIS FRANCHISE WILL BE/HAS 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 IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

   THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

   THIS FRANCHISE 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 US AND YOU.

2. Our registered agent in the state authorized to receive service of process:

   Commissioner of Securities of the State of Hawaii
   Department of Commerce and Consumer Affairs
   Business Registration Division
   335 Merchant Street, Room 203
   Honolulu, Hawaii 96813

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".

4. The states in which this filing is or will be shortly on file include the following: California, Hawaii, Illinois, Indiana, Maryland, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: None.

6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: None.

7. The states, if any, in which the filing of these franchises has been withdrawn include the following: None.

ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.

2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois.

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

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.

INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement and Supplemental Agreements are amended as follows:

1. The laws of the State of Indiana supersede any provisions of the Disclosure Document, Franchise Agreement and Supplemental Agreements if such provisions are in conflict with Indiana law.

2. The Franchise Agreement and Supplemental Agreements are amended to provide that such agreements will be construed in accordance with the laws of the State of Indiana.

3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement and Supplemental Agreement issued in the State of Indiana.

4. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement or Supplemental Agreement (as applicable), shall supersede the provisions of the Franchise Agreement or Supplemental Agreement (as applicable) in the State of Indiana to the extent they may be inconsistent with such prohibition.

5. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1(9).

6. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

   > Notwithstanding any such termination, and in addition to the obligations of the franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the franchisee nevertheless shall be, continue and remain liable to franchisor for any and all damages which franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the franchisee for the unexpired Term of the Franchise Agreement.
   >
   > At the time of such termination of the Franchise Agreement, the franchisee covenants to pay to franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the franchisee's right to a trial on any of the above matters.

7. No release language set forth in the Disclosure Document or Franchise Agreement or Supplemental Agreement shall relieve franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana. Any provision in the Franchise Agreement or Supplemental Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.

MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the "Maryland Franchise Law"), the Disclosure Document is amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

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

    b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

    d. In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.

    e. The Franchise Agreement and Supplemental Agreements provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

2. The Franchise Disclosure Questionnaire, which is attached as an Exhibit to the Disclosure Document, is amended as follows:

    All representations requiring prospective franchisees to assent to the 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.

    In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement and Supplemental Agreements are amended to add the following:

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

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

5. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.

6. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.

7. Nothing in the Franchise Agreement, Supplemental Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

8. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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.

MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any document relating to a franchise:

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives 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 such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 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 advance notice of franchisor's intent not to renew the franchise.

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

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

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

(v) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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

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

(viii) 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.

2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

3. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of your rights as provided for in Minnesota Statues, chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond if required.

4. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.

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

NEW YORK

In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§680 through 695, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. The following information is added to the cover page of the Disclosure Document:

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR 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 ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. 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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT..

2. The following is added at the end of Item 3 of the Disclosure Document:

   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 5 of the Disclosure Document:

   The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

4. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

   However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

5. The following language replaces the "Summary" section of Item 17(d) of the Disclosure Document, titled "Termination by franchisee":

   You may terminate the agreement on any grounds available by law.

6. The following is added to the end of the "Summary" sections of Item 17(v) of the Disclosure Document, titled "Choice of forum", and Item 17(w) of the Disclosure Document, 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.

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

8. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship..

NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the "North Dakota Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statue, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.

2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee's business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.

3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.

10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.

RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act (the "Rhode Island Franchise Law"), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Rhode Island Franchise Law. This provision does not apply to the settlement of disputes, claims, or civil lawsuits brought under the Rhode Island Franchise Law.

2. Section 19-28.1-14 of the Rhode Island Franchise Law provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." If a claim is enforceable under the Rhode Island Franchise Law, we will not restrict jurisdiction or venue to a forum outside the State of Rhode Island or require the application of the laws of another state.

3. We will not prohibit you from joining a trade association or association of franchisees. We will not retaliate against you for engaging in these activities.

4. Any provision in the Franchise Agreement that limits the time period in which you may assert a legal claim against us under the Rhode Island Franchise Law is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Rhode Island Franchise Law. Notwithstanding the foregoing, if a rescission offer has been approved by the Rhode Island director of business registration, then the statute of limitations is ninety (90) days after your receipt of the rescission offer.

VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 17 of the Disclosure Document is amended to add the following:

   Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

   Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the applicable agreement.

2. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.

3. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.

4. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.

5. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

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

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

3. 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 the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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 the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

8. On October 28, 2019, franchisor entered into an Assurance of Discontinuance ("AOD") with the Washington Attorney General's office ("AGO"). Under the AOD, the franchisor agreed to permanently discontinue the use of and to no longer enforce "no-poach" language in franchisor's agreements which restricted the ability of franchisees to hire the employees from competing franchisees and from franchisor's corporate locations. Franchisor further agreed to notify the AGO of any efforts by a franchisee in Washington to enforce any existing "no-poach" provision, to proactively remove "no-poach" language

from each Washington franchisee's franchise agreement and to remove "no-poach" language from all other The Joint franchise agreements upon renewal.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement and Supplement Agreements (if applicable) if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

(Signatures on following page)

APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states ("**Addenda**") is checked as an "Applicable Addenda" below, then that Applicable Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreements (if applicable) and any other specified agreement(s) entered into by us and the undersigned franchisee. To the extent any terms of an applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement, Supplemental Agreement (if applicable) and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement. We are responsible for checking the appropriate box or boxes below.

☐ California	☐ Michigan	☐ South Dakota
☐ Hawaii	☐ Minnesota	☐ Virginia
☐ Illinois	☐ New York	☐ Washington
☐ Indiana	☐ North Dakota	☐ Wisconsin
☐ Maryland	☐ Rhode Island	

Dated: _____, 202____

FRANCHISOR:

The Joint Corp.

By:_____
Name:_____
Title:_____

FRANCHISEE:

[_____]

By:_____
Name:_____
Title:_____

EXHIBIT "H"-2

MANAGED CLINIC ADDENDUM

[See Attached]

MANAGED CLINIC ADDENDUM

This Managed Clinic Addendum (this "Addendum") is entered into as of _____, 202__ (the "Effective Date") between The Joint Corp., a Delaware corporation ("we" or "us") and _____, a(n) _____ ("you" and, together with us, the "Parties").

BACKGROUND RECITALS

A. Concurrently with the execution of this Addendum, the Parties are entering into a The Joint Franchise Agreement (the "Franchise Agreement") for the development and operation of a Clinic (your "Clinic").

B. Your Clinic is located in a state that adheres to a corporate practice of medicine doctrine that applies to chiropractic clinics ("CPOM").

C. The CPOM applicable in your state makes it unlawful for you to own and operate the Clinic because you are neither a licensed chiropractor nor a Chiropractic PC. Because of these restrictions, you must acquire franchise rights for a Managed Clinic.

D. Our standard form of Franchise Agreement assumes the franchisee is a licensed chiropractor or Chiropractic PC who may lawfully develop, own and operate a Franchised Clinic.

E. The Parties now desire to enter into this Addendum to amend certain provisions within the Franchise Agreement to reflect the fact you are acquiring a Managed Clinic rather than a Franchised Clinic.

F. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend and supplement the Franchise Agreement in accordance with the terms and conditions set forth below.

AGREEMENT

1. DEFINITIONS. Capitalized terms used in this Addendum have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement.

"*Acceptance and Acknowledgment Agreement*" means the Acceptance and Acknowledgment Agreement attached hereto as Attachment A that must be signed in accordance with §3.2 of this Addendum.

"*Addendum*" is defined in the Introductory Paragraph.

"*Clinic*" is defined in the Background Recitals.

"*Clinic Operator*" means the Chiropractic PC you designate in accordance with §3.1 of this Addendum that will own and operate the Clinic and enter into a Management Agreement with you.

"*CPOM*" is defined in the Background Recitals.

"*Effective Date*" is defined in the Introductory Paragraph.

"*Franchise Agreement*" is defined in the Background Recitals.

"*Management Fees*" means all compensation, monetary or otherwise, that Clinic Operator pays to you or your staff in connection with the Management Agreement, the Management Services or the Clinic.

"*Management Services*" means the non-medical management and administrative services and support you provide for the benefit of Clinic Operator pursuant to the Management Agreement. Management Services may include, among other things, assistance with: site selection; managing the design and construction process and coordinating with architects, contractors and other professionals; negotiating contracts and managing supplier relationships; procurement and installation of signage, furniture, fixtures, technology systems, equipment, operating supplies and other goods and services; configuration of technology systems and training staff regarding use of same; staff recruitment; obtaining licenses, permits and credentialing reports; payroll services; human resource matters; selection and procurement of insurance; billing and collection services; patient scheduling services; preparation and maintenance of patient records and files; financial management, budgeting, bookkeeping and accounting services; preparing financial and operational reports; filing annual reports and tax documents; advertising and marketing;

management of inbound and outbound sales processes; patient retention and communications; and facility maintenance, janitorial, sanitation and cleaning services. For purposes of clarity, Management Services shall not include Chiropractic Services or any other services that interfere with the Professional Judgment of Clinic Operator or the Chiropractic Staff.

"*Operational Data*" means and includes all data and information pertaining to the operation of (a) the chiropractic practice and other business that Clinic Operator conducts at the Clinic and (b) the franchised business you conduct at the Clinic pursuant to the Franchise Agreement and this Addendum, including employee data (including data pertaining to Chiropractic Staff members), expense data, financial accounting data and sales data. The foregoing definition of "Operational Data" shall be substituted in place of the definition of Operational Data contained in the Franchise Agreement.

"*Parties*" is defined in the Introductory Paragraph.

"*PC Revenue*" means the sum of all revenue and receipts derived from or invoiced in connection with the operation of the Clinic that are paid to (or are paid on behalf of or for the benefit of) Clinic Operator or any Chiropractic Staff employed or engaged by Clinic Operator, whether in the form of cash, check, credit card, debit card, barter, exchange or other credit transaction, including amounts invoiced but not collected. PC Revenue excludes any amounts that are paid to (or are paid on behalf of or for the benefit of) Clinic Operator if those amounts are subsequently paid to you or your staff as Management Fees.

"*Professional Judgment*" is defined in the Franchise Agreement; *provided, however*, that for purposes of this Addendum and the Franchise Agreement, Professional Judgment shall not be limited to the Professional Judgment of the Chiropractic Staff but will also be deemed to refer to the Professional Judgment exercised by Clinic Operator.

"*We*" or "*us*" is defined in the Introductory Paragraph.

"*You*" is defined in the Introductory Paragraph.

2. OPERATION OF A MANAGED CLINIC. The Parties hereby acknowledge and affirm that the Franchise Agreement grants you franchise rights for a Managed Clinic rather than a Franchised Clinic. Accordingly, you will not own or operate the Clinic. Instead, Clinic Operator will own and operate the Clinic and you will manage the Clinic by providing Management Services in accordance with the Franchise Agreement, this Addendum, the Management Agreement and the Manual. For purposes of this Addendum, "ownership of the Clinic" refers to ownership of the chiropractic practice conducted from the Clinic and does not necessarily refer to ownership of the premises or any of the furniture, fixtures, equipment or other assets located within or utilized at the Clinic. You must perform all Management Services required by the Manual in strict compliance with all applicable standards, specifications, policies, procedures and other requirements in the Manual and in accordance with our System.

3. ESTABLISHING RELATIONSHIP WITH CLINIC OPERATOR.

3.1. Selection of Clinic Operator. You must identify and appoint a Chiropractic PC (the "Clinic Operator") that is licensed and authorized to own and operate a Clinic, provide Chiropractic Services and employ Chiropractic Staff, in accordance with the CPOM and other Healthcare Laws applicable in the state in which your Clinic is or will be located. You are solely responsible for locating a suitable Chiropractic PC to serve as Clinic Operator. You must provide us with the name and all information we reasonably request regarding the Clinic Operator and its owners and Chiropractic Staff. Your appointment of the Clinic Operator, and the Clinic Operator's acceptance of the appointment, shall be evidenced by execution of the Acceptance and Acknowledgment Agreement by us, you and Clinic Operator.

3.2. Acceptance and Acknowledgment Agreement. You must sign (and cause Clinic Operator to sign) the Acceptance and Acknowledgement Agreement and the Management Agreement prior to the Clinic's opening date. Your failure to do so shall constitute a material event of default under the Franchise Agreement. Clinic Operator shall have no right or license to use any of the Intellectual Property except as otherwise provided in the Acceptance and Acknowledgment Agreement.

3.3. Management Agreement. Your Healthcare Counsel must prepare a Management Agreement that

is signed by you and Clinic Operator. The Management Agreement must satisfy all criteria and requirements described in this Section. The Management Agreement shall include provisions that: (a) require Clinic Operator to own and operate the Clinic, employ the Chiropractic Staff who provide Chiropractic Services at the Clinic and compensate you for the Management Services you provide; and (b) require you to manage the Clinic by providing the Management Services. The Management Agreement shall not: (a) grant any license, sublicense or other right to use the Intellectual Property, except with our prior written approval; or (b) contain any terms or conditions that conflict with the terms of the Franchise Agreement (as modified and supplemented by this Addendum). The Management Agreement must include all mandatory terms and conditions that we designate (as further specified in the Manual or otherwise) including, without limitation:

(i) covenants that protect and/or restrict use of our Intellectual Property;

(ii) non-competition covenants;

(iii) covenants restricting disclosure and use of our Confidential Information;

(iv) limitations on our liability;

(v) provisions governing training of Clinic Operator's owners and Chiropractic Staff;

(vi) provisions governing the ownership, transfer and use of Business Data;

(vii) provisions restricting the goods and services that may be offered and sold from the Clinic;

(viii) covenants requiring you and Clinic Operator to comply with all applicable Healthcare Laws;

(ix) cross default provisions (i.e., the termination or expiration of the Franchise Agreement shall be deemed a default resulting in the automatic termination of the Management Agreement);

(x) obligations that apply following termination or expiration of the Management Agreement;

(xi) covenants regarding insurance policies that must be maintained by Clinic Operator;

(xii) covenants obligating each party to: (a) notify us in writing of any default committed by the other party; and (b) provide us with at least 30 days' notice prior of the termination or expiration of the Management Agreement; and

(xiii) any other terms, conditions or covenants that the Manual requires be included in the Management Agreement.

The Management Agreement shall expressly provide that we are an intended third-party beneficiary with the right to enforce all terms and conditions pertaining to: (a) the Intellectual Property; (b) the use or disclosure of our Confidential Information; (c) covenants against unfair competition; and (d) any other terms and conditions we reasonably designate as being necessary to protect our interests or the interests of our franchisees. If we choose to provide you with a sample Management Agreement (which we have no obligation to do) then: (a) you acknowledge our sample Management Agreement has not been prepared or reviewed for compliance with Healthcare Laws applicable in your state; and (b) your Healthcare Counsel must review and revise our sample Management Agreement for compliance with all applicable Healthcare Laws. You are responsible for ensuring the Management Agreement complies with all applicable Healthcare Laws. You must fully comply, and ensure Clinic Operator fully complies, with your and Clinic Operator's respective obligations under the Management Agreement. You must promptly provide us with a fully executed copy of the Management Agreement.

3.4. **Change of Clinic Operator**. You must maintain your relationship with Clinic Operator at all times following the Clinic's Opening Date. If Clinic Operator ceases to perform its obligations under the Management Agreement for any reason, you must immediately close the Clinic (or, with our permission, continue to operate the Clinic but immediately discontinue all Chiropractic Services) until such time that Clinic Operator resumes performance of its obligations. If your relationship

with a Clinic Operator is discontinued for any reason you must appoint a new Clinic Operator (in accordance with §3.1 and §3.2 of this Addendum) and enter into a new Management Agreement (in accordance with §3.3 of this Addendum) no later than 30 days from the date your relationship with Clinic Operator is discontinued.

4. OPERATION OF CLINIC.

4.1. **Compliance with Brand Standards**. You are responsible for ensuring the Clinic is developed and operated in compliance with the Franchise Agreement, this Addendum and the Manual. Accordingly, you must ensure Clinic Operator operates the Clinic in compliance with the Franchise Agreement, this Addendum and the Manual, subject to any deviations necessary to conform to the Professional Judgment of Clinic Operator or the Chiropractic Staff in accordance with §4.4 of this Addendum. Clinic Operator shall be provided with a complete executed copy of the Franchise Agreement and this Addendum. Clinic Operator must agree to comply with the terms of the Franchise Agreement governing the operation of the Clinic as if Clinic Operator was the franchisee thereunder. To ensure compliance with our brand standards, you agree to provide Clinic Operator's owners and Chiropractic Staff with all training programs we designate from time to time.

4.2. **Access to Confidential Information**. You may disclose to Clinic Operator and the Chiropractic Staff only such portions of our Confidential Information as is necessary to enable them to perform their obligations under, and in compliance with, the Franchise Agreement, this Addendum, the Management Agreement and the Manual. You must ensure that Clinic Operator, all owners of Clinic Operator and all Chiropractic Staff sign a Confidentiality Agreement. You shall be jointly liable to us for any breach of a Confidentiality Agreement committed by Clinic Operator or any of its owners or Chiropractic Staff.

4.3. **Restrictions on Providing Chiropractic Services**. You understand the practice of chiropractic (including the rendering of Chiropractic Services performed at a Clinic) is a licensed medical profession requiring independent judgment, skill and training. Neither we nor you are authorized to engage in the practice of chiropractic or provide Chiropractic Services. You are strictly prohibited from providing, or representing that you provide, any Chiropractic Services. Only Clinic Operator and the Chiropractic Staff may provide Chiropractic Services at the Clinic. Chiropractic Services must be performed by, or under the supervision of, Chiropractic Staff in compliance with applicable Healthcare Laws. You and your Owners are strictly prohibited from: (a) directing, controlling or otherwise influencing Clinic Operator or the Chiropractic Staff with respect to the manner in which Chiropractic Services are rendered to patients; (b) providing Chiropractic Services in connection with the Clinic; (c) engaging in any actions reasonably likely to imply or give the appearance that you or your Owners are providing Chiropractic Services in connection with the Clinic; or (d) marketing or otherwise communicating to any Person that you are, or anyone other than Clinic Operator is, the Clinic operator and owner of the chiropractic practice conducted from the Clinic.

4.4. **Professional Judgment**. You must not engage in any activities that might interfere with the Professional Judgment of Clinic Operator or the Chiropractic Staff. Neither we nor you may control or influence (or reserve the right or intend to control or influence) the Professional Judgment exercised by Clinic Operator or the Chiropractic Staff. In recognition of these facts, you and we acknowledge and agree that if any terms within a Definitive Agreement or the Manual conflict with the Professional Judgment of Clinic Operator or the Chiropractic Staff, the Professional Judgment of Clinic Operator and the Chiropractic Staff will control, and Clinic Operator and the Chiropractic Staff shall be authorized to act in a manner consistent with their Professional Judgment without being deemed in breach of any Definitive Agreement or the Manual. You must promptly notify us if Clinic Operator or any member of the Chiropractic Staff informs you that any terms within a Definitive Agreement or the Manual conflict with their Professional Judgment.

5. SITE SELECTION, LEASE, CONSTRUCTION AND DEVELOPMENT OF CLINIC. Unless we

agree otherwise, you will be responsible, at your expense, for: (a) finding and obtaining our acceptance of the site for the Clinic in accordance with §8.1 of the Franchise Agreement; (b) entering into a lease for the premises of the Clinic and causing the landlord to execute our required Lease Addendum in accordance with §8.2 of the Franchise Agreement; (c) the design, buildout and construction of the Clinic in accordance with §8.3 and §8.4 of the Franchise Agreement; and (d) the purchase (or lease) and installation of all furniture, fixtures, technology systems, operating equipment, signs and other items we require in accordance with §8.4 of the Franchise Agreement, subject to any deviations deemed reasonably necessary in the Professional Judgment of Clinic Operator or the Chiropractic Staff.

6. ACCOUNTING, INSPECTIONS AND AUDITS

6.1. **Books and Records**. You must ensure Clinic Operator maintains its books and records in the manner required by the Franchise Agreement and the Manual. We must have access to all of Clinic Operator's books and records that relate to the Clinic in the same manner and to the same extent provided in the Franchise Agreement with respect to your books and records.

6.2. **Financial Statements**. For purposes of preparing financial statements required by the Franchise Agreement, you agree to make all adjustments required by the Manual to reflect the revenues, expenses and other financial metrics pertaining to the business conducted by Clinic Operator in connection with the Clinic.

6.3. **Inspections and Audits**. We have the right, in accordance with the terms and conditions of the Franchise Agreement, to inspect: (a) the Clinic; (b) the operation of the Clinic by Clinic Operator and the Chiropractic Staff; and (c) Clinic Operator's books and records. We (or an auditor we designate) have the right, in accordance with the terms and conditions of the Franchise Agreement, to audit Clinic Operator's books and records that relate to the Clinic. You must ensure Clinic Operator and the Chiropractic Staff fully cooperate with all such inspections and audits.

7. INSURANCE. You must ensure that: (a) Clinic Operator obtains, and at all times during the term of the Management Agreement maintains, all required insurance policies set forth in the Franchise Agreement or the Manual; and (b) that we are a named additional insured on all such insurance policies. You must provide us with evidence of such insurance coverage upon request.

8. OTHER MODIFICATIONS TO FRANCHISE AGREEMENT

8.1. **Preopening Requirements**. In addition to the preopening conditions set forth in §8.5 of the Franchise Agreement, we will not issue our authorization to open before:

(i) you appoint the Clinic Operator and provide us with all information we request about the Clinic Operator and its owners and chiropractors;

(ii) you send us a fully executed copy of (a) the Acceptance and Acknowledgment Agreement and (b) the Management Agreement; and

(iii) if we so request, your Healthcare Counsel issues a Legal Compliance Opinion Letter in accordance with §9 of this Addendum.

8.2. **Business Data**. Subject to applicable privacy Laws and Healthcare Laws, we will own all Business Data (excluding Protected Health Information) pertaining to: (a) you, and the Business you conduct; and (b) Clinic Operator, and the chiropractic practice and other business that Clinic Operator conducts from the Clinic. We will license you and Clinic Operator the right to use the Business Data solely for purposes of managing and operating the Clinic in accordance with the Franchise Agreement, this Addendum, the Management Agreement and the Manual.

8.3. **Patient References**. All references to "patients" or "clients" in the Franchise Agreement shall be deemed to refer to patients or clients of the Clinic and include patients and clients of Clinic Operator.

8.4. **Gross Sales**. For all purposes of the Franchise Agreement, the term Gross Sales shall be deemed

amended to include all Management Fees and PC Revenue, regardless of whether the PC Revenue is recognized as revenue on your books.

8.5. **Conditions to Renewal**. As a further condition to you entering into a Successor Agreement in accordance with §5.2 of the Franchise Agreement, you must execute our then-current form of Managed Clinic Addendum.

9. **LEGAL COMPLIANCE.** You must ensure the operation of the Clinic, the Management Services you provide in connection with the Clinic and your relationship with Clinic Operator comply with all Healthcare Laws, including, without limitation, CPOM applicable in your state. You must engage Healthcare Counsel to advise you on these matters. We may require that your Healthcare Counsel prepare an opinion letter, addressed to us, confirming that the Management Agreement and your relationship with Clinic Operator fully comply with CPOM and all other Healthcare Laws applicable in your state (a "Legal Compliance Opinion Letter"). The Legal Compliance Opinion Letter must be reasonably satisfactory to us. You and Clinic Operator must sign any Business Associate Agreement we specify in order to comply with HIPAA; *provided, however*, that you and Clinic Operator remain solely responsible for compliance with Healthcare Laws.

10. **INDEMNIFICATION.** Your indemnification obligations set forth in §19 of the Franchise Agreement shall extend to any and all Losses and Expenses the Indemnified Parties incur as a result of or in connection with:

(i) Claims arising from or relating to any acts, errors or omissions of Clinic Operator or any member of the Chiropractic Staff;

(ii) Claims arising from or relating to Chiropractic Services or other services provided by Clinic Operator or the Chiropractic Staff;

(iii) Claims arising from or relating to the Management Agreement or the relationship between you and Clinic Operator or between you and the Chiropractic Staff;

(iv) the breach of any agreement by committed by Clinic Operator;

(v) libel, slander or disparaging comments made by Clinic Operator or any of its owners, officers, employees or independent contractors regarding the System, a Clinic or an Indemnified Party;

(vi) any labor, employment or similar type of Claim pertaining to Clinic Operator's employees (including Claims alleging we are a joint employer of Clinic Operator's Chiropractic Staff or other employees) or our relationship with Clinic Operator or its owners (including Claims alleging we are an employer of Clinic Operator and/or any of its owners); or

(vii) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to Clinic Operator's employees.

11. **TERMINATION.** You acknowledge that any acts or omissions committed by Clinic Operator that would constitute a breach of the Franchise Agreement if such acts or omissions were committed by you shall constitute a default under the Franchise Agreement notwithstanding the fact the acts or omissions were committed by Clinic Operator and not you. We may terminate this Addendum, effective upon delivery of a written notice of termination to you, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:

(i) if you fail to appoint the Clinic Operator, or fail to sign (or cause Clinic Operator to sign) the Acceptance and Acknowledgement Agreement and/or the Management Agreement, prior to the Clinic's required opening date;

(ii) if you fail to appoint and sign a Management Agreement with a new Clinic Operator within the time required by §3.4 of this Addendum if your relationship with a Clinic Operator is discontinued;

(iii) if Clinic Operator breaches the Acceptance and Acknowledgment Agreement and fails to cure the default prior to the expiration of the applicable cure period (if a cure period is provided);

(iv) if the Franchise Agreement is terminated for any reason or expires without renewal; or

(v) if you breach any other provision of this Addendum (including any mandatory provision in the Manual relevant to this Addendum) and fail to cure the breach within 30 days after receipt of a default notice from us.

Any termination of this Agreement shall automatically result in the termination of the Franchise Agreement unless we otherwise agree in writing.

12. MISCELLANEOUS.

12.1. **Integration**. This Addendum and the Franchise Agreement when executed constitute the entire agreement and understanding between the Parties with respect to the subject matter contained herein and therein. Any and all prior agreements and understandings between the Parties and relating to the subject matter contained in this Addendum and the Franchise Agreement, whether written or verbal, other than as contained within the executed Addendum and Franchise Agreement, are void and have no force and effect. In order to be binding between the Parties, any subsequent modifications must be in a writing signed by the Parties. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.

12.2. **Effect on Agreement**. The terms of this Addendum are expressly made subject to and governed by the Franchise Agreement. Except as specifically modified or supplemented by this Addendum, all terms set forth in the Franchise Agreement (as previously amended) remain in full force and effect.

12.3. **Inconsistency**. If there is any inconsistency between the executed Franchise Agreement and this Addendum, this Addendum shall prevail.

12.4. **Assignment**. You may not assign this Addendum, or any of your rights or obligations hereunder, except in connection with a Transfer of the Franchise Agreement, in accordance with the transfer provisions contained therein, to a transferee who is not eligible to acquire a Franchised Clinic.

12.5. **Counterparts**. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

[Signature Page Follows]

The Parties have executed this Addendum effective as of the Effective Date first above written.

FRANCHISOR:

The Joint Corp., a Delaware corporation

By:_____
Name:_____
Title:_____

YOU (If you are an Entity):

_____,
a(n)_____

By:_____
Name:_____
Title:_____

YOU (If you are not an Entity):

_____
Name:_____

_____
Name: _____

_____
Name: _____

_____
Name: _____

ATTACHMENT A

Form of Acceptance and Acknowledgment Agreement

[See attached]

ACCEPTANCE AND ACKNOWLEDGMENT AGREEMENT

This Acceptance and Acknowledgement Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between The Joint Corp., a Delaware corporation ("we" or "us"), _____, a(n) _____ ("Franchisee") and _____, a professional _____ ("Clinic Operator"). We, Franchisee and Clinic Operator may each be referred to individually as a "Party" or collectively as the "Parties".

BACKGROUND RECITALS

A. We offer franchises for a chiropractic clinic that operates under the name THE JOINT® (a "Clinic"). Clinics offer services that may be deemed "medical" services under applicable state Law, including the Chiropractic Services described herein. Some states adhere to a corporate practice of medicine doctrine ("CPOM") that applies to chiropractic clinics and may prohibit a Person who is neither a licensed chiropractor nor a Chiropractic PC from owning and operating a Clinic.

B. We offer two (2) franchise models, including a Franchised Clinic and a Managed Clinic. A franchisee must acquire a Managed Clinic if: (a) the franchisee is neither a licensed chiropractor nor a Chiropractic PC; and (b) CPOM applicable in the state where the Clinic is located prohibits a Person who is neither a licensed chiropractor nor a Chiropractic PC from owning and operating a Clinic.

C. We and Franchisee executed both the The Joint Franchise Agreement attached as Attachment A and the Managed Clinic Addendum attached as Attachment B (collectively, the "Franchise Agreement"), pursuant to which we granted Franchisee, and Franchisee accepted, franchise rights for a Managed Clinic.

D. The Franchise Agreement requires Franchisee to appoint, and enter into a Management Agreement with, a Chiropractic PC that will own and operate the Clinic and employ the Chiropractic Staff.

E. Franchisee has appointed Clinic Operator as the Chiropractic PC that will own and operate the Clinic and employ the Chiropractic Staff.

F. The Parties desire to enter into this Agreement in order to: (a) confirm your appointment of Clinic Operator; (b) confirm Clinic Operator's acceptance of the appointment, including the obligation and responsibility to own and operate the Clinic and employ the Chiropractic Staff; and (c) clarify certain other rights and responsibilities of the Parties relating to the Clinic.

G. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the terms and conditions set forth below.

AGREEMENT

1. DEFINITIONS. Capitalized terms used in this Agreement have the meanings given to them below:

"*Agreement*" is defined in the Introductory Paragraph.

"*Business Data*" means, collectively or individually, Patient Data and Operational Data, but excluding Protected Health Information.

"*Chiropractic PC*" means a professional corporation or professional limited liability company that, pursuant to applicable Law, is authorized to: (a) own and operate a chiropractic clinic; and (b) employ Chiropractic Staff for purposes of providing Chiropractic Services to patients.

"*Chiropractic Services*" means and includes: (a) the diagnosis and treatment of patients whose health problems are associated with the body's muscular, neurological and skeletal system, through the manipulative treatment of misalignments of the joints; and (b) ancillary or related services and treatments that, under applicable Law, may only be rendered by, or under the supervision of, a licensed chiropractor.

"*Chiropractic Staff*" means and includes the licensed chiropractors and other licensed professional staff members responsible for rendering, or supervising the rendering of, Chiropractic Services at the Clinic.

"*Claim*" means any action, allegation, assessment, claim, demand, litigation, proceeding or regulatory

procedure, investigation or inquiry.

"*Clinic*" is defined in the Background Recitals.

"*Clinic Operator*" is defined in the Introductory Paragraph.

"*Confidential Information*" means and includes: (a) the Know-How; (b) the Business Data; (c) the terms of the Governing Agreements and all attachments thereto and amendments thereof; (d) the components of the System; (e) all information within or comprising the Manual; (f) confidential and proprietary information relating to our status as a publicly traded company; and (g) all other concepts, ideas, trade secrets, financial information, marketing strategies, expansion strategies, studies, supplier information, patient and customer information, franchisee information, investor information, flow charts, inventions, mask works, improvements, discoveries, standards, specifications, formulae, recipes, designs, sketches, drawings, policies, processes, procedures, methodologies and techniques, together with analyses, compilations, studies or other documents that: (i) are designated as confidential; (ii) are known by Clinic Operator or Franchisee to be considered confidential by us; and/or (iii) are by their nature inherently or reasonably to be considered confidential. Confidential Information does not include information that: (a) is now, or subsequently becomes, generally available to the public (except as a result of a breach of confidentiality obligations by Clinic Operator, Franchisee or any of their respective owners, employees or other constituents); (b) Clinic Operator or Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, before such information was disclosed to Clinic Operator or Franchisee, as applicable; (c) is independently developed by Clinic Operator or Franchisee without any use of, or reference to, any Confidential Information; or (d) is rightfully obtained from a third party who has the right to transfer or disclose such information to Clinic Operator or Franchisee without breaching any obligation of confidentiality imposed on such third party.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate secure common law or registered copyright protection and that we allow franchisees to use, sell or display in connection with the marketing and/or operation of a Clinic.

"*CPOM*" is defined in the Background Recitals.

"*Effective Date*" is defined in the Introductory Paragraph.

"*Franchise Agreement*" is defined in the Background Recitals, and refers to the Franchise Agreement as amended by the Managed Clinic Addendum.

"*Franchisee*" is defined in the Introductory Paragraph.

"*Governing Agreements*" means, collectively: (a) this Agreement; (b) the Management Agreement; and (c) the Franchise Agreement.

"*Governmental Authority*" means any national, provincial, state, county, local, municipal or other government, or any ministry, department, agency or subdivision thereof, whether administrative or regulatory, or any other body that exercises similar functions, and including any court or taxing authority, including any regulatory board governing chiropractors and/or chiropractic clinics.

"*Healthcare Laws*" means and includes all industry-specific Laws that regulate or govern the practice of medicine in general or that specifically apply to the practice of chiropractic, including, without limitation, Laws that:

(a) restrict or limit the Persons who may lawfully own a Clinic, provide Chiropractic Services and/or employ Chiropractic Staff, including CPOM and other comparable Laws;

(b) regulate the practice of chiropractic, including Laws requiring the licensure of chiropractors or other Chiropractic Staff;

(c) restrict physician self-referrals, including the federal Stark Law and comparable state Laws;

(d) restrict or prohibit the payment or receipt of remuneration as an inducement or reward for patient referrals, including the federal Anti-Kickback Statute and comparable state Laws;

(e) restrict or prohibit certain fee splitting arrangements involving physicians or other healthcare professionals;

(f) regulate the use of medical devices;

(g) regulate the privacy of patient records, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Health Information for Economic and Clinical Health Act (HITECH) and other comparable federal and state Laws; or

(h) regulate the advertising of chiropractic clinics or Chiropractic Services.

Healthcare Laws also include rules and regulations promulgated by regulatory boards governing chiropractors and/or chiropractic clinics.

"*Improvement*" means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Clinic, (b) method of operation of a Clinic, (c) processes, systems or procedures utilized by a Clinic, (d) marketing, advertising or promotional materials, programs or strategies utilized by a Clinic or (e) trademarks, service marks, logos or other intellectual property utilized by a Clinic, whether developed by Franchisee, Clinic Operator, Chiropractic Staff or any other Person.

"*Indemnified Party*" or "*Indemnified Parties*" means us and each of our past, present and future owners, members, officers, directors, employees, agents, attorneys and chiropractors, as well as our subsidiaries, affiliates, insurance carries and chiropractic management companies, and each of their past, present and future owners, members, officers, directors, employees, agents, attorneys and chiropractors.

"*Intellectual Property*" means, collectively or individually, the Business Data (excluding Protected Health Information), Copyrighted Materials, Improvements, Know-how, Marks and System.

"*Know-how*" means and includes our (and our affiliates') trade secrets and other proprietary information relating to the design, construction, development, marketing or operation of a Clinic including, but not limited to: architectural plans, drawings and specifications for a prototype Clinic; site selection criteria; methods and techniques; standards and specifications; policies and procedures; Management Services (for Managed Clinics); patient and customer lists, records, membership agreements and/or contracts; supplier lists and information; marketing strategies; merchandising strategies; training programs and materials; the Office Management Software; financial information; and information comprising the System or included in the Manual.

"*Law*" means and includes all laws, judgments, decrees, orders, rules, regulations, ordinances, advisory opinions or official legal interpretations of any Governmental Authority, including all rules and regulations issued by regulatory boards that govern chiropractors or chiropractic clinics.

"*Losses and Expenses*" means and includes any or all of the following: compensatory, exemplary and punitive damages; fines and penalties; attorneys' fees; experts' fees; court, mediation or arbitration costs; discovery costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party.

"*Managed Clinic*" means a Clinic: (a) that is owned and operated by a separate Chiropractic PC that is not owned by or under common ownership with the franchisee or the franchisee's owners; and (b) with respect to which the franchisee provides Management Services (pursuant to a Management Agreement signed by the franchisee and the Chiropractic PC) but not Chiropractic Services.

"*Management Agreement*" means a management services agreement or comparable agreement pursuant to which, among other things: (a) a Chiropractic PC agrees to own and operate a Clinic and employ the Chiropractic Staff who provide Chiropractic Services at the Clinic; (b) a franchisee agrees to provide Management Services in accordance with our System for the benefit of the Chiropractic PC and the Clinic; and (c) the Chiropractic PC compensates the franchisee for the Management Services it provides.

"*Management Services*" means the non-medical management and administrative services and support provided by Franchisee for the benefit of Clinic Operator pursuant to the Management Agreement. Management Services may include, among other things, assistance with: site selection; managing the design and construction process and coordinating with architects, contractors and other professionals; negotiating contracts and managing supplier relationships; procurement and installation of signage,

furniture, fixtures, technology systems, equipment, operating supplies and other goods and services; configuration of technology systems and training staff regarding use of same; staff recruitment; obtaining licenses, permits and credentialing reports; payroll services; human resource matters; selection and procurement of insurance; billing and collection services; patient scheduling services; preparation and maintenance of patient records and files; financial management, budgeting, bookkeeping and accounting services; preparing financial and operational reports; filing annual reports and tax documents; advertising and marketing; management of inbound and outbound sales processes; patient retention and communications; and facility maintenance, janitorial, sanitation and cleaning services. For purposes of clarity, Management Services shall not include Chiropractic Services or any other services that interfere with the Professional Judgment of Clinic Operator or the Chiropractic Staff.

"*Manual*" means our confidential Operations Manual for the operation of a Clinic.

"*Marks*" means and includes all service marks, trademarks, trade names and logos that we designate from time to time and authorize Clinics to use, including THE JOINT®, THE JOINT CHIROPRACTIC® and THE JOINT…THE CHIROPRACTIC PLACE®, and the associated logos. The Marks also include any distinctive trade dress used to identify a Clinic or the products it sells.

"*Operational Data*" means and includes all data and information pertaining to (a) the chiropractic practice and other business Clinic Operator conducts in connection with the Clinic pursuant to the Governing Agreements or (b) the franchised business Franchisee conducts in connection with the Clinic pursuant to the Franchise Agreement, including employee data (including data pertaining to Chiropractic Staff members), expense data, financial accounting data and sales data.

"*Parties*" is defined in the Introductory Paragraph.

"*Patient Data*" means and includes any and all data that pertains to a Clinic patient including name, address, contact information, date of birth, medical records, treatment history, and any information about the patient collected in connection with a membership program, loyalty program or for any other purpose.

"*Person*" means an individual, legal entity or partnership, unincorporated organization, joint venture, Governmental Authority, estate (or executor thereof) or trust (or trustee thereof).

"*Professional Judgment*" means the independent medical judgment exercised by Clinic Operator and the Chiropractic Staff employed by Clinic Operator regarding the methods and manner by which Chiropractic Services are provided to patients, including, without limitation: (a) determining what diagnostic tests are appropriate; (b) determining the need for referrals to or consultation with another medical professional or specialist; (c) responsibility for the ultimate overall care of the patient, including treatment options available to the patient; (d) determining how many patients to see in a given period of time or how many hours Chiropractic Staff must work; (e) determining the medical equipment and supplies used in rendering Chiropractic Services; (f) managing patient medical records and determining the content thereof; (g) the selection, hiring and firing of Chiropractic Staff; and (h) establishing coding and billing procedures for patient care services.

"*Protected Health Information*" means and includes any Patient Data identifiable to a particular patient that pertains to the patient's medical/healthcare background, file, records or treatments.

"*System*" means the business format, model and operating system we developed for the operation of a Clinic.

"*We*" or "*us*" is defined in the Introductory Paragraph.

2. APPOINTMENT OF CLINIC OPERATOR. You hereby confirm your appointment of Clinic Operator to serve as the Chiropractic PC that will own and operate the Clinic and employ the Chiropractic Staff.

3. ACCEPTANCE BY CLINIC OPERATOR. Clinic Operator hereby accepts the obligation and responsibility to own and operate the Clinic and employ the Chiropractic Staff who will perform Chiropractic Services at the Clinic and agrees to execute a Management Agreement with you. As used in this Agreement, "ownership of the Clinic" refers to ownership of the chiropractic practice conducted from the Clinic and does not necessarily refer to ownership of the premises or any of the furniture, fixtures, equipment or other assets located within or utilized at the Clinic.

4. **COMPLIANCE WITH BRAND STANDARDS AND GOVERNING AGREEMENTS.** Subject to any deviations necessary to conform to the Professional Judgment of Clinic Operator or the Chiropractic Staff in accordance with §5 of this Agreement, Clinic Operator agrees to operate the Clinic: (a) in compliance with our brand standards, as set forth in the Manual; (b) in compliance with the Governing Agreements; and (c) in a manner consistent with the provisions of the Franchise Agreement as if Clinic Operator were the franchisee thereunder. Clinic Operator hereby acknowledges receipt of a complete copy of the fully executed Franchise Agreement and represents that it has read, and fully understands, all of the terms and conditions thereof. It is the responsibility of Franchisee to disclose to Clinic Operator such portions of the Manual, and only such portions of the Manual, as are necessary for Clinic Operator to properly perform its obligations in connection with the ownership and operation of the Clinic.

5. **PROFESSIONAL JUDGMENT.** Neither we nor Franchisee shall engage in any activities that might interfere with the Professional Judgment of Clinic Operator or the Chiropractic Staff. Neither we nor Franchisee control or influence (or reserve the right or intend to control or influence) the Professional Judgment exercised by Clinic Operator or the Chiropractic Staff. In recognition of these facts, the Parties acknowledge and agree that if any terms within a Governing Agreement or the Manual conflict with the Professional Judgment of Clinic Operator or the Chiropractic Staff, the Professional Judgment of Clinic Operator and the Chiropractic Staff will control, and Clinic Operator and the Chiropractic Staff shall be authorized to act in a manner consistent with their Professional Judgment without being deemed in breach of the Governing Agreements or the Manual. Clinic Operator shall promptly notify us and Franchisee in writing if Clinic Operator or any member of the Chiropractic Staff believes any terms within a Governing Agreement or the Manual conflict with their Professional Judgment.

6. **INTELLECTUAL PROPERTY.** Subject to applicable privacy Laws and Healthcare Laws, we will own all Business Data pertaining to: (a) Clinic Operator, and the chiropractic practice and other business Clinic Operator conducts in connection with the Clinic pursuant to the Governing Agreements; and (b) Franchisee, and the franchised business Franchisee conducts in connection with the Clinic pursuant to the Franchise Agreement. We grant Clinic Operator a license to use the Business Data solely for purposes of operating the Clinic in accordance with the Governing Agreements and the Manual. Clinic Operator is not granted any other right or license to use our Intellectual Property. The Franchise Agreement grants Franchisee sufficient right and license to use our Intellectual Property in connection with Franchisee's management of the Clinic and rendering of the Management Services in connection therewith.

7. **IMPROVEMENTS.** If Clinic Operator or any of Clinic Operator's owners or employees (including any member of the Chiropractic Staff) conceives of or develops an Improvement, Clinic Operator must send us and Franchisee a written notice describing the Improvement. Clinic Operator must obtain our approval prior to using any such Improvement. Any Improvement we approve may be used by us, Franchisee and any other Person we authorize to operate or manage a Clinic, without any obligation to pay royalties or other fees to Clinic Operator or to any of its owners or employees. Clinic Operator or Clinic Operator's owner or employee, as applicable, must assign to us or our designee, without charge, all rights to the Improvement, including the right to grant sublicenses. If applicable Law precludes any such assignment, then the Improvement shall be perpetually licensed by Clinic Operator or Clinic Operator's owner or employee, as applicable, to us free of charge, with full rights to use, commercialize and sublicense same.

8. **ACKNOWLEDGMENT OF RIGHTS.** Clinic Operator acknowledges and agrees that: (a) we shall have access to all of Clinic Operator's books and records that relate to the Clinic in the same manner and to the same extent provided in the Franchise Agreement with respect to Franchisee's books and records; (b) we may inspect the Clinic, and the operation of the Clinic by Clinic Operator and the Chiropractic Staff, in accordance with the terms of the Franchise Agreement; and (c) we may audit Clinic Operator's books and records that relate to the Clinic in accordance with the terms of the Franchise Agreement. Clinic Operator agrees to fully cooperate, and to cause the Chiropractic Staff to fully cooperate, with any such inspection or audit conducted by us or any other Person we designate.

9. **INSURANCE.** Clinic Operator agrees to obtain and maintain all insurance policies required by the Governing Agreements and ensure that they satisfy all requirements in the Governing Agreements and the Manual, including, without limitation, the requirement that all insurance policies be endorsed to name us

and our members, officers, directors, and employees as additional insureds.

10. LEGAL COMPLIANCE. Franchisee and Clinic Operator are solely responsible for ensuring that: (a) the Clinic is operated in full compliance with applicable Laws including, without limitation, all applicable Healthcare Laws; and (b) the Management Agreement, the Management Services performed by Franchisee pursuant to the Management Agreement, and the relationship between Clinic Operator and Franchisee, fully comply with all applicable Healthcare Laws, including CPOM applicable in the state in which the Clinic is located. Clinic Operator and Franchisee must sign any Business Associate Agreement we specify in order to comply with HIPAA; *provided, however*, that Clinic Operator and Franchisee remain solely responsible for compliance with Healthcare Laws.

11. INDEMNIFICATION. Clinic Operator hereby agrees, as a condition to our approval of Clinic Operator pursuant to §2, to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with any of the following:

(i) Claims arising from or relating to any acts, errors or omissions of Clinic Operator or any member of the Chiropractic Staff;

(ii) Claims arising from or relating to Chiropractic Services or other services provided by Clinic Operator or the Chiropractic Staff;

(iii) Claims arising from or relating to the Management Agreement or the relationship between (a) Clinic Operator and Franchisee, (b) Clinic Operator and the Chiropractic Staff or (c) the Chiropractic Staff and Franchisee;

(iv) the breach of a Governing Agreement or any other agreement by Clinic Operator;

(v) libel, slander or disparaging comments made by Clinic Operator or any of its owners, officers, employees or independent contractors regarding the System, a Clinic or an Indemnified Party;

(vi) any labor, employment or similar type of Claim pertaining to Clinic Operator's employees (including Claims alleging we are a joint employer of Clinic Operator's Chiropractic Staff or other employees) or our relationship with Clinic Operator or its owners (including Claims alleging we are an employer of Clinic Operator and/or any of its owners); or

(vii) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating Clinic Operator's employees.

Clinic Operator must immediately notify us of any Claim or proceeding described above. The Indemnified Parties shall have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them with respect to any Claim; and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. Clinic Operator may participate in such defense at its expense. Clinic Operator must: (a) fully cooperate and assist the Indemnified Parties with the defense of the Claim; and (b) reimburse the Indemnified Parties for all of their costs and expenses in defending the Claim, including, without limitation, mediation, arbitration or court expenses, expert fees and travel expenses incurred by attorneys or expert witnesses to attend mediation, arbitration or legal or administrative proceedings or hearings relating to the matter. Reimbursement is due 30 days after receipt of an invoice itemizing such costs and expenses. This indemnity will continue in full force and effect after, and notwithstanding, the termination, expiration, transfer or assignment of this Agreement.

12. TERMINATION. Clinic Operator and Franchisee acknowledge that any acts or omissions committed by Clinic Operator that would constitute a breach of the Franchise Agreement if such acts or omissions were committed by Franchisee shall constitute a default under the Franchise Agreement notwithstanding the fact the acts or omissions were committed by Clinic Operator. We may terminate this Agreement, effective upon delivery of a written notice of termination to Clinic Operator and Franchisee, for any of the following reasons, all of which constitute material events of default and "good cause" for termination, and without opportunity to cure except for any cure period expressly set forth below:

(i) if any Governing Agreement is terminated or expires without renewal;

(ii) if the business relationship between Clinic Operator and Franchisee is discontinued for any reason;

(iii) upon the occurrence of any breach of the Management Agreement (or the existence of any facts or circumstances that would constitute a breach of the Management Agreement) that would allow the non-breaching party to terminate the Management Agreement, regardless of whether the non-breaching party chooses to terminate, or refrain from terminating, the Management Agreement; or

(iv) if Clinic Operator breaches any Governing Agreement (including any mandatory provision in the Manual relevant to the performance of Clinic Operator's obligations under the Governing Agreements) and fails to cure the breach within 30 days after receipt of a default notice from us.

13. LIMITATION OF LIABILITY. Clinic Operator acknowledges and agrees that: (a) Franchisee was solely responsible for (i) soliciting Clinic Operator to own and operate the Clinic, (ii) drafting and negotiating the Management Agreement and (iii) all representations made to Clinic Operator regarding the Clinic or as an inducement to Clinic Operator entering into this Agreement or the Management Agreement; (b) we have no contractual obligations or responsibilities owed to Clinic Operator; and (c) except as otherwise provided below, we shall have no liability to Clinic Operator whatsoever, and any Claims Clinic Operator may have pertaining to the Clinic or the Governing Agreements may only be pursued against Franchisee. Clinic Operator hereby waives the right to bring any Claim against us that in any way arises from or relates to the Clinic, Clinic Operator's relationship with Franchisee and/or the Governing Agreements, except to the extent the Claim directly results from our gross negligence or willful misconduct.

14. DISPUTE RESOLUTION. Any dispute between the Parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

15. MISCELLANEOUS.

15.1. Governing Law. This Agreement is governed by the Laws of the State of Arizona without reference to its principles of conflicts of law.

15.2. Severability. Each section and subsection of this Agreement, and any portion thereof, shall be considered severable.

15.3. Binding Effect. This Agreement is binding on the Parties and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any Person not a Party to this Agreement.

15.4. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY ALL PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by all Parties and specifically states it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the Parties, and there are no other oral or written understandings or agreements between the Parties about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) 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.

15.5. Rights of Parties are Cumulative. The rights of the Parties under this Agreement are cumulative

and no exercise or enforcement by any Party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.

15.6. **Survival**. All provisions that expressly or by their nature survive the termination, expiration or assignment of this Agreement shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or assignment and until they are satisfied in full or by their nature expire.

15.7. **Construction.** The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified.

15.8. **Notice.** All notices given under this Agreement must be provided in accordance with the Notice Provision of the Franchise Agreement. Any notice to Clinic Operator shall be addressed to:

[_____]
_____
_____
_____
Attn:_____
Email:_____

15.9. **Inconsistency**. If there is any inconsistency between the executed Management Agreement and this Agreement, this Agreement shall prevail.

15.10. **Defined Terms**. Any capitalized term that is not defined herein shall have the meaning given to such term in the Franchise Agreement.

15.11. **Assignment**. Neither Franchisee nor Clinic Operator may assign this Agreement or the Management Agreement, or any of their respective rights or obligations hereunder or thereunder, without our prior written approval, which may be withheld in our sole discretion. We shall have the right to assign this Agreement (a) to any affiliate of ours or (b) to any Person in conjunction with an assignment of the Franchise Agreement to the same Person or to an affiliate of such Person.

15.12. **Counterparts**. This Addendum may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

[Signature Page Follows]

The Parties below have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

The Joint Corp., a Delaware corporation

By:_____
Name:_____
Title:_____

Clinic OPERATOR:

[_____]

By:_____
Name:_____
Title:_____

FRANCHISEE:

(If Franchisee is an entity):

[_____]

By:_____
Name:_____
Title:_____

(If Franchisee is not an Entity):

_____
Name:_____

_____
Name: _____

_____
Name: _____

_____
Name: _____

ATTACHMENT A

TO ACCEPTANCE AND ACKNOWLEDGMENT AGREEMENT

Executed The Joint Franchise Agreement

[See Attached]

ATTACHMENT B

TO ACCEPTANCE AND ACKNOWLEDGMENT AGREEMENT

Executed Managed Clinic Addendum

[See Attached]

EXHIBIT "H"-3

WAIVER AGREEMENT

[See Attached]

WAIVER AGREEMENT

This Waiver Agreement (this "Agreement") is entered into as of _____, 202__ (the "Effective Date") between The Joint Corp., a Delaware corporation ("we" or "us") and _____, a(n) _____ ("you" and together with us, the "Parties").

BACKGROUND RECITALS

A. We offer franchises for a chiropractic clinic that operates under the name THE JOINT® (a "Clinic"). Prior to (or concurrently with) the execution of this Agreement, the Parties have entered into (or are entering into) a The Joint Franchise Agreement (as amended from time to time, the "Franchise Agreement") for the development and operation of a Clinic.

B. Clinics offer services that may be deemed "medical" services under applicable state Law, including the Chiropractic Services described herein. Some states adhere to a corporate practice of medicine doctrine ("CPOM") that applies to chiropractic clinics and may prohibit a Person who is neither a licensed chiropractor nor a Chiropractic PC from owning and operating a Clinic.

C. In certain states (referred to as Non-CPOM States) a Person who is neither a licensed chiropractor nor a Chiropractic PC may lawfully own and operate a Clinic and employ Chiropractic Staff who provide Chiropractic Services at the Clinic.

D. Due to CPOM's restrictions on ownership of a chiropractic clinic, we offer two (2) different franchise models, including a Franchised Clinic and a Managed Clinic. A franchisee who is neither a licensed chiropractor nor a Chiropractic PC may not acquire a Franchised Clinic unless the Clinic is located in a Non-CPOM State and the franchisee signs a Waiver Agreement with us.

E. You have represented to us that: (i) you are neither a licensed chiropractor nor a Chiropractic PC; and (ii) the state in which your Clinic will be located qualifies as a Non-CPOM State. You have requested that we enter into this Agreement with you to waive the requirement that you acquire franchise rights for a Managed Clinic, and we wish to approve your request subject to the terms and conditions set forth herein.

F. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the terms and conditions set forth below.

AGREEMENT

1. DEFINITIONS. Capitalized terms used in this Agreement have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement:

"*Agreement*" is defined in the Introductory Paragraph.

"*Clinic*" is defined in the Background Recitals.

"*CPOM*" is defined in the Background Recitals.

"*Franchise Agreement*" is defined in the Background Recitals.

"*Healthcare Counsel*" means an attorney who: (a) is engaged by you for purposes of rendering legal advice pertaining to the ownership, development and operation of your Clinic; (b) is licensed to practice law in the state in which your Clinic is located; (c) has significant experience and expertise with Healthcare Laws applicable in the state in which your Clinic is located; and (d) is approved by us, such approval not to be unreasonably withheld.

"*Healthcare Laws*" is defined in §2 of this Agreement.

"*Non-CPOM State*" is defined in the Background Recitals.

"*Parties*" is defined in the Introductory Paragraph.

"*We*" or "*us*" is defined in the Introductory Paragraph.

"*You*" is defined in the Introductory Paragraph.

2. **REPRESENTATIONS BY FRANCHISEE**. You understand and agree that you are solely responsible for investigating and complying with all industry-specific Laws that regulate or govern the practice of medicine in general or that specifically apply to the practice of chiropractic ("Healthcare Laws"), including, without limitation, Laws that:

   (i) restrict or limit the Persons who may lawfully own a Clinic, provide Chiropractic Services and/or employ Chiropractic Staff, including CPOM and other comparable Laws;

   (ii) regulate the practice of chiropractic, including Laws requiring the licensure of chiropractors or other Chiropractic Staff;

   (iii) restrict physician self-referrals, including the federal Stark Law and comparable state Laws;

   (iv) restrict or prohibit the payment or receipt of remuneration as an inducement or reward for patient referrals, including the federal Anti-Kickback Statute and comparable state Laws;

   (v) restrict or prohibit certain fee splitting arrangements involving physicians or other healthcare professionals;

   (vi) regulate the use of medical devices;

   (vii) regulate the privacy of patient records, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Health Information for Economic and Clinical Health Act (HITECH) and other comparable federal and state Laws; or

   (viii) regulate the advertising of chiropractic clinics or Chiropractic Services.

   Healthcare Laws also include rules and regulations promulgated by regulatory boards governing chiropractors and/or chiropractic clinics. As a material inducement to us entering into this Agreement with you, you hereby represent and warrant to us as follows:

   (a) you have conducted independent research regarding Healthcare Laws applicable to your Clinic;

   (b) you have engaged Healthcare Counsel to advise you on Healthcare Laws applicable to your Clinic;

   (c) you have provided your Healthcare Counsel with copies of our FDD, the Franchise Agreement and the other proposed agreements pertaining to the ownership, development and operation of your Clinic; and

   (d) your Healthcare Counsel has opined that, in accordance with applicable Healthcare Laws, you may lawfully own and operate a Franchised Clinic and employ the Chiropractic Staff in accordance with the terms of the Franchise Agreement and Manual.

   If we so request, you agree to have your Healthcare Counsel provide us with a legal opinion letter addressed to us and opining that, in accordance with applicable Healthcare Laws, you may lawfully own and operate a Franchised Clinic and employ the Chiropractic Staff who provide Chiropractic Services at the Clinic. The legal opinion letter must be reasonably acceptable to us. You are solely responsible for all legal fees and other costs you incur to engage Healthcare Counsel.

3. **CONSENT TO FRANCHISED CLINIC MODEL**. In reliance upon your representations and warranties set forth in §2 of this Agreement and your other covenants set forth herein, we hereby approve your request to acquire franchise rights for a Franchised Clinic and waive any obligation for you to sign a Managed Clinic Addendum and/or enter into a Management Agreement with a Chiropractic PC. Accordingly, you will own, operate and manage a Franchised Clinic in accordance with the Franchise Agreement and the Manual.

4. **PROFESSIONAL JUDGMENT**. You agree that you will not engage in any activities that might interfere with the Professional Judgment of the Chiropractic Staff. You may not control or influence (or reserve the right or intend to control or influence) the Professional Judgment exercised by the Chiropractic Staff. In recognition of these facts, the Parties acknowledge and agree that if any terms

within a Definitive Agreement or the Manual conflict with the Professional Judgment of the Chiropractic Staff, the Professional Judgment of the Chiropractic Staff will control, and the Chiropractic Staff shall be authorized to act in a manner consistent with their Professional Judgment without being deemed in breach of the Definitive Agreements or the Manual or their relationship with you. You shall promptly notify us in writing if any member of the Chiropractic Staff believes any terms within a Definitive Agreement or the Manual conflict with their Professional Judgment.

5. **CHANGES TO HEALTHCARE LAWS**. You understand that Healthcare Laws (including CPOM) change from time to time, including the enactment of new Healthcare Laws such as CPOM. You must maintain an ongoing attorney-client relationship with Healthcare Counsel for purposes of (among other things) advising you of material changes to Healthcare Laws relevant to your ownership, development and/or operation of the Clinic. If you become aware of any changes to Healthcare Laws that may adversely affect your ability to lawfully own and operate a Franchised Clinic in accordance with the Franchise Agreement and the Manual you must immediately send us a written notice that: (a) identifies the relevant change to Healthcare Laws; (b) summarizes how the change impacts your ownership, development or operation of the Clinic; and (c) if applicable, advises us of your proposed corrective action to ensure ongoing compliance with such Healthcare Laws. If, subsequent to our execution of this Agreement, there is a change to applicable Healthcare Laws that renders your ownership of a Franchised Clinic and/or employment of Chiropractic Staff unlawful, we may require that you convert from a Franchised Clinic to a Managed Clinic in accordance with §2.3 of the Franchise Agreement, which may require you to incur significant additional expense.

6. **DISPUTE RESOLUTION.** Any dispute between the Parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

7. **MISCELLANEOUS.**

7.1. **Governing Law**. This Agreement is governed by the Laws of the State of Arizona without reference to its principles of conflicts of law.

7.2. **Severability**. Each section and subsection of this Agreement, and any portion thereof, shall be considered severable.

7.3. **Binding Effect.** This Agreement is binding on the Parties and their respective executors, administrators, heirs, assigns and successors in interest.

7.4. **Integration**. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. Any email or other informal electronic communication shall not be deemed to modify this Agreement unless it is signed by both Parties and specifically states it is intended to modify this Agreement. The attachment(s), if any, are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the Parties, and there are no other oral or written understandings or agreements between the Parties about the subject matter of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document. 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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7.5. **Notice**. All notices given under this Agreement must be provided in accordance with the Notice Provision of the Franchise Agreement.

7.6. **Assignment.** You may not assign this Agreement. We have the unrestricted to assign this Agreement to the same extent we are permitted to assign the Franchise Agreement.

7.7. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same document.

* * *

The Parties have executed this Agreement effective as of the Effective Date first above written.

FRANCHISOR:

The Joint Corp., a Delaware corporation

By:_____
Name:_____
Title:_____

YOU (If you are an Entity):

_____,
a(n)_____

By:_____
Name:_____
Title:_____

YOU (If you are not an Entity):

_____
Name:_____

_____
Name: _____

_____
Name: _____

_____
Name: _____

EXHIBIT "H"-4

SAMPLE MANAGEMENT AGREEMENT

[See Attached]

MANAGEMENT AGREEMENT

(Non-State Specific)

This Management Agreement ("Agreement") is made effective as of _____ by and between_____, a [State] [corporation/limited liability company], having its principal place of business at _____ (the "Company"), and _____, a _____ [State] professional service corporation, having its principal place of business at _____ (the "P.C.") **[This defined term may be adapted to correspond to the applicable business form (*i.e.,* P.L.L.C.).]**.

BACKGROUND RECITALS

A. The P.C. has been incorporated under the laws of the State of _____ to render chiropractic services to patients of the P.C.

B. The P.C. desires to establish and operate a chiropractic clinic and provide chiropractic services (the "Clinic") at _____ (the "Premises") and to obtain certain equipment, furnishings, office space and management services for the P.C. from the Company.

C. The Company is ready, willing, and able to provide furnishings, equipment, office space and management services to the P.C. in connection with the Clinic.

D. In consideration of the mutual premises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to the terms and conditions set forth below:

AGREEMENT

1. Representations and Warranties.

1.1. Representations and Warranties of the Company. The Company represents and warrants to the P.C. that at all times during the term of this Agreement, the Company is a corporation [**limited liability company**] duly organized, validly existing and in good standing under the laws of the State of _____.

1.2. Representations and Warranties of the P.C. The P.C. hereby represents and warrants to the Company that at all times during the term of this Agreement:

(a) The P.C. is a professional service corporation duly organized, validly existing and in good standing under the laws of the State of _____ and is duly licensed and qualified under all applicable laws and regulations to engage in the practice of chiropractic medicine in the State of _____.

(b) Each of the professionals employed or engaged by the P.C. to render services at the Clinic is duly licensed, certified, or registered, to render the professional services for which he or she has been employed or engaged by the P.C.

(c) The P.C. will establish and enforce procedures to ensure that proper and complete patient records are maintained regarding all patients of the P.C. as required by §4.10 below, applicable law and by the rules and regulations of any applicable governmental agency (collectively "Laws").

2. Furnishings and Equipment, Use of Premises, Trade Name

2.1. Title and Maintenance. During the term of this Agreement, the Company grants to the P.C. the exclusive right to use the Equipment and Furnishings specified in Exhibit A hereto, and as may be amended from time to time, on the terms and conditions hereinafter set forth. The P.C. shall use, and shall cause its Providers (as defined in §4.2, below) to use, the Equipment and Furnishings in connection with the Clinic in a manner that the P.C. determines is in the best interest of its patients. Title to the Equipment and Furnishings, including any improvements thereto, shall be and remain in the Company at all times. The P.C. agrees to take no action that would adversely affect the Company's title to or interest in the Equipment and Furnishings. During the term of this Agreement, the P.C. shall be

responsible for maintaining the Equipment and Furnishings in good condition and repair, reasonable wear and tear from normal use excepted, including, where necessary, the replacement or substitution of parts. All maintenance, repair and replacement, if necessary, of the Equipment and Furnishings shall be performed by the Company on behalf of the P.C., in accordance with §3.1 of this Agreement. The P.C. agrees to assume the cost and expense of all supplies used in connection with the Equipment and Furnishings, and the P.C. agrees to make the Equipment and furnishings available for inspection by the Company or its designee at any reasonable time.

2.2. **Liens, Encumbrances, Etc.** The P.C. shall not directly or indirectly create or suffer to exist any mortgage, security interest, attachment, writ or other lien or encumbrance on the Furnishings or Equipment, and will promptly and at its own expense, discharge any such lien or encumbrance which shall arise, unless the same shall have been created or approved by the Company.

2.3. **Use of Premises**. The Company will provide as a license to use space, the use of the Premises in which the P.C. shall conduct and provide its chiropractic services at the Clinic during the term of this Agreement. This Agreement shall not be construed as a lease or sublease of the Premises, and shall not be deemed to create a relationship between a landlord and a tenant. The P.C. shall have no rights as a lessee of or any other possessory or occupancy rights to or any interest in the Premises except for the right to perform professional chiropractic services on the Premises as expressly set forth in this Agreement.

2.4. **Return of Equipment and Furnishings**. Upon the termination or expiration, as applicable of this Agreement, the Company shall retain all Furnishings and Equipment and the P.C. will relinquish control thereof free and clear of all liens, encumbrances, and right of others (save those created or approved by the Company).

2.5. **Assignment**. The P.C. shall not assign any of its rights hereunder to the use of the furnishings and Equipment to any third party, without the prior written consent of the Company.

2.6. **Reporting.** In addition to P.C.'s right to approve the initial Equipment identified in Exhibit A, the P.C. shall advise the Company with respect to the selection of additional and replacement equipment or furnishings for the Clinic, and with respect to any proposed additions or improvements to the Equipment or Furnishings. The P.C. may refer the patient for consultation or treatment elsewhere, if the P.C. deems such to be in the best interest of its patient(s). The P.C. hereby approves the use of the Equipment identified in Exhibit A hereto. The Equipment in Exhibit A will be furnished by the Company at no additional expense to the P.C. However, if P.C. chooses to use different therapeutic equipment, this will be treated as an additional expense of the P.C. The P.C. will ensure that all Equipment and Furnishings are used in a safe and appropriate manner. The P.C. shall promptly notify the Company of any defective Equipment or Furnishings.

2.7. **Use of Trade Name**. The Company shall provide P.C. with a revocable license to use the name "The Joint®", "The Joint Chiropractic®, or "The Joint…the chiropractic place®", for the Clinic (the "Name"), and the Name shall be used by the P.C. in conformity with all applicable Laws.

3. **General Responsibilities of the Company**. Except as otherwise provided in this Agreement, the Company shall have responsibility for general management and administration of the day-to-day business operations of the P.C., exclusive of chiropractic, professional and ethical aspects of the P.C.'s chiropractic Clinic, and whose activities shall in all respects be subject to and act in compliance with applicable Laws and regulation related thereto.

3.1. **Maintenance, Repair and Servicing of Furnishings and Equipment**. During the term of this Agreement, the P.C. engages the Company and the Company agrees to perform, or subcontract for the performance of, all maintenance, repair, and servicing as may be necessary for the Equipment and furnishings to be maintained in good working condition, reasonable wear and tear excepted.

3.2. **Administrative and Management Services**

(a) The Company shall provide, or arrange for the provision of, certain business, management and administrative services of a non-clinical nature necessary or appropriate for the proper operation

of the P.C. (the "Management Services"), as described below. The Company shall be the exclusive provider to the P.C. of such Management Services. The P.C. shall not obtain any Management Services from any source other than the Company, except with the prior written consent of the Company. Subject to P.C.'s oversight and ultimate authority over all issues, Company is expressly authorized to take such actions that Company, in the exercise of reasonable discretion, deems necessary and/or appropriate to fulfill its obligations under this Agreement and meet the day-to-day requirements of P.C., including the responsibility and commensurate authority to provide full service management services for P.C. as set forth in this Agreement, including supplies, support services, third party contracting, quality assurance, educational activities, risk management, billing and collection services, management, administration, financial record keeping and reporting, and other business services as provided in this Agreement. The Company is authorized to contract with third parties, including one or more of its affiliates, for the provision of services, equipment and personnel needed to perform its obligations under this Agreement. Any contracts with such affiliates shall be arms' length agreements on terms reasonably available from reasonably efficient competing vendors. Nothing herein shall be construed to interfere with P.C.'s or its licensed providers' professional judgment or actions with respect to the diagnosis and treatment of any of their patients.

(b) The Management Services to be provided by the Company for the Clinic shall include, but not be limited to, the following:

(i) business planning;

(ii) financial management, including causing annual financial statements to be prepared for the P.C., providing to the P.C. the data necessary for the P.C. to prepare and file its tax returns and make any other necessary governmental filings, paying on behalf of the P.C., the P.C.'s Monthly Obligations (as defined in §4.4(d) hereof);

(iii) bookkeeping, accounting, and data processing services;

(iv) maintenance of patient records in accordance with procedures established by the P.C. pursuant to §1.2(c) above;

(v) materials management, including purchase and stock of office supplies and maintenance of equipment and facilities, subject to the P.C.'s approval of the selection of chiropractic equipment for the Clinic;

(vi) administering or causing to be administered any welfare, benefit or insurance plan or arrangement of the P.C.;

(vii) coordinate human resources management, including primary direction of recruitment, training, and management of all Administrative Staff (defined in §3.3 below);

(viii) billing to and collection from all payors, accounts receivable and accounts payable processing, all in accordance with the P.C.'s decisions made in consultation with the Company;

(ix) administering utilization, cost and quality management systems that are established in accordance with §4.3;

(x) subject to the P.C.'s approval of all materials that become public, developing a marketing program which includes the design, procurement, and monitoring of electronic and print advertising of the Clinic, in conformity with the requirements of applicable Laws;

(xi) arrange for the P.C. to obtain and maintain malpractice and other agreed upon insurance coverages;

(xii) providing administrative services in connection with the P.C.'s advertising, marketing and promotional activities of the Clinic, in accordance with applicable laws;

(xiii) arranging for necessary legal services except with respect to any legal dispute between the P.C. and the Company;

(xiv) performing credentialing support services such as application processing and information verification;

(xv) developing and providing OSHA compliance programs and consulting;

(xvi) developing and providing P.C. with consulting services regarding pricing and membership plan strategies for the Clinic, subject to the requirements of applicable provisions of Law. Notwithstanding the foregoing, the parties expressly acknowledge and agree that all policies and decisions relating to pricing, credit, refunds and warranties shall be established in compliance with applicable Laws; and

(xvii) to the extent not included in any of the services listed in §3.2(b)(i) – (xv) providing:

(a) relationship development with Chiropractic schools;

(b) personnel training and orientation in non-Chiropractic areas;

(c) monitoring of industry developments and strategic planning;

(d) payroll processing;

(e) public relations;

(f) facilities management;

(g) coordination and negotiation of clinic financing efforts;

(h) clinic remodels;

(i) continuing education programs;

(j) client scheduling design software;

(k) coordinate client service and complaint handling, provided that any clinical complaints shall be directed to the P.C. or its providers;

(l) clinic management analysis;

(m) internal publications development and distribution;

(n) conference and travel coordination; and

(o) administration of committees.

(c) The Company shall not provide any of the following services to the Clinic:

(i) the assignment of Providers to treat patients;

(ii) assumption of responsibility for the care of patients;

(iii) serving as the party to whom bills and charges are made payable;

(iv) any activity that involves the practice of chiropractic medicine and the provision of chiropractic services or that would cause the Clinic to be subject to licensure under applicable laws and regulations in _____ (**State**).

3.3. **Administrative Staff**. Subject to P.C.'s oversight and ultimate authority (including ratification of all non-chiropractic personnel who indirectly are involved in patient care), Company may recommend for employment and termination the employment of all Non-Chiropractic Personnel as Company will deem necessary or advisable, and will be responsible for the supervision, direction, training and assigning of duties of all Non-Chiropractic Personnel, with the exception of activities, if any, carried on by Non-Chiropractic Personnel which must be under the direction or supervision of licensed chiropractors in accordance with applicable law and regulations. Unless otherwise specifically agreed in writing, Company shall administer compensation, benefits, and scheduling of all Non-Chiropractic Personnel providing any services for or on behalf of P.C., and such personnel will be employees or independent contractors employed or engaged by Company.

3.4. **Patient Records**. The Company shall preserve the confidentiality of any patient records that it stores on behalf of the P.C., including the restriction of access to such records by its own personnel to only those whose specific job description requires access to such information on a routine basis.

3.5. **Performance Standards**. All Management Services provided hereunder shall be subject to commercially reasonable performance standards agreed to by the parties from time to time.

4. Responsibilities of the P.C.

4.1. **Professional Services**. During the term of this Agreement, the P.C. shall be solely responsible for all aspects of the diagnostic, therapeutic and related professional services delivered by the Providers at the Clinic, and for the selection, training, professional direction, supervision, employment or engagement of all Providers. Company will provide assistance to P.C. in recruiting and evaluating prospective chiropractors and support personnel as employees or independent contractors of P.C. P.C. will make all decisions relating to hiring, training, managing, and termination of Chiropractic Personnel. At the request of P.C., Company will administer compensation, benefits, and scheduling of Chiropractic Personnel on behalf of the P.C. as directed by P.C., which shall exclusively oversee and direct all clinical and patient care activities. In addition, the P.C. shall be solely responsible for the following determining what diagnostic tests are appropriate for a particular condition; determining the need for referrals to or consultation with another chiropractor/specialist; and the overall care of the patient, including the treatment options available.

4.2. **Time Commitment**. The P.C. shall employ or engage and make available to the Clinic, sufficient chiropractors and other professionals, authorized to engage to the extent permitted by law in the chiropractic services provided by the Clinic (collectively referred to as "Providers") in adequate numbers to meet the chiropractic needs of the patients of the Clinic. The P.C. shall provide such services during normal business hours, as established in consultation with the Company. The P.C. shall ensure that all work and coverage schedules meet the needs of patients of the P.C. in a competent, timely and responsive manner. The P.C. shall determine how many patients a chiropractor must see in a given period of time or how many hours a chiropractor must work.

4.3. **Quality of Service**. The P.C. shall establish and enforce procedures to assure the appropriateness, necessity, consistency, quality, cost effectiveness and efficacy of all chiropractic services provided to patients of the Clinic. The P.C. shall require each of its Providers who are licensed, registered or certified to perform professional services to participate in and cooperate with any utilization management, quality assurance, risk management, patient care assessment, continuous quality improvement, accreditation or other similar program or study to review the performance such Providers as may be required by the P.C., governmental agencies, professional review organizations, accrediting bodies, or health care entities or other third parties with which the P.C. may contract or affiliate.

4.4. **Billing and Collection**.

(a) The Company shall bill and use its best efforts to collect for all services rendered by the P.C. and its Providers hereunder and for all access and membership fees as agent for the P.C. in accordance with P.C.'s decisions made in consultation with the Company regarding billing procedures for professional services provided by the P.C. All of the payments with respect to such services shall be made by cash or by check, electronic funds transfer, or credit card payable to the P.C. and shall be deposited into a bank account of the P.C. (the "Concentration Account") with a bank mutually agreed to by the Company and the P.C. (the "Account Bank"). The Company shall prepare and make available to the P.C. an accounting of receipts attributable to services provided by the P.C., and receipts attributable to services provided by the Company.

(b) The P.C. shall, and shall cause its Providers to, promptly endorse and deliver to the Company all payments, notes, checks, money orders, remittances and other evidences of indebtedness or payment received by the P.C. or its Providers, with respect to all accounts, contract rights, instruments, documents, or other rights to payment from time to time arising from the rendering of chiropractic services by the P.C. and its Providers, for access or membership fees, or otherwise relating to the business of the P.C., together with any guarantees thereof or securities therefore

which are generated during the term of this Agreement. The Company is hereby granted a special power of attorney with respect to the Concentration Account and shall have the power and authority to deposit into, and withdraw funds from, all such accounts as may be required to pay P.C.'s Expenses (as defined in §4.13 below). The P.C. shall notify the banking institution of the concentration Account, and shall cause one or more employees or agents designated by the Company to be listed as a signatory on that account.

(c) With respect to funds deposited in the Concentration Account (the "P.C.'s revenues"), the Company shall direct the Account Bank to transfer all amounts in the Concentration Account, at the end of each day, to an operating account maintained by and in the name of the Company (the "Operating Account"). The Company shall hold the P.C.'s Revenues in the Operating Account as the P.C.'s agent, and shall administer such Revenues on the P.C.'s behalf. The Company shall separately and accurately account for the receipt, use, disposition, and interest gained on the P.C.'s Revenues.

(d) On at least a monthly basis, the Company shall pay, from the P.C.'s Revenue in the Operating Account, all of the current month's P.C. Expenses, as defined in §4.13 hereof and the current month's Management Fee as defined in §5 hereof (collectively, the "P.C.'s Monthly Obligations"). In the event that the P.C.'s Revenue (including the current month's interest earned on the P.C.'s Revenue) is insufficient to pay fully the P.C.'s Monthly Obligations, the Company may advance to the P.C. an amount equal to the deficit (the "Deficit Advance") by depositing such amount in the Concentration Account or the Operating Account. The amounts of the Deficit Advances shall accrue and the P.C. shall be obligated to pay such amounts upon the termination of this Agreement. In the event that there is a monthly profit that exceeds the P.C.'s Monthly Obligations (the "Monthly Profits"), then the Company shall use such amount to repay any prior Deficit Advances made by the Company (if any) together with interest accrued thereof.

4.5. **Licensure**. The P.C. shall ensure that each Provider associated with P.C. maintains, if applicable, an unrestricted license to practice chiropractic or other health care profession, or to be engaged in his or her particular field of expertise in the State of _____ and, to the extent that Providers provide professional services in other states, that such individuals maintain comparable unrestricted licensure in such other jurisdictions. Each Provider shall have a level of competence, experience and skill comparable to that prevailing in the community where such Provider provides professional services.

4.6. **Continuing Education**. The P.C. shall ensure that each Provider shall obtain the required continuing professional education for his or her specialty in each state where such Provider provides professional services and shall provide documentation of the same to the Company.

4.7. **Disciplinary Actions**. The P.C. shall, and shall cause each of its Providers to, disclose to the Company during the term of this Agreement: (i) the existence of any proceeding against any Provider instituted by any plaintiff, governmental agency, health care facility, peer review organization or professional society which involves any allegation of substandard care or professional misconduct raised against any Provider, and (ii) any allegation of substandard care or professional misconduct raised against any Provider by any person or agency during the term of this Agreement.

4.8. **Outside Activities**.

(a) The P.C. and its Providers shall devote their best efforts to fulfill their obligations hereunder. The P.C. and its Providers shall not engage in any other professional activities, whether or not such business activity is pursued for gain, profit, or other pecuniary advantage, which would interfere with the performance of the P.C.'s duties hereunder, without the prior written consent of the Company, which consent shall not be unreasonably withheld. The P.C. shall assure that each of its Providers shall not provide chiropractic services other than on behalf of the P.C., unless such activity is disclosed in writing to and is expressly authorized in writing by the Company. In the event that any of the P.C.'s Providers shall violate any provision of this §4.8(a), the P.C.'s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action to cease such activity.

(b) Except as otherwise approved in advance by the Company, and to the extent permitted by law, all amounts collected by the P.C. for chiropractic services, regardless of the source of payment, shall be assigned and belong to the Company including honoraria, royalties, revenues from patents, copyrights or other licensable intellectual property, revenues from teaching and supervising licensees-in-training and revenues from other professional activities ("Outside Income").

4.9. Patient Records.

(a) The P.C. and its Providers shall maintain, in a timely manner, complete, accurate and legible records for all patients of the Clinic, and all such patient records shall be the property of the P.C. The P.C. and its Providers shall comply with all applicable laws, regulations and ethical principles concerning confidentiality of patient records.

(b) The P.C. shall own and control all patient chiropractic records, including determining the contents thereof. The P.C. shall grant the Company access to the information contained in the patient records owned by the P.C. and completed by the Providers to the extent that access to such information is permitted by applicable Laws and is required in connection with the Company's administrative responsibilities hereunder. The P.C. agrees that, upon the termination of this Management Agreement (as permitted by applicable laws), the P.C. will transfer the original, or at PC's discretion, complete copies of all of the P.C.'s patient records to a successor P.C. or a licensed chiropractor identified by the Company who will provide chiropractic services at the Premises or ensure that such records are transferred to a successor P.C. that will provide chiropractic services at the Premises. Notwithstanding the foregoing, such successor P.C. or chiropractor shall be obligated to transfer a patient's record in accordance with the patient's request.

(c) As required by the privacy regulations issue under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the parties shall comply with the terms of the Business Associate Addendum attached as Exhibit B of this Agreement.

4.10. Credentialing. The P.C. shall participate and cooperate in and comply with any credentialing program established from time to time by the Company.

4.11. Fees for Professional Services. The P.C. shall be solely responsible for legal, accounting, and other professional service fees it incurs, except as otherwise provided herein.

4.12. Standards of Care. The P.C. and its Providers shall render services to patients hereunder in a competent and professional manner, in compliance with generally accepted and prevailing standards of care and in compliance with applicable statutes, regulations, rules, policies and directives of federal, state and local governmental, regulatory and accrediting agencies.

4.13. P.C. Expenses. The following expenses of the P.C. that are related to the Clinic ("P.C. Expenses") shall be paid by the Management Company, on behalf of the P.C. and at the direction of the P.C.:

(a) Salaries, wages, benefits, (including health, life, and disability insurance coverage and all contributions under employee benefit plans), vacation and sick pay, employment and payroll taxes; and the cost of payroll administration and administration of benefits, for Providers employed by the P.C.;

(b) Cost of all new chiropractic and non-chiropractic equipment and supplies obtained for use in the operation of the Clinic, and depreciation cost of all capital equipment and items obtained for use in the operation of the Clinic in accordance with federal tax depreciation schedules for such equipment and items;

(c) Expenses of comprehensive professional liability insurance, professional liability insurance for each Provider of the P.C. to the extent the P.C. is required to pay for such insurance pursuant to the terms of the Provider's employment agreement, comprehensive general liability insurance and property insurance coverage for the P.C.'s facility and operations, and worker's compensation

and unemployment insurance coverage for all P.C. employees;

(d) Interest expense on indebtedness (including capitalized leases) incurred with respect to debt obligations to fund the operation of, or the acquisition of capital assets for, the P.C.;

(e) State and local business license taxes, professional licensure and board certification fees, sales and use taxes, income, franchise and excise taxes and other similar taxes, fees and charges assessed against the P.C. or the Providers;

(f) Expenses incurred in the course of recruiting chiropractors, chiropractic receptionists and other professional staff to work for and/or join the P.C.; and

(g) Any federal income taxes, including the cost of preparation of the annual income tax returns of the P.C. and its Providers.

The P.C. shall promptly notify the Company of all P.C. Expenses incurred, and shall provide the Company with all invoices, bills, statements and other documents evidencing such P.C. Expenses.

5. Management Fee.

(a) In consideration of the Company (i) licensing to the P.C. the use of Equipment, Furnishings and the Name; (ii) permitting the P.C. to operate the Clinic and perform professional chiropractic services at the Premises; (iii) granting to the P.C. the right to use the personal property and leasehold improvement at the Premises; and (iv) providing all other services described in this Agreement, the P.C. hereby agrees to pay to the Company a monthly Management Fee that shall be equal to all revenues received by the P.C., less the expenses of the P.C. that the Company pays on behalf of the P.C.

(b) The portion of the Management Fee (i) allocable to the P.C.'s use of the Equipment, Furnishings and Name has been determined by the parties to equal the fair market value of the use of the Equipment, Furnishings and name, respectively, and (ii) allocable to the provisions of all other services hereunder has been determined by the parties to equal the fair market value of such other services without taking into account the volume or value of any referrals of business from the Company (or its affiliates) to the P.C. or the Providers, or from the P.C. or the Providers to the Company (or its affiliates).

(c) The Management Fee paid by the P.C. to the Company hereunder has been determined by the parties through good-faith and arm's length bargaining. No amount paid hereunder is intended to be, nor shall it be construed to be, an inducement or payment for referral of, or recommending referral of, patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C. In addition, the Management Fee charged hereunder does not include any discount, rebate, kickback, or other reduction in charge, and the Management Fee charged hereunder is not intended to be, nor shall it be construed to be, an inducement or payment for referral, or recommendation of referral, of patients by the P.C. to the Company (or its affiliates) or by the Company (or its affiliates) to the P.C.

6. Regulatory Matters.

(a) The P.C.'s Providers shall at all times be free, in their sole discretion, to exercise their professional judgment on behalf of patients of the P.C. No provision of this Agreement is intended, nor shall it be construed, to permit the Company to affect or influence the professional judgment of any member of the P.C.'s Providers. To the extent that any act or service required or permitted of the Company by any provision of this Agreement may be construed or deemed to constitute the practice of chiropractic, the ownership or control of a chiropractic practice, or the operation of a clinic, said provision of this Agreement shall be void ab initio and the performance of said act or service by the Company shall be deemed waived by the P.C.

(b) The parties agree to cooperate with one another in the fulfillment of their respective obligations under this Agreement, and to comply with the requirements of applicable Laws and with all ordinances, statutes, regulations, directives, orders, or other lawful enactments or pronouncements of any federal, state, municipal, local or other lawful authority applicable to the Clinic, and of any insurance company insuring the Clinic or the parties against liability for accident or injury in or upon the premises of the Clinic.

7. Insurance.

7.1. General Comprehensive Liability Insurance. During the term of this agreement, the Company shall obtain and maintain, at the P.C.'s expense, a comprehensive general liability insurance policy and such other insurances as may be required, in such amounts, with such coverages and with such companies as the Company may reasonably determine to be necessary and appropriate, as required by law or as are usual and customary. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provide for 30 days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

7.2. Equipment Insurance. The Company shall cause to be carried and maintained, at its own expense, insurance against all risks of physical loss or damage to the Equipment in an amount not less than the original purchase price or the replacement cost with like kind and quality at the time of loss, with such companies and as the Company shall reasonably determine. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional named insureds, and provided for 30 days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

7.3. Malpractice Insurance. During the term of this Agreement, the Company shall arrange for the P.C. to obtain and maintain, at the P.C.'s expense, professional liability insurance covering the P.C. and its Providers, as an occurrence-based policy with limits of not less than [$1,000,000] per occurrence and [$3,000,000] in the aggregate, which the parties hereby agree are adequate amounts of coverage, or such other amount as required by law. In the event the P.C. has no other option but to obtain a "claims made" form of insurance in effect at any time during the term of this Agreement, the Company shall obtain, at P.C.'s expense, full "tail" coverage to cover any event that may have occurred during the term of this Agreement. The P.C. shall provide to the Company any information with respect to the P.C. or the Providers necessary for the Company to secure such professional liability insurance. These insurance policies must name The Joint Corp., the Company, and any of their respective affiliates that the Company or The Joint Corp. designates as additional name insureds, and provide for thirty (30) days' prior written notice to the Company and The Joint Corp. and of a policy's material modification, cancellation or expiration.

8. Indemnification by the P.C. The P.C. hereby agrees to indemnify, defend, and hold harmless the Company, and each of the Company's officers, directors, shareholders, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part out of any breach by the P.C. of this Agreement or any acts or omissions by the P.C. or its Providers in their performance of this Agreement, including, but not limited to, negligence of the P.C. or its Providers arising form or related to any of their professional acts or omissions to the extent that such is not paid or covered by the proceeds of insurance. The P.C. shall immediately notify the Company of any lawsuits or actions, or any threat thereof, against P.C. or any Provider, or the Company, which may become known to the P.C.

9. Indemnification by the Company. The Company hereby agrees to indemnify, defend, and hold harmless the P.C., and each of its officers, managers, members, agents and employees, from and against any and all claims, demands, losses, liabilities, actions, lawsuits and other proceedings, judgments and awards, and costs and expenses (including court costs, and reasonable attorneys' and consultancy fees), arising directly or indirectly, in whole or in part, out of any breach by the Company of this Agreement or any willful or grossly negligent act or omission by the Company in its performance of this Agreement, to the extent that such is not paid or covered by the proceeds of insurance. The company shall immediately notify the P.C. of any lawsuits or actions, or any threat thereof, against the Company, P.C. or any Provider that may become known to the Company.

10. Security Interest. As security for Practice's obligations set forth in this Agreement, Shareholder, who is owner of 100% of P.C.'s shares of common stock, hereby pledges, and as inducement to Company to enter into this Agreement, grants a security interest in, assigns, transfers, and delivers to Company (or Company's

qualifying designee) P.C.'s shares to Company as collateral security for the performance of P.C.'s obligations hereunder. In the event of a breach by or default of P.C. of this Agreement, or upon termination of this Agreement for any reason, and as further provided below, Shareholder shall cooperate as reasonably requested in the transfer of P.C.'s shares to a chiropractor independently determined to be competent designated by Company. In connection with this grant of a security interest, Shareholder represents and warrants that Shareholder owns the pledged shares free and clear of any material liens, claims, encumbrances, or security interests of any kind or nature whatsoever; that Shareholder is not precluded, by agreement or operation of law or otherwise, from making this pledge, and needs no further authority or authorization for this pledge; and that the pledge of the shares as collateral creates a valid first priority lien on and a first priority perfected security interest and lien in the collateral and proceeds thereof, securing the performance of P.C.'s obligations under this Agreement.

11. Actions Requiring Company's Consent. As inducement to Company to enter into this Agreement, P.C. agrees that it shall not take certain governance actions without Manager's consent. Therefore, notwithstanding anything in this Agreement to the contrary, P.C. agrees that the following actions by P.C. shall be void unless undertaken with the prior written consent of Manager:

(a) The issuance, reclassification, recapitalization, redemption of capital stock of P.C. or of any security convertible into shares of capital stock of P.C., without prior consultation and written consent of Manager;

(b) The payment of any dividends on the capital stock of P.C. or other distribution to the shareholders of P.C., without prior consultation and written consent of Manager;

(c) Any consolidation, conversion, merger or stock/share exchange of P.C. without prior consultation and written consent of Manager;

(d) Any sale, assignment, pledge, lease, exchange, transfer or other disposition (without prior consultation and written consent of Manager), excluding salaries, but including without limitation a mortgage or other security device, of assets, including P.C.'s accounts receivable, constituting in the aggregate five percent (5%) or more (in any transaction or series of transactions over any consecutive five (5) year period) of the total assets of P.C. at the end of its most recent fiscal year ending prior to such disposition; and

(e) The dissolution or liquidation of P.C.

12. Non-Solicitation.

(a) Intentionally Omitted.

(b) To the extent permitted by law, during the term of any Provider's employment with the P.C. and for a period of one (1) year after the termination or expiration of any such Provider's employment agreement with the P.C., such Provider shall not, without the express written consent of the P.C., solicit verbally or in writing, any patient or former patient of the P.C., or otherwise interfere with such patient or former patient's relationship with the P.C. in connection with the provisions of chiropractic services. Upon termination of any Provider's employment with the P.C., the P.C. shall promptly notify the Provider's patients of how and where to contact the Provider.

(c) In the event that any of the P.C.'s Providers shall violate any provision of this §12, the P.C.'s President shall immediately notify the Company of such activity and the P.C. shall immediately take all necessary and appropriate corrective action.

(d) Company agrees to waive any outstanding Management Fees owed by the P.C. at termination of this agreement, pursuant to §4.4(d), as consideration for the non-solicitation provision set forth in §12(b) above.

13. Proprietary Rights. The P.C. recognizes and acknowledges that all records, files, reports, protocols, polities, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and

trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.

14. Enforcement.

(a) The P.C. recognizes and acknowledges that all records, files, reports, protocols, policies, manuals, data bases, processes, procedures, computer systems, materials and other documents used by the Company (or its affiliates) in rendering services hereunder, or relating to the operations of the Company (or its affiliates), belong to and shall remain the property of the Company, and constitute proprietary information and trade secrets that are valuable, special, and unique assets of the Company's business ("Confidential Information"). The P.C. shall not, and shall assure that each of its Providers shall not, during or after the term of this Agreement, disclose any Confidential Information of the Company (or its affiliates), or the terms and conditions of this Agreement to any other firm, person, corporation, association, or other entity for any reason or purpose whatsoever, without the written consent of the Company or its respective affiliates.

(b) All works, discoveries and developments, whether or not copyrightable, relating to the Company's present, past or prospective activities, services and products ("Inventions") which are at any time conceived or reduced to practice by P.C. and/or any of its Providers, acting alone or in conjunction with others, in connection with the Company's management of the P.C. or, during the course of the P.C.'s employment or engagement of Providers (or, if based on or related to any Confidential Information, made by P.C. and/or any Provider during or after such management by the Company or employment or engagement by the P.C.) and all concepts and ideas known to P.C. or any Provider at any time during the Company's management of the P.C. which relate to the Company's present, past or prospective activities, services and products ("Concepts and Ideas") or any modifications thereof held by or known to P.C. and/or any Provider on the date of this Agreement or acquired by P.C: and/or any Provider during the term of this Agreement shall be the property of the Company, free of any reserved or other rights of any kind on P.C. and/or 'any Provider's part in respect thereof, and P.C. and/or any such Provider hereby assign all rights therein to the Company.

(c) P.C. and/or its Providers shall promptly make full disclosure of any such Inventions, Concepts and Ideas or modifications thereof to the Company. Further, P.C. and/or its Providers shall, at the Company's cost and expense, promptly execute formal applications for copyrights and also do all other acts and things (including, among others, executing and delivering instruments of further assurance or confirmation) deemed by the Company to be necessary or desirable at any time or times in order to effect the full assignment to the Company of P.C. and/or its Providers' rights and title to such Inventions, Concepts and Ideas or modifications, without payment therefor and without further compensation. In order to confirm the Company's rights, P.C. and/or its Providers will also assign to the Company any and all copyrights and reproduction rights to any written material prepared by P.C. and/or its Providers in connection with the Company's management of the P.C. or the Providers' employment or engagement by the P.C. P.C. and/or its Providers further understand that the absence of a request by the Company for information, or for the making of an oath, or for the execution of any document, shall in no way be construed to constitute a waiver of the rights of the Company under this Agreement. This Agreement shall not be construed to limit in any way any "shop rights" or other common law or contractual rights of the P.C. or the Company in or to any Inventions, Concepts and Ideas or modifications which the Company has or may have by virtue of the Company's management activities hereunder or the P.C.'s engagement of its Providers.

(d) The P.C. agrees that the restrictive covenants set forth in §12 and §13 are reasonable in nature, duration and geographical scope. The P.C. further acknowledges that any violation of those restrictive covenants will cause the Company irreparable damage, which a monetary award would be inadequate to remedy, and that a court or arbitrator of competent jurisdiction may, in addition to monetary awards, enjoin any breach of, and enforce, such restrictive covenants by temporary restraining order, and preliminary and permanent injunctive relief without the need for the moving party to post any bond or surety. If a court

or arbitrator of competent jurisdiction determines that any of the restrictive covenants set forth in §12 or §13 are unreasonable in nature, duration or geographic scope, then the P.C. agrees that such court or arbitrator shall reform such restrictive covenant so that such restrictive covenant is enforceable to the maximum extent permitted by law for a restrictive covenant of that nature, and such court shall enforce the restrictive covenant to that extent. If any court or arbitrator finds that the P.C. and/or any Provider has breached the restrictive covenants set forth in §12 or §13 above, then such restrictive covenants shall be extended for an additional period equal to the period of such breach.

15. **Employment Agreements**. The P.C. agrees that it shall impose by contract on each of its Providers the obligation to abide by the applicable terms and conditions of this Agreement, including the restrictive covenants specified above. The Company and its affiliates are intended to be third-party beneficiaries of such contracts and the Company may, in its sole discretion, be a signatory to such contracts for purposes of enforcing against Providers the terms and conditions of this Agreement. Any liquidated damages pad to the P.C. by Providers pursuant to contracts between the P.C. and such Providers shall be assigned by the P.C. and paid over to the Company.

16. **Term and Termination**.

(a) The term of this Agreement shall be for [**coterminous with franchise agreement]** years commencing on the date first written above, unless sooner terminated as set forth herein, and shall automatically renew for successive one (1) year terms unless either party gives the other at least 90 days prior written notice of its intention not to renew prior to the expiration of then current term.

(b) Either party may terminate this Agreement immediately upon the occurrence of any of the following events with regard to the other party: (i) the making of a general assignment for the benefit of creditors; (ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustments of indebtedness, reorganization, composition or extension; (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within 90 days of the date on which it is filed or commenced; or (iv) suspension of the transaction of the usual business of either party for a period in excess of 30 days.

(c) The Company may terminate this Agreement immediately upon any of the following events:

(i) The date of death of **[Name of sole shareholder]**;

(ii) The date **[Name of sole shareholder] is** determined by a court of competent jurisdiction to be incompetent, or permanently disabled so as to be unable to render any professional services;

(iii) The date **[Name of sole shareholder]** becomes disqualified under the Bylaws of the P.C. or applicable law to be a shareholder of the P.C.;

(iv) The date upon which any of the shares of stock in the P.C. held by **[Name of sole shareholder]** are transferred or attempted to be transferred voluntarily, by operation of law or otherwise to any person;

(v) The date upon which **[Name of sole shareholder]** ceases to provide chiropractic services in connection with the P.C.; or

(vi) The merger, consolidation, reorganization, sale, liquidation, dissolution, or other disposition of all or substantially all of the stock or assets of the P.C.

(d) The Company may terminate this Agreement if the P.C. fails, within seven (7) days after receiving written notice from the Company, to remove from the Clinic any Provider who the Company determines has materially disrupted or interfered with the performance of the P.C.'s obligations hereunder. This provision shall not be construed as permitting the Company to control or impair the P.C.'s or the Providers' chiropractic judgment, professional performance or patient of care.

(e) The Company may terminate this Agreement immediately upon written notice to the P.C. in the event of

termination for any reason of any of the following agreements: the Company's operating agreement and/or the employment agreement between the P.C. and _____ **[Doctor's Name]**.

(f) The Company may terminate this Agreement at any time with or without cause, by giving the P.C. 45 days' prior written notice.

(g) Either party may terminate this Agreement upon 30 days' prior written notice to the other party in the event of a material breach by the other party of any material term or condition hereof, if such breach is not cured to the reasonable satisfaction of the non-breaching party within 30 days after the non-breaching party has given notice thereof to the other party.

(h) Upon termination or expiration of this agreement by either party, the P.C. shall pay the Company any amounts owed to the Company under §5 hereof as of the date of termination or expiration.

(i) Upon termination or expiration of this Agreement, the P.C. shall return to the Company any and all property of the Company which may be in the P.C.'s possession or under the P.C.'s control.

(j) If, in the opinion (the "Opinion") of nationally recognized health care counsel selected by the Company, it is determined that it is more likely than not that applicable Laws in effect or to become effective as of a date certain, or if the Company or the P.C. receives notice (the "Notice") of an actual or threatened decision, finding or action by any governmental or private agency or court (collectively referred to herein as "Action"), which Laws or Action, if or when implemented, would have the effect of subjecting either party to civil or criminal prosecution under state and/or federal laws, or other material adverse proceeding on the basis of their participation herein, then the Company or the P.C. shall provide such Opinion or Notice to the other party. The parties shall attempt in good faith to amend this Agreement to the minimum extent necessary in order to comply with such Laws or to avoid the Action, as applicable, and shall utilize mutually agreed upon joint legal counsel to the extent practicable. If, within 90 days of providing written notice of such Opinion or such Notice to the other party, the parties hereto acting in good faith are unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question, or alternatively, the parties mutually determine in good faith that compliance with such requirements is impossible or unfeasible, then this Agreement shall be terminated without penalty, charge or continuing liability upon the earlier of the following: the date 180 days subsequent to the date upon which any party gives written notice to the other party, or the effective date upon which the Law or Action prohibits the relationship of the parties pursuant to this Agreement. In the event of a termination of this Agreement in accordance with this §16(j), then the restrictions contained in §10 and §11 of this Agreement shall be waived and shall be of no further effect.

17. Obligations After Termination. Except as otherwise provided herein or in any amendment hereto, following the effective date of termination of this Agreement:

(a) The Company shall continue to permit the P.C. or its authorized representatives to conduct financial audits relating to the period this Agreement was in effect;

(b) The P.C. shall cooperate with the Company to assure the appropriate transfer of patient cases and patient records;

(c) Both the Company and the P.C. shall cooperate in connection with the termination or assignment of provider contracts and other contractual arrangements; and

(d) Both the Company and the P.C. shall cooperate in the preparation of final financial statements and the final reconciliation of fees paid hereunder, which shall be calculated by the Company six (6) months after termination of this agreement; provided that in the event of a termination of this Agreement by the Company pursuant to §17(b), (c), or (d), the P.C. and any such Provider shall forfeit its (or his/her) rights to any future payment from the Company under this or any other agreement between the parties, except as may otherwise be agreed to by the Company in its discretion.

18. Return of Proprietary Property and Confidential Information. All documents, procedural manuals, guides, specifications, plans, drawings, designs, copyrights, service marks and trademark rights, computer programs, program descriptions and similar materials, lists of present, past or prospective patients, proposals, marketing and public relations materials, invitations to submit proposals, fee schedules and data relating to

patients and the pricing of the Company's products and services, records, notebooks and similar repositories of or containing Confidential Information and Inventions (including all copies thereof) that come into P.C. and/or its Providers possession or control, whether prepared by P.C., its Providers, or others: (a) are the property of the Company, (b) will not be used by P.C. or its Providers in any way adverse to the Company or to the benefit of P.C. and/or its Providers, (c) will not be removed from the Company's premises (except as P.C. and/or its Providers' duties hereunder require) and (d) at the termination of this Agreement or engagement of such Providers, will be left with, or forthwith returned and/or restored to the Company, and P.C. and such Providers shall discontinue use of such materials.

19. **Status of Parties**. In the performance of the work duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.

20. **Force Majeure**. Neither party shall be deemed to be in default of this Agreement if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, Acts of God, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the parties hereunder, to the extent reasonably practicable. It is agreed that financial inability shall not be a matter beyond a party's reasonable control.

21. **Notices**. Any notices to be given hereunder by either party to the other shall be deemed to be received by the intended recipient (a) when delivered personally, (b) the first business day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties at the addresses set forth on page 1 above or at any other address designated by the parties in writing.

22. **Entire Agreement**. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by both parties.

23. **No Rights in Third Parties**. Except as provided in §15, hereof, this Agreement is not intended to, nor shall it be construed to, create any rights in any third parties, including, without limitation, in any Providers employed or engaged by the P.C. in connection with the Clinic.

24. **Governing Law**. This Agreement shall be construed and enforced under and in accordance with the laws of the State of _____, and venue for the commencement of any action or proceeding brought in connection with this agreement shall be exclusively in the federal or state court in the State of _____, County of _____. **[Insert State where franchisee and P.C. are located.]**

25. **Severability**. If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.

26. **Waiver**. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.

27. **Rights Unaffected**. No amendment, supplement or termination of this Agreement shall affect or impair any right or obligations which shall have theretofore matured hereunder.

28. **Interpretation of Syntax**. All references made and pronouns used herein shall be construed in the singular or plural, and in such gender, as the sense and circumstances require.

29. **Successors**. This Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, executors, administrators and assigns.

30. **Further Actions**. Each of the parties agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

31. **Non-Assignment**. The P.C. may not assign this Agreement except with the prior written approval of the Company. The Company may assign this Agreement.

32. **Access of the Government to Records**. To the extent that the provisions of §1861(v)(1)(I) of the Social Security Action [42 U.S.C. § 1395x(v)(1)(I)] are applicable to this Agreement, the parties agree to make available, upon the written request of the Secretary of the Department of Health and Human Services or upon the request of the Comptroller General, or any of their duly authorized representatives, this Agreement, and other books, records and documents that are necessary to certify the nature and extent of costs incurred by them for services furnished under this Agreement. The obligations hereunder shall extent for four (4) years after furnishing of such services. The parties shall notify each other of any such request for records.

In witness whereof, and intending to be legally bound, the parties hereto affix their signatures below and execute this Agreement under seal.

[P.C.]	**[JOINT FRANCHISEE/ "Company"]**
By:_____	**By:**_____
Its: [_____]	**Its:**_____

EXHIBIT A

TO JOINT MANAGEMENT AGREEMENT

EQUIPMENT/FURNISHINGS

[Insert "Supply List" for each Clinic]

EXHIBIT B

TO JOINT MANAGEMENT AGREEMENT

BUSINESS ASSOCIATE ADDENDUM

This Business Associate Addendum (the "Addendum") to the Management Agreement (the "Agreement") dated _____, by and between the P.C. and the Company (for purposes of this addendum, the "Business Associate"), is entered into for the purpose of complying with the Health Insurance Portability and Accessibility Act of 1996, as amended by the Health Information Technology Act of 2009 (the "HITECH Act"), and the regulations promulgated under HIPAA and the HITECH Act (all of the foregoing collectively referred to as "HIPAA").

1. **Definitions**. For purposes of this addendum, the following capitalized terms shall have the meanings ascribed to them below:

   (a) "*Protected Health Information*" shall mean Individually Identifiable Health Information (as defined below) that is (a) transmitted by electronic media; (b) maintained in any electronic medium; or (c) transmitted or maintained in any other form or medium. "Protected Health Information" does not include Individually Identifiable health information in (x) education records covered by the Family Educational Right and Privacy Act, as amended (20 USC §1232(g) or (y) records described in 20 USC §1231g(a)(4)(B)(iv). For purposes of this definition, Individually Identifiable Health Information shall mean health information, including demographic information collected from an individual, that: (aa) is created or received by a health care provider (including the P.C.), health plan, employer or health care clearing house; and (bb) 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 that (1) identifies the individual or (2) with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

   (b) "*Required by Law*" shall mean a mandate contained in law that compels the use or disclosure of Protected Health Information and that is enforceable in a court of law. "Required by Law" includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or an administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions or participation with respect to health care providers participating in the program; and statutes or regulations that require such information if payment is sought under a government program providing public benefits.

   Any terms used but not otherwise defined in this Addendum shall have the same meaning as the meaning ascribed to those terms in HIPAA.

2. **Permitted Uses and Disclosures**. Business Associate may use or disclose Protected Health Information received or created by Business Associate pursuant to the Agreement solely for the following purposes:

   (a) Business Associate may use or disclose Protected Health Information as necessary to carry out Business Associate's responsibilities and duties under the Agreement.

   (b) Business Associate may use or disclose Protected Health Information for Business Associate's proper management and administration ore to fulfill any present or future legal responsibilities of Business Associate; provided, however, that if Business Associate discloses Protected Health Information to a third party under this §2(b), Business Associate shall (i) obtain reasonable assurances from the person to whom the Protected Health Information is disclosed that it will be held confidentially and used or further disclosed only as Required by Law or for the purpose for which it was disclosed and (ii) obligate such person to notify Business Associate of any instances of which it is aware in which the confidentiality of the Protected Health Information has been breached.

   (c) Business Associate may use or disclose protected Information as Required by Law.

(d) Any use or disclosure of Protected Health Information permitted hereunder shall be limited to the minimum amount necessary to accomplish the intended purpose of the use, disclosure or request and shall otherwise be accordance with HIPAA.

3. **Disclosure to Agent**. In the event Business Associate disclosed to any agent, including a subcontractor, Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C., Business Associate shall obligate each such agent to agree to the same restrictions and conditions regarding the use and disclosure of Protected Health Information as are applicable to Business Associate under this Addendum.

4. **Safeguards**. Business Associate shall employ appropriate administrative, technical and physical safeguards, consistent with the size and complexity of Business Associate's operations, to prevent the use or disclosure of Protected Health Information in any manner inconsistent with the terms of this Addendum. Business Associate shall maintain a written security program describing such safeguards, a copy of which shall be available to the P.C. upon request.

5. **Reporting of Improper Disclosures**. Business Associate shall report to the P.C. any unauthorized or improper use or disclosure of Protected Health Information within one (1) business day of the date on which Business Associate becomes aware of such use or disclosure.

6. **Reporting of Disclosures of Security Incidents**. Business Associate shall report to the P.C. any Security Incident of which it becomes aware. For purposes of this Addendum, "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system; provided, however, that Business Associate shall not have any obligation to notify P.C. of any unsuccessful attempts to (i) obtain unauthorized access to P.C.'s information in Business Associate's possession, or (ii) interfere with Business Associate's system operations in an information system, where such unsuccessful attempts are extremely numerous and common to all users of electronic information systems (e.g., attempted unauthorized access to information systems, attempted modification or destruction of data files and software, attempted transmission of a computer virus).

7. **Mitigation**. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Addendum.

8. **Access to protected health information by the P.C**.

   (a) Within 10 days of a request by the P.C., Business Associate shall provide to the P.C. all Protected Health Information in Business Associate's possession necessary for the P.C. to provide patients or their representatives with access to or copies thereof in accordance with 45 CFR §§164.524.

   (b) Within 10 days of a request by the P.C., Business Associate shall provide to the P.C. all information and records in Business Associate's possession necessary for the P. C. to provide patients or their representatives with an accounting of disclosures thereof in accordance with 45 C.F.R §164.528.

   (c) Within 10 days of a request by the P.C. Business Associate shall provide to the P.C. all protected Health Information in Business Associate's possession necessary for the P.C. to respond to a request by a patient to amend such Protected Health Information in accordance with 45 C.F.R. §164.526. At the P.C.'s direction, Business Associate shall incorporate any amendments to a patient's Protected Health Information made by the P.C. into the copies of such information maintained by Business Associate.

9. **Access of HHS**. Business Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the P.C., or created or received by Business Associate on behalf of the P.C., to HHS in accordance with HIPAA and the regulations promulgated thereunder.

10. **Return of Protected Health Information Upon Termination**. Upon termination of the Agreement, Business Associate shall: (a) if feasible, return or destroy all Protected Health Information received from, or created or received by Business Associate on behalf of, the P.C. that Business Associate still maintains in any form, and Business Associate shall retain no copies of such information; or (b) if Business Associate reasonably determines that such return or destruction is not feasible, extend the protections of this Addendum to such

information and limit further uses and disclosures to those purposes that make the return or destruction of the Protected Health Information infeasible.

11. **Obligations of P.C**.

    (a) Upon request of Business Associate, P.C. shall provide Business Associate with the notice of privacy practices that P.C. produces in accordance with 45 CFR §164.520.

    (b) P.C. shall provide Business Associate with any changes in, or revocation of, permission by an individual to use or disclose Protected Health Information, if such changes affect Business Associate's permitted or required uses and disclosures.

    (c) P.C. shall notify Business Associate of any restriction on the use or disclosure of Protected Health Information to which P.C. has agreed in accordance with 45 CFR §164.522 to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

12. **Amendment**. If any of the regulations promulgated under HIPAA are amended or interpreted in a manner that renders this Addendum inconsistent therewith, the P.C. may, on 30 days written notice to Business Associate, amend this Addendum to the extent necessary to comply with such amendments or interpretations.

13. **Indemnification**. Each of the parties shall indemnify, defend and hold harmless the other and its directors, officers, employees and agents from and against any and all third party liabilities, costs, claims and losses including, without limitation, the imposition of civil penalties by HHS under HIPAA, arising from or relating to the breach by either party or any of its directors, officers, employees or agents (including subcontractors) of the terms of this Addendum.

14. **Conflicting Terms**. In the event of any terms of this Addendum conflict with any terms of the Agreement, the terms of this Addendum shall govern and control.

EXHIBIT "H"-5

ASSET PURCHASE AGREEMENT

[See Attached]

ASSET AND FRANCHISE AGREEMENT PURCHASE AGREEMENT

This Asset and Franchise Agreement Purchase Agreement ("Agreement") is made and entered into on the date last set forth below on the signature page ("Effective Date"), by and between The Joint Corp., a Delaware corporation ("TJC"), and _____, a _____ corporation/limited liability company (collectively, "Seller" and as applicable, "Lessee"). TJC, Seller, and Lessee shall at times each be referred to individually as a "Party," or collectively as the "Parties."

BACKGROUND RECITALS

A. The Seller is the franchisee under a franchise agreement with TJC for *The Joint Chiropractic* franchise number _____ known as the _____ "Clinic," located at _____ (the "Subject Franchise").

B. Seller will sell to TJC, and TJC will purchase from Seller, all of Seller's interest in the Subject Franchise and the "Franchise Agreement" (as defined below), on the terms and conditions set forth in this Agreement; and

C. The Parties, in conjunction with this Asset and Franchise Agreement Purchase Agreement, mutually desire to terminate the "Franchise Agreement" (as defined below) as set forth below. The Franchisee will surrender the Territory and mutually terminate the Franchise Agreement, other than Franchisee's "Post-Termination Obligations" (as defined below).

AGREEMENT

1. PURCHASE AND SALE.

(a) Except as provided herein, at the "Closing" (as hereinafter defined in §5) of the transactions contemplated hereby, Seller and Lessee shall sell, assign, transfer and deliver, or cause its affiliates to assign, transfer and deliver, to TJC, and TJC shall purchase and accept from Seller, Lessee, and/or their affiliates, the "Assets" (as defined below); free and clear of any and all liens, claims (including, without limitation, title claims and claims of taxing authorities), encumbrances, pledges, security interests or charges of any kind whatsoever, and shall assume the obligations only as specifically stated herein, for the purchase price set forth in §4 hereof.

(b) For purposes of this Agreement, "Assets" shall mean:

(i) the franchise agreement between Seller and TJC dated _____ for the Subject Franchise, as more particularly described in **Schedule 1(b)(i)** attached hereto as and made a part hereof, without any transfer fees (as amended, the "Franchise Agreement");

(ii) all of Seller's and Lessee's interest in equipment, machinery, tools, maintenance supplies, fixed assets, office equipment, leasehold improvements, furniture, fixtures, inventories and supplies and other similar items of tangible personal property (together the "Personal Property") used or held for use by Seller in the Subject Franchise, which is more particularly listed and described in **Schedule 1(b)(ii)** attached hereto and made a part hereof;

(iii) all of Seller's interest in any membership agreements, prepaid services packages and other agreements or arrangements Seller has made with patients of the Subject Franchise, together with any deposits or prepayments (for packages or otherwise) made by any patients covered by such agreements or arrangements to the extent related to services to be performed after Closing (hereinafter, the "Prepayment Balance");

(iv) the trademarks, trade names, copyrights and all other intellectual property rights of Seller associated with the Subject Franchise and all of Seller's goodwill attributable to the Subject Franchise;

(v) all telephone numbers and domain names associated with the Subject Franchise;

(vi) copies of all medical records with respect to patients of the Subject Franchise and all documents and records in the possession of Seller pertaining to patients and employees of the Subject Franchise;

(vii) to the extent transferable, all licenses, government approvals and permits and all other approvals and permits relating to the Subject Franchise;

(viii) all of Lessee's interests as tenant (including leasehold improvements) under its leases for the premises occupied by the Subject Franchise, a copy of which is attached hereto as **Exhibit A** and made a part hereof (hereinafter, the "Lease"); and

(ix) the agreements and contracts which TJC has expressly agreed to assume and which are listed on **Schedule 1(b)(ix)** (together, the "Assumed Contracts").

(c) Termination of Franchise Agreement. As of the Effective Date, the Parties hereby agree that effective as of the Effective Date, the Franchise Agreement, along with any addendums, amendments, exhibits, security agreements related to the Franchise Agreement, and all of the Parties' rights and obligations thereunder, shall be terminated and of no further force and effect subject to the following: All obligations imposed upon Franchisee under this Termination and Release, and the Franchise Agreement that survive the termination, expiration or transfer of the Franchise Agreement, including but not limited to the "Post-Termination Obligations" and the "Survival Provisions" (without limitation §16 of the Franchise Agreement), shall survive and Franchisee agrees to comply with all such Post-Termination Obligations and Survival Provisions as applicable to each in accordance with the terms of the Franchise Agreement notwithstanding its termination. Notwithstanding the foregoing, the Post-Termination Obligations and Survival Provisions related to competition or covenants not-to-compete, shall not be enforced by Franchisor (excepting any usage of Trade Secrets, Confidential Information or the Marks as defined in the Franchise Agreement).

2. EXCLUDED ASSETS. Notwithstanding anything to the contrary contained in this Agreement, it is expressly acknowledged by TJC that Seller will not be conveying to TJC (a) any cash, cash equivalents, working capital, or accounts receivable (other than accounts receivable under membership agreements or other arrangements described in §1(b)(iii) above for periods after Closing), (b) any of the proceeds of the transaction described in this Agreement, and (c) the items listed on the attached **Schedule 2** (collectively, the "Excluded Assets").

3. NO ASSUMPTION OF LIABILITIES. Except as expressly provided in this Agreement, TJC shall not assume any debts, liabilities or obligations of Seller, Lessee or their shareholders, members, affiliates, officers, employees or agents of any nature, whether known or unknown, fixed or contingent, including, but not limited to, debts, liabilities or obligations with regard or in any way relating to any contracts (including, without limitation, any of the following: (i) employment or management agreements; (ii) stock transfer agreements; (iii) medical direction agreements; or (iv) any other documents related to the business, leases for real or personal property, trade payables, tax liabilities, disclosure obligations, product liabilities, liabilities to any regulatory authorities, liabilities relating to any claims, litigation or judgments, any pension, profit-sharing or other retirement plans, any medical, dental, hospitalization, life, disability or other benefit plans, any stock ownership, stock purchase, deferred compensation, performance share, bonus or other incentive plans, or any other similar plans, agreements, arrangements or understandings which Seller, Lessee, or any of their affiliates, maintain, sponsor or are required to make contributions to, in which any employee of

Seller or Lessee participate or under which any such employee is entitled, by reason of such employment, to any benefits (collectively the ("Excluded Liabilities"). For the avoidance of doubt, any liability under any lease for real property for the Subject Franchise, whether or not assumed by TJC, for the period before Closing, shall be an Excluded Liability. However, any liability for periods after Closing under any assigned lease for real property for a Subject Franchise shall not be an Excluded Liability.

4. PAYMENT OF PURCHASE PRICE.

(a) The purchase price to be paid by TJC for the Assets (the "Purchase Price") is _____ ($_____), subject to adjustment as set forth in §4(d) ("Purchase Price");

(b) TJC will pay to Seller the amount of _____ in _____ by wire or business check (unless a promissory note applies) one (1) day of the Closing Date, less the following items: (i) any amounts to be paid to third parties in connection with the satisfaction of liens or security interests affecting the Assets; (ii) any amounts required to be paid to the landlord in connection with the assignment of the Lease; (iii) that portion of the Prepayment Balance that was sold and collected by Seller after _____ and is still outstanding; and (iv) any outstanding or accrued royalties, advertising contributions and other fees under the Franchise Agreement through the "Closing Date" (as hereinafter defined in §5) (collectively, the "FA Fees");

(c) Subject to §4(d) below, the _____ balance of the Purchase Price (the "Purchase Price Balance") shall be paid by TJC to Seller 90 calendar days after the Closing Date (the "Purchase Price Balance Due Date"); and

(d) Within 90 days after Closing Date, the Purchase Price Balance shall be adjusted by appropriate pro-rations for rent, state and local real estate taxes and transfer taxes, sales tax, service and utility contracts, any merchant card collections on account of the Subject Franchise only for periods after the Closing, balance of any security deposit held by the landlord under the Lease that transfers to TJC, and/or FA Fees, payroll and employee related payments related to the Subject Franchise in respect of periods prior to Closing (the "Adjustments"). The Parties shall cooperate to determine the amounts of the Adjustments, and shall use commercially reasonable efforts to determine amounts within 90 days after Closing Date and shall reimburse the other party as necessary and as detailed below. The agreed amount of the Adjustments shall be documented by a written calculation signed by the Parties hereto (the "Adjustment Agreement"). In the event that the Parties agree that the Adjustments in favor of Seller are greater than the Adjustments in favor of TJC, TJC shall remit the net amount of Adjustments to Seller along with the remittance of the Purchase Price Balance on the Purchase Price Balance Due Date. In the event that the Parties agree that the Adjustments in favor of TJC are greater than the Adjustments in favor of Seller, the Purchase Price Balance shall be reduced by the net amount of the Adjustments. Any Adjustments received by TJC following the 90-day period shall be remitted to the Seller by written notice within 60 days of TJC's receipt, upon which Seller shall remit to TJC the amount of those Adjustments within 30 days of such written notice.

5. CLOSING. Subject to the satisfaction or waiver of the conditions described in §9 and §10, the Closing of the transactions described herein shall take place on or about _____, but in any event no later than _____, at such time as the Parties agree. The date on which the Closing takes place is referred to in this Agreement as the "Closing Date." At the Closing, Seller shall deliver, or cause its affiliates to deliver, such bills of sale, assignments, certificates and other documents and instruments as may reasonably be requested by TJC to carry out the transfer and assignment to TJC of the Assets, including execution of the "Bill of Sale and Assignment,"

attached hereto at **Exhibit B**. Following the Closing, the Parties shall cooperate fully with each other and shall make available to the other, as reasonably requested and at the expense of the requesting party, and to any taxing or regulatory authority, all information, records or documents relating to tax obligations, financial reporting and audit records, and regulatory compliance matters of Seller for all periods on or prior to the Closing Date, and shall preserve all such information, records and documents until the expiration of any applicable statute of limitations and extensions thereof.

6. **REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER AND THE LESSEE.** Seller and Lessee, where applicable, hereby jointly and severally represent and warrant to TJC as follows, and further memorialized hereto at **Exhibit D – Seller's Certificate**:

(a) Organization. Lessee is a corporation duly organized and validly subsisting under the laws of the State of California, and each of Seller and Lessee have full power and authority to conduct its business as it is now being conducted, and to execute, deliver and perform this Agreement.

(b) Authority. Neither Seller or Lessee is a party to, subject to, or bound by any agreement, judgment, order, writ, injunction, or decree of any court or governmental body that prevents or impairs the carrying out of this Agreement. The execution, delivery and performance of this Agreement and all other documents, instruments and agreements contemplated hereby have been duly authorized by all required corporate, limited liability company or limited partnership action of Seller and Lessee. All other actions (including all action required by state law and by the organizational documents of Lessee) necessary to authorize the execution, delivery and performance by Seller and Lessee of this Agreement, the bills of sale transferring the Assets, the assignments in connection herewith and the other documents, instruments and agreements necessary or appropriate to carry out the transactions herein contemplated, have been taken by Seller and Lessee. Upon the execution of this Agreement and the other documents and instruments contemplated hereby by Seller and the Lessee (and assuming the due execution and delivery by the other parties), this Agreement and such other documents and instruments will be the valid and legally binding obligations of Seller and the Lessee, enforceable against each of them in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity). Except as set forth on **Schedule 6(b)**, no authorization, consent, approval or other order of, declaration to or filing with any third party, including any governmental body or authority is required for the approval or consummation by Seller or the Lessee of the transactions contemplated by this Agreement. Seller and the Lessee agree that assignment of the Lease shall not be subject to or contingent upon any novation or any release of any principal obligor or guarantor thereunder.

(c) Taxes. Seller has filed when due in accordance with all applicable laws (or properly and timely filed an extension therefor) all tax returns required under applicable statutes, rules or regulations to be filed by it. As of the time of filing, such returns were accurate and complete in all material respects. All taxes due with respect to Seller and the Assets, and all additional assessments received, have been paid. Seller is not delinquent in the payment of any such tax and none has requested any extension of time within which to file any tax return, which return has not since been filed. There are no federal, state, local or other tax liens outstanding on any of the Assets being sold hereunder.

(d) Title to and Condition of Assets. Seller and Lessee have good and marketable title to (or, with respect to any Assets that are leased, a valid leasehold interest in) all of the Assets to be acquired by TJC at the Closing, free from any liens, adverse claims, security interest, rights of other parties or like encumbrances of any nature. The Assets consisting of physical property

are in good condition and working order, normal wear and tear excepted, and function properly for their intended uses.

(e) Compliance with Laws. To the best of Seller's and Lessee's knowledge, neither Seller, Lessee nor the Subject Franchise is in violation of, nor are they or any of them subject to any liability in respect of, any federal, state, county, township, city or municipal laws, codes, regulations or ordinances (including without limitation those relating to environmental protection, health, hazardous or toxic substances, fire or safety hazards, occupational safety, labor laws, employment discrimination, subdivision, building or zoning) with respect to the conduct of the Subject Franchise, nor has Seller or Lessee received any notices of investigation or violation pertaining to any such matters. To the best of Seller's and Lessee's knowledge, Seller and Lessee have, and all professional employees or agents of Seller and Lessee have, all licenses, franchises, permits, authorizations or approvals from all governmental or regulatory authorities required for the conduct of the Subject Franchise and neither Seller nor the professional employees or agents of Seller and Lessee have violated any such license, franchise, permit, authorization or approval or any terms or conditions thereof.

(f) Litigation. There is no action, suit or proceeding pending, threatened against or affecting the Assets, or relating to or arising out of, the ownership or operation of the Assets, including claims by employees of the Subject Franchise.

(g) Employees. **Schedule 6(g)** attached hereto contains a complete and correct list of the name, position, current rate of compensation and any vacation or holiday pay and any other compensation arrangements or fringe benefits, of each current employee of Seller who is directly employed in the Subject Franchise (collectively, the "Employees"). Seller hereby agrees to terminate all of the Employees as of the Closing Date and pay any and all compensation due the Employees through the Closing Date; including, but not limited to, all base pay, hourly pay, bonuses and commission, vacation and sick time, and any severance obligations.

(h) Contracts. Seller and Lessee have delivered to TJC copies of any and all material contracts, leases, agreements, software licensing agreements, or commitments, unless customarily kept in non-physical, non-pdf format or other digital document format, with respect to the Assets or the Subject Franchise. Except as set forth in **Schedule 6(h)**, no consent or approval of any third party is required for the assignment to TJC of any contracts that TJC is assuming pursuant to §1(b)(iii), (vi), (vii), (viii), and (ix).

(i) Financial Statements. Seller has delivered to TJC the financial statements for the Subject Franchise as of and for the calendar years [2017, 2018, 2019 and the first three months of 2020] (collectively, the "Financial Statements"). The Financial Statements fairly present and will fairly present the financial position and results of operations of the Subject Franchise as of and for the periods presented.

(j) Claims. Neither Seller, Lessee, nor any other person who holds or has ever held a direct or indirect interest in the Subject Franchise has any claim, demand, or cause of action for damages of any kind whatsoever, whether known or unknown, against TJC or its officers, directors, employees, attorneys, agents, successors and assigns by reason of any event, occurrence or omission arising under, or relating to, the Subject Franchise.

(k) Pre-Closing Operations. Until such time as the Subject Franchise has been transferred and assigned to TJC, Seller and the Lessee shall continue to operate the Subject Franchise in a commercially reasonable manner (including without limitation, engaging in the sale of any products or packages at discounted amounts, or other revenue "stuffing" activities), consistent with the respective franchise agreement, and neither the Seller nor Lessee shall take any

actions or operate the Subject Franchise in such a way as to cause or precipitate any diminution in their prospective, post-closing sales or any material shift in their prospective, post-closing revenue streams.

(l) Due Diligence Request. Seller and Lessee agree and acknowledge that TJC delivered the Due Diligence Request attached hereto at **Exhibit E**. Seller further warrants, represents and covenants that it has disclosed all material disclosures, documentation and information responsive to the Due Diligence Request.

(m) Personal Guarantee. As an inducement and as a condition of TJC to enter into this Agreement, _____ agrees individually, and as the sole shareholder of Seller and Lessee, to jointly and severally personally guarantee Seller's and Lessee's performance, representations, covenants, and obligations under this Agreement.

7. TJC's REPRESENTATIONS AND WARRANTIES. TJC represents and warrants to Seller and the Lessee as follows:

(a) Organization of TJC. TJC is a corporation duly organized and validly subsisting under the laws of the state of Delaware, and TJC has full power and authority to conduct its business as it is now being conducted, and to execute, deliver and perform this Agreement.

(b) Authorization. TJC is not a party to, subject to or bound by any agreement, judgment, order, writ, injunction, or decree of any court or governmental body that prevents or impairs the carrying out of this Agreement. The execution, delivery and performance of this Agreement and all other documents, instruments and agreements contemplated hereby have been duly authorized by TJC's Board of Directors. All other actions (including all action required by state law and by the organizational documents of TJC) necessary to authorize the execution, delivery and performance by TJC of this Agreement, the Note, the bill of sale transferring the Assets, the assignments in connection herewith and the other documents, instruments and agreements necessary or appropriate to carry out the transactions herein contemplated, have been taken by TJC. Upon the execution of this Agreement and the other documents and instruments contemplated hereby by TJC, this Agreement and such other documents and instruments will be the valid and legally binding obligations of TJC, enforceable against it in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

(c) No Consent or Approval Required. No authorization, consent, approval or other order of, declaration to or filing with any governmental body or authority, including, without limitation, with respect to environmental matters, is required for the consummation by TJC of the transactions contemplated by this Agreement.

(d) No Violation of Other Agreements. Neither the execution and delivery of this Agreement nor compliance with the terms and conditions of this Agreement by TJC will breach or conflict with any of the terms, conditions or provisions of any agreement or instrument to which TJC is or may be bound or constitute a default thereunder or result in a termination of any such agreement or instrument.

(e) Financial Capability. TJC will have at Closing, sufficient internal funds available to pay the Purchase Price and any fees or expenses incurred by TJC in connection with the transactions contemplated hereby.

8. PRE-CLOSING EVENTS.

(a) General. Pending Closing, the Parties shall use commercially reasonable efforts to take all actions that may be necessary to close the transaction in accordance with the terms of this Agreement (but TJC shall not be required to waive any of the TJC Closing Conditions, and Seller and the Lessee shall not be required to waive any of the Seller Closing Conditions).

(b) Conduct of Business. Pending Closing, Seller and the Lessee shall:

(i) conduct the business of the Subject Franchise in the ordinary course and use commercially reasonable efforts, in consultation with (but without being bound by) TJC's transition management team personnel, to maintain and grow the business of the Subject Franchise and to preserve their goodwill and advantageous relationships with patients, employees, suppliers and other persons having business dealings with the Subject Franchise. In clarification of the foregoing, Seller and Lessee hereby acknowledge and agree that they shall not sell Heavily Discounted Prepaid Packages from the Subject Franchise from [April 20, 2020] until the Closing Date. "Heavily Discounted Prepaid Packages" shall mean prepaid packages that are priced below the average pricing Seller and Lessee sold prepaid packages at the Subject Franchise during the preceding two years; and

(ii) not take any affirmative action that results in the occurrence of an event of default under any contract or agreement to which Seller is a party and take any reasonable action within Seller's control that would avoid the occurrence of such default.

(c) Access to Information. Pending Closing, Seller and the Lessee shall:

(i) afford TJC and its representatives (including its lawyers, accountants, consultants and the like) reasonable access during normal business hours, but without unreasonable interference with operations, to the Seller's and Lessee's books and records and other documents relating to the Subject Franchise;

(ii) respond to reasonable inquires by TJC and its representatives regarding Seller and Lessee;

(iii) cause Seller and Lessee to furnish TJC and its representatives with all information and copies of all documents concerning Seller that TJC and its representatives reasonably request;

(iv) deliver to TJC, Seller's financial statements for the period between January 1, 2019 and the end of the last full month before Closing; and

(v) otherwise cooperate with TJC in its due diligence activities.

(d) Notice of Developments. Pending Closing, Seller and the Lessee shall promptly give notice to TJC of:

(i) any fact or circumstance of which Seller or Lessee becomes aware that causes or constitutes a material inaccuracy in or material breach of any of Seller's or Lessee's representations and warranties in §6 as of the date of this Agreement;

(ii) any fact or circumstance of which Seller or Lessee becomes aware that would cause or constitute a material inaccuracy in or material breach of any of Seller's or Lessee's representations and warranties in §6 if those representations and warranties were made on and as of the date of occurrence or discovery of the fact or circumstance; or

(iii) the occurrence of any event of which Seller or Lessee becomes aware that reasonably could be expected to make satisfaction of any TJC Closing Condition impossible or unlikely.

(e) Supplements to Schedules. Pending Closing, Seller and Lessee may supplement or correct the Schedules to this Agreement as necessary to insure their completeness and accuracy. No supplement or correction to any Schedule or Schedules to this Agreement shall be effective, however, to cure any breach or inaccuracy in any of the representations and warranties; but if TJC does not exercise its right to terminate this Agreement under §12 and closes the transaction, the supplement or correction shall constitute an amendment of the Schedule or Schedules to which it relates for all purposes of this Agreement.

9. TJC Closing Conditions. Except as provided herein, TJC's obligation to close the transaction is subject to the satisfaction of each of the following conditions (the "TJC Closing Conditions") at or prior to Closing:

(a) Seller's and the Lessee's representations, warranties and covenants in §6, as qualified or limited by any exceptions in the Schedules to §6, are true, correct and fulfilled on the Closing Date as if made at and as of Closing (other than representations and warranties that address matters as of a certain date, which were true and correct as of that date);

(b) Seller and the Lessee have executed and delivered all of the documents and instruments that they are required to execute and deliver or enter into prior to or at Closing, and have performed, complied with or satisfied in all material respects all of the other obligations, agreements and conditions under this Agreement that they are required to perform, comply with or satisfy at or prior to Closing, and Seller and the Lessee shall have delivered to TJC properly executed and notarized releases (in form and substance acceptable to TJC, in its sole and absolute discretion) from any and all third parties from whom waivers, releases and/or approvals are necessary (in TJC's sole and absolute discretion) to effectuate the transfer of the Assets to TJC free and clear of any and all third party interests, claims, liens or security interests;

(c) no material adverse change in the Seller's and Lessee's assets, financial condition, operations, operating results or prospects relating to the Subject Franchise has occurred since the date of this Agreement;

(d) no suit has been initiated or threatened by a third party that challenges or seeks damages or other relief in connection with the transaction or that could have the effect of preventing, delaying, making illegal or otherwise interfering with the transaction;

(e) Seller and Lessee have obtained and delivered to TJC all consents listed on **Schedule 6(h)**;

(f) Seller has terminated all of the Employees as of the Closing Date and paid all wages, bonuses, commissions, vacation and sick pay, benefits and any applicable severance to such Employees as of the Closing Date; and TJC has reached satisfactory rehiring terms with those of the Employees it wants to retain going forward, with such determination to be made in TJC's sole and absolute discretion;

(g) Seller and Lessee have obtained consents to the assignment of, and estoppel letters under, the Lease attached hereto as **Exhibit A**, relating to the premises of the Subject Franchise, in a form reasonably acceptable to TJC.

(h) TJC has received the approval of its Board of Directors to close the transaction contemplated by this Agreement;

(i) TJC has completed its due diligence activities under §8 above to its satisfaction, with such determination to be made in TJC's sole and absolute discretion;

(j) The Seller and the Lessee have executed and delivered, in a form reasonably acceptable to TJC, releases of all Claims against TJC, its officers, directors, employees, attorneys, agents, successors and assigns, arising prior to the Closing, in form and substance acceptable to TJC in its sole discretion;

(k) Seller and Lessee, as applicable, have delivered payoff letters and releases of security interests or liens from any secured lenders or lessors; and

(l) Seller and Lessee have terminated that certain "Management Agreement" dated _____ by and between _____ and _____; TJC may waive any condition specified in this §9 by a written waiver delivered to Seller or Lessee at any time prior to or at Closing.

10. SELLER'S CLOSING CONDITIONS. Seller's and Lessee's obligation to close the transaction is subject to the satisfaction of each of the following conditions (the "Seller Closing Conditions") at or prior to Closing:

(a) TJC's representations and warranties in §7 were true and correct as of the date of this Agreement and are true and correct on the Closing Date as if made at and as of Closing;

(b) TJC has executed and delivered all of the documents and instruments that it is required to execute and deliver or enter into prior to or at Closing, and has performed, complied with or satisfied in all material respects all of the other obligations, agreements and conditions under this Agreement that it is required to perform, comply with or satisfy prior to or at Closing; and

(c) no suit has been initiated or threatened by a third party since the date of this Agreement that challenges or seeks damages or other relief in connection with the transaction or that could seeks to prevent the transaction.

Seller and Lessee may waive any condition specified in this §10 by a written waiver delivered to TJC at any time prior to or at Closing.

11. NON-COMPETITION; NON-SOLICTATION; CONFIDENTIALITY.

(a) Definitions. Wherever used in this §11, the term "TJC" shall refer to TJC and any affiliate, subsidiary, or any successor or assign of TJC. Wherever used in this Section, the phrase "directly or indirectly" includes, but is not limited to, acting, either personally or as principal, owner, shareholder, member, employee, independent contractor, agent, manager, partner, joint venturer, consultant, or in any other capacity or by means of any corporate or other device, or acting through the spouse, children, parents, brothers, sisters, or any other relatives, friends, invitees, agents, or associates of any of the undersigned parties. Wherever used in this Section, the term "employees" shall refer to employees of TJC; any affiliate, subsidiary, or any successor or assign of TJC; and any franchisee of TJC existing as of the date of this Agreement and, to the extent allowable by law, any other person that has been an employee (as defined above) in the 12 months preceding the date of this Agreement. Whenever used in this Section, the term "Confidential Information" shall be defined as provided in §9 of Seller's franchise agreement with TJC, which provisions are hereby incorporated by reference and shall expressly further include any audio or video recordings possessed by Seller and/or Lessee of conversations between TJC's employees and both Seller and/or Lessee, if applicable. "Confidential Information" shall also include the terms of this Agreement, and any related communications or negotiations thereto; unless the disclosure of such information shall be required of the Parties for the purposes of tax or legal disclosures.

(b) Consideration. The undersigned parties acknowledge that consideration for this Agreement has been provided and is adequate.

(c) Need for this Agreement. The undersigned parties recognize that in the highly competitive business in which TJC and its affiliates and franchisees are engaged, preservation of Confidential Information is crucial and personal contact is important in securing new franchisees and employees, and retaining the goodwill of present franchisees, employees, customers, and suppliers. Personal contact is a valuable asset and is an integral part of protecting the business of TJC. Seller and the Lessee recognize that each of them has had substantial contact with TJC's employees, customers, consultants, vendors and suppliers and Confidential Information. For that reason, Seller and the Lessee may be in a position to take for his, her or its benefit the goodwill TJC has with its employees and customers (patients) and Confidential Information now or in the future. If Seller or the Lessee at any time after Closing takes advantage of such Confidential Information or goodwill for their own benefit, then the competitive advantage that TJC has created through its efforts and investment will be irreparably harmed.

(d) Non-Competition with TJC. Seller and Lessee agree that, for 36 months following the date of Closing, neither Seller nor the Lessee, will have any direct or indirect interest (e.g., through a spouse, common law or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Chiropractic Business located or operating within 25 miles of any chiropractic clinic currently or within such 36-month period owned by TJC or operated by a TJC third party independent franchisee. The term "Chiropractic Business" means any business which derives more than $10,000 which grants franchises or licenses to others to operate such a business, with the sole exception of (i) a regional developer license granted by TJC or (ii) a franchise operated under a franchise agreement with TJC.

(e) Non-Solicitation of TJC's Employees. Seller and Lessee agree that for 12 months after the date of this Agreement, it, he or she will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any employees, suppliers, vendors or consultants of TJC, or any TJC franchisee or affiliated professional corporation to accept employment with any person, firm, or business that competes with any business of TJC or any TJC franchisee or affiliated professional corporation; or (b) induce, request, or advise any employee of TJC or TJC franchisee or affiliated professional corporation to terminate such employee's relationship with TJC or any TJC franchisee or affiliated professional corporation; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the employees of TJC or any TJC franchisee or affiliated professional corporation, except as required by law.

(f) Non-solicitation of TJC's Customers (Patients). Seller and Lessee each agrees that for 36 months after the date of this Agreement, it, he or she will not directly or indirectly: (a) induce, canvas, solicit, or request or advise any customers of TJC or any TJC franchisee or affiliated professional corporation to become customers of any person, firm, or business that competes with any business of TJC or any TJC franchisee or affiliated professional corporation; or (b) induce, request or advise any customer of TJC or any TJC franchisee or affiliated professional corporation to terminate or decrease such customer's relationship with TJC or any TJC franchisee or affiliated professional corporation; or (c) disclose to any other person, firm, partnership, corporation or other entity, the names, addresses or telephone numbers of any of the customers of TJC or any TJC franchisee or affiliated professional corporation, except as required by law.

(g) Confidential Information. Seller and Lessee agree at all times following the date of this Agreement, to hold the Confidential Information in the strictest confidence and not to use such

Confidential Information for Seller's or Lessee's personal benefit, or the benefit of any other person or entity other than TJC, or disclose it directly or indirectly to any person or entity without TJC's express authorization or written consent. Seller and the Lessee fully understand the need to protect the Confidential Information and all other confidential materials and agree to use all reasonable care to prevent unauthorized persons from obtaining access to Confidential Information at any time.

(h) Tolling. To ensure that TJC will receive the full benefit of this §11, the provisions of Subsections (d), (e) and (f) of this §11 will shall be extended by a length of time equal to (i) the period during which Seller or Lessee is in violation of Seller or the Lessee's agreements under such Subsections, and (ii) without duplication, any period during which litigation that TJC institutes to enforce the Seller or Lessee's agreements under such Subsections is pending (to the extent that Seller or Lessee is in violation of Seller's or Lessee's agreements under such Subsections during this period).

(i) Non-Disparagement: Each of the Parties expressly covenant and agree not to make any false representations, or to defame, disparage, discredit or deprecate any of the other Parties or otherwise communicate with any person or entity in a manner intending to damage any of the other Parties, the business conducted by any of the other Parties, or the reputation of any of the other Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by one of the Parties.

12. TERMINATION.

(a) This Agreement may be terminated by TJC, upon notice to Seller and the Lessee, if prior to or at Closing:

(i) Seller or Lessee defaults in the performance of any of their material obligations under this Agreement and the default is not cured within five business days after TJC gives notice of the default to Seller and the Lessee; or

(ii) any TJC Closing Condition is not satisfied as of [June 4, 2020], or satisfaction of any TJC Closing Condition is or becomes impossible (other than as a result of TJC's breach of or failure to perform its obligations under this Agreement), and TJC does not waive satisfaction of the condition; or

(iii) Closing does not occur on or before [June 16, 2020] (other than as a result of TJC's breach of or failure to perform its obligations under this Agreement).

(b) This Agreement may be terminated by Seller upon notice to TJC, if prior to or at Closing:

(i) TJC defaults in the performance of any of its material obligations under this Agreement and the default is not cured within five (5) Business Days after Seller gives notice of the default to TJC;

(ii) any Seller Closing Condition is not satisfied as of [June 4, 2020], or satisfaction of any Seller Closing Condition is or becomes impossible (other than as a result of Seller's, or Lessee's breach of or failure to perform their obligations under this Agreement) and Seller does not waive satisfaction of the condition; or

(iii) Closing has not occurred by [June 16, 2020] (other than as a result of Seller's, or

Lessee's breach of or failure to perform their obligations under this Agreement); or

(c) This Agreement may be terminated by the written agreement of the Parties.

(d) The right of termination under this §12 is in addition to any other rights that a party may have under this Agreement or otherwise, and a party's exercise of its right of termination shall not be considered an election of remedies. Notwithstanding the termination of this Agreement pursuant to this §12, the Parties' confidentiality obligations under §11(g) shall survive termination and continue indefinitely.

13. INDEMNIFICATION OF TJC.

(a) Subject to Sections 15 and 16, Seller and the Lessee agree, jointly and severally, to indemnify TJC against and hold TJC harmless from:

(i) any loss, liability, damage, cost or expense, including reasonable attorneys' fees and cost of investigation ("Loss") that TJC (or its directors, representatives, affiliates, employees, subsidiaries, and other related parties or individuals) may suffer or incur that is caused by, arises out of or relates to any inaccuracy in or breach of any representation and warranty by Seller or Lessee in §6 of this Agreement;

(ii) any Loss that TJC may suffer or incur that is caused by, arises out of or relates to Seller's or Lessee's breach of or failure to perform any of their covenants and obligations in this Agreement in any material respect; or

(iii) any Loss that TJC may suffer or incur that is caused by, arises out of or relates to the assertion against TJC of an Excluded Liability.

Claims asserted by TJC under subsections (i), (ii) and (iii) above are hereinafter referred to as TJC's "Indemnification Claim(s)."

(b) The benefit of the indemnification obligations of Seller and the Lessee under this §13 shall extend to the respective officers, directors, employees and agents of TJC and its affiliates.

14. INDEMNIFICATION OF SELLER AND THE LESSE.

(a) Subject to §15 and §16, TJC agrees to indemnify Seller and the Lessee against and hold each of them harmless from:

(i) any Loss that Seller or the Lessee may suffer or incur that is caused by, arises out of or relates to any inaccuracy in or breach of any representation and warranty by TJC in §7 of this Agreement;

(ii) any Loss that Seller or the Lessee may suffer or incur that is caused by, arises out of or relates to TJC's breach of or failure to perform any of its obligations in this Agreement in any material respect; or

(iii) any Loss that Seller or the Lessee may suffer or incur that is caused by, arises out of or relates to TJC's operation of the Subject Franchise after Closing.

Claims asserted by Seller or the Lessee under subsections (i), (ii) and (iii) above are hereinafter referred to as Sellers' or the Lessee's "Indemnification Claim(s)."

(b) The benefit of TJC's indemnification obligation under this §14 shall extend to the heirs and legal representatives of Seller and the Lessee.

15. THRESHOLD AND CAP.

(a) In respect of TJC's assertion of an Indemnification Claim under §13(a)(i), TJC shall not be entitled to indemnification until the aggregate amount for which indemnification is sought exceeds $5,000.00. If this threshold is reached, TJC may assert an Indemnification Claim for the full amount of the claim (going back to the first dollar) and may assert any subsequent Indemnification Claim under §13(a)(i) without regard to any threshold. The maximum aggregate amount for which TJC may assert Indemnification Claims under §13 shall be the Purchase Price. No threshold or cap shall apply, however, in the case of any Loss caused by, arising out of or relating to any fraud or intentional misrepresentation.

(b) In respect of Seller's and/or a Lessee's assertion of an Indemnification Claim under §14(a)(i), Seller and/or the Lessee shall not be entitled to indemnification until the aggregate amount for which indemnification is sought collectively exceeds $5,000.00. If this threshold is reached, Seller and the Lessee may assert an Indemnification Claim for the full amount of the claim (going back to the first dollar) and may assert any subsequent Indemnification Claim under §13(a)(i) without regard to any threshold. The maximum aggregate amount for which Seller and/or the Lessee may assert Indemnification Claims under §14 shall be the Purchase Price. No threshold shall apply, however, in the case of any Loss caused by, arising out of or relating to any fraud or intentional misrepresentation.

(c) No threshold shall apply to TJC's assertion of an Indemnification Claim under Sections 13(a)(ii) or (iii) or to Seller's or Lessee's assertion of an Indemnification Claim under Sections 14(a)(ii) or (iii).

16. SURVIVAL.

(a) An Indemnification Claim under §13(a)(i) and §14(a)(i) may be asserted at any time prior to the second anniversary of the Closing Date, with the exception that:

(i) an Indemnification Claim under §13(a)(i) in respect of any inaccuracy in or breach of any of the representations and warranties in §6(c) ("Taxes") may be asserted at any time prior to the expiration of the applicable statute of limitation; and

(ii) an Indemnification Claim under §13(a)(i) in respect of any inaccuracy in or breach of any of the representations and warranties in §6(b) ("Authority") and §6(d) ("Title to and Condition of Assets"), may be asserted at any time without limit, but only as to Indemnification Claims related to title to Assets, not the condition of Assets.

(b) An Indemnification Claim under §13(a)(ii) and (iii) and §14(a)(ii) and (iii) may be asserted at any time prior to 90 days after the expiration of the applicable statute of limitation.

17. NOTICE OF INDEMNIFICATION CLAIM.

(a) The indemnified party may assert an Indemnification Claim by giving written notice of the Indemnification Claim to the indemnifying party. The indemnified party's notice shall provide reasonable detail of the facts giving rise to the Indemnification Claim and a statement of the indemnified party's Loss or an estimate of the Loss that the indemnified party reasonably anticipates that it will suffer. The indemnified party may amend or supplement its Indemnification Claim at any time, and more than once, by written notice to the indemnifying party.

(b) If or to the extent that the Indemnification Claim is not in respect of a Third-Party Suit, §18 shall apply. If or to the extent that the Indemnification Claim is in respect of a Third-Party Suit, §19 shall apply.

18. RESOLUTION OF CLAIMS.

(a) If the indemnifying party does not object to an Indemnification Claim during the 30-day period following receipt of the indemnified party's notice of its Indemnification Claim, the indemnified party's Indemnification Claim shall be considered undisputed, and the indemnified party shall be entitled to recover the actual amount of its indemnifiable loss from the indemnifying party, subject to the threshold, if any, in §15(a) or (b).

(b) If the indemnifying party gives notice to the indemnified party within the 30-day objection period that the indemnifying party objects to the indemnified party's Indemnification Claim, the indemnifying party and the indemnified party shall attempt in good faith to resolve their differences during the 30-day period following the indemnified party's receipt of the indemnifying party's notice of its objection. If they fail to resolve their disagreement during this 30-day period, either of them may unilaterally submit the disputed Indemnification Claim for non-binding arbitration before the American Arbitration Association in Phoenix, Arizona in accordance with its rules for commercial arbitration in effect at the time, which shall be a condition precedent to seeking resolution of the disputed Indemnification Claim before any court of competent jurisdiction. The award of the arbitrator or panel of arbitrators may include attorneys' fees to the prevailing party. The prevailing party may enforce the award of the arbitrator or panel of arbitrators in any court of competent jurisdiction.

19. THIRD PARTY SUITS.

(a) Indemnified party shall promptly give notice to indemnifying party of any suit, demand, or claim by a third person against indemnified party, for which indemnified party is entitled to indemnification under §13(a) (a "Third Party Suit"), which may be given by notice of an Indemnification Claim in respect of the Third-Party Suit. Indemnified party's failure or delay in giving this notice shall not relieve indemnifying party from its indemnification obligation under this §19(a) in respect of the Third-Party Suit, except to the extent that indemnifying party suffers or incur a loss or is prejudiced by reason of indemnified party's failure or delay.

(b) Indemnified party shall control the defense of any Third-Party Suit. Indemnifying party shall be entitled to copies of all pleadings and, at its expense, may participate in, but not control, the defense and employ its own counsel. Indemnifying party shall in any event reasonably cooperate in the defense of the Third-Party Suit.

(c) Indemnified party's settlement of a Third-Party Suit shall also be binding on indemnifying party, in the same manner as if a final judgment in the amount of the settlement had been entered by a court of competent jurisdiction, if, as part of the settlement, indemnifying party receives a binding release providing that any liability of indemnifying party in respect of the Third-Party Suit is being satisfied as part of the settlement. Indemnified party shall give indemnifying party at least 30 days' prior notice of any proposed settlement, and during this 30-day period indemnifying party may reject the proposed settlement and instead assume the defense of the Third-Party Suit if:

(i) the Third-Party Suit seeks only money damages and does not seek injunctive or other equitable relief against indemnified party;

(ii) Indemnifying party unconditionally acknowledges in writing to indemnified party that indemnifying party is obligated to indemnify indemnified party in full in respect of the Third-Party Suit (except for any matters that are not subject to indemnification under this Agreement);

(iii) the counsel chosen by indemnifying party to defend the Third-Party Suit is reasonably satisfactory to indemnified party;

(iv) Indemnifying party furnishes indemnified party with security reasonably satisfactory to indemnified party to assure that indemnifying party have the financial resources to defend the Third-Party Suit and to satisfy their indemnification obligation in respect of the Third-Party Suit;

(v) Indemnifying party actively and diligently defends the Third-Party Suit; and

(vi) Indemnifying party consults with indemnified party regarding the Third-Party Suit at indemnified party's reasonable request.

If indemnifying party assumes the defense of the Third-Party Suit, indemnified party shall be entitled to copies of all pleadings and, at its expense, may participate in, but not control, the defense and employ its own counsel.

(d) Indemnifying party may settle a Third-Party Suit in which, indemnifying party controls the defense only if the following conditions are satisfied:

(i) the terms of settlement do not require any admission by indemnifying party or indemnified party, in respect of any matters subject to indemnification under §13 or §14 of this Agreement, that in indemnified party's reasonable judgment would have an adverse effect on indemnified party; and

(ii) as part of the settlement, indemnified party receives a binding release providing that any liability of indemnified party in respect of the Third-Party Suit is being satisfied as part of the settlement.

(e) Indemnified party's failure to defend a Third Party Suit shall not relieve indemnifying party of its indemnification obligation under §13 or §14 of this Agreement if indemnified party gives indemnifying party at least 30 days' prior notice of indemnified party's intention not to defend the Third Party Suit and affords indemnifying party the opportunity to assume the defense without having to satisfy the conditions in §19(c) for assuming the defense.

20. EXPENSES. Each party shall pay its own expenses in connection with the negotiation and preparation of this Agreement and the closing of this transaction, including the process of determining and paying the amount of the Adjustments under §4(d) above. In the event of termination of this Agreement prior to Closing pursuant to §12, each Party's obligation to pay its own expenses shall be subject to any right of recovery as a result of a default under this Agreement by the other party.

21. SCHEDULES. Nothing in any Schedule to §6 shall be considered adequate to constitute an exception to the related representation and warranty in §6 unless the Schedule describes the relevant facts in reasonable detail. Any exception in a Schedule to §6 shall be considered an exception to any other representation and warranty in §6 to which the exception relates if it is reasonably apparent on its face that the exception in question relates to such other representation and warranty.

22. PARTIES REVIEW. Any knowledge acquired by a party (or that should have been or could have been acquired) as a result of any due diligence or other review or investigation in connection with the negotiation and execution of this Agreement and the closing of the transaction shall not limit that party's right to rely on the other party's representations and warranties in this Agreement or circumscribe that party's entitlement to indemnification under this Agreement.

23. PUBLICITY. Any public announcement or similar publicity regarding this Agreement or the transaction shall be issued only as, when and in the manner and form that TJC determines.

24. NOTICES.

(a) All notices under this Agreement shall be in writing and sent by certified or registered mail,

overnight messenger service, or personal delivery, as follows:

(i) if to Seller, to or in care of:

(iii) If to the Lessee:

(iii) if to TJC, to:

The Joint Corp.
16767 N. Perimeter Dr. Suite 110
Scottsdale, AZ 85260
Attention: Jorge Armenteros

with a required copy to:

Aaron Gagnon, Esq.
Warshawsky Seltzer, PLLC
14362 N. Frank Lloyd Wright Blvd., Suite 1000
Scottsdale, Arizona 85260

(b) A notice sent by certified or registered mail shall be considered to have been given five business days after being deposited in the mail. A notice sent by overnight courier service or personal delivery shall be considered to have been given when actually received by the intended recipient. A party may change its address for purposes of this Agreement by notice in accordance with this §24.

25. FURTHER ASSURANCES AND COOPERATION

(a) The parties agree to (i) furnish to one another other such further information, (ii) execute and deliver to one another such further documents and (iii) do such other acts and things that any party reasonably requests for the purpose of carrying out the intent of this Agreement and the documents and instruments referred to in this Agreement. The Parties acknowledge that TJC may be required to conduct audits of the financial statements of the businesses operated using the Assets, and the Seller and the Lessee agree to cooperate with TJC and to provide it with any information reasonably available to the Seller and the Lessee to assist TJC and its representatives in conducting such audits. For 45 days following the Closing, Seller and Lessee shall provide to TJC such assistances as TJC reasonably requests to help ensure a smooth and orderly transition of ownership of the Subject Franchise.

(b) The Parties acknowledge that TJC may be required by applicable laws and regulations to include financial statements and information relating to the Subject Franchise in TJC's financial statements, and TJC may be required to perform audits of the Subject Franchise's financial statements. Accordingly, the Seller and the Lessee agree to cooperate with TJC and to provide it with any information reasonably available to the Seller and the Lessee to assist TJC and its representatives in obtaining such financial statements, conforming such financial statements to applicable accounting standards and conducting such audits (Seller's and the Lessee's "Section 25(b) Duties"). Such information includes, but is not limited to, the financial books, records and work papers of Seller.

26. WAIVER. The failure or any delay by any party in exercising any right under this Agreement or any document referred to in this Agreement shall not operate as a waiver of that right, and no single or partial exercise of any right shall preclude any other or further exercise of that right or the exercise of any other right. All waivers shall be in writing and signed by the party to be charged with the waiver, and no waiver that may be given by a party shall be applicable except in the specific instance for which it is given.

27. ENTIRE AGREEMENT. This Agreement supersedes all prior agreements between the parties with respect to its subject matter and constitutes (together with (i) the Exhibits, (ii) the Schedules and (iii) the Parties' Closing Documents) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended except by a written agreement signed by the party to be charged with the amendment.

28. ASSIGNMENT. No party may assign any of its rights under this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, TJC may assign its rights, interests and duties under this Agreement and all ancillary documents to a third party TJC franchisee (who desires to step in to the shoes of TJC and complete the transaction contemplated by this Agreement) without the necessity of obtaining any consent of Seller or Lessee.

29. NO THIRD-PARTY BENEFICIARIES. Nothing in this Agreement shall be considered to give any person other than the parties any legal or equitable right, claim or remedy under or in respect of this Agreement or any provision of this Agreement. This Agreement and all of its provisions are for the sole and exclusive benefit of the parties and their respective successors, permitted assigns, heirs and legal representatives.

30. CONSTRUCTION.

(a) All references in this Agreement to "Section" or "Sections" refer to the corresponding section or sections of this Agreement.

(b) All words used in this Agreement shall be construed to be of the appropriate gender or number as the context requires.

(c) Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

(d) The captions of articles and sections of this Agreement are for convenience only and shall not affect the construction or interpretation of this Agreement.

31. **SEVERABILITY.** The invalidity or unenforceability of any term or provision, or part of any term or provision, of this Agreement shall not affect the validity and enforceability of the other terms and provisions of this Agreement, and this Agreement shall be construed in all respects as if the invalid or unenforceable term or provision, or part, had been omitted. In the event that any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable because it is too broad, such provision shall be interpreted to be only as broad as is enforceable.

32. **COUNTERPARTS.** This Agreement may be signed in any number of counterparts (including by facsimile or portable document format (pdf)), all of which together shall constitute one and the same instrument.

33. **GOVERNING LAW.** This Agreement shall be governed by the internal Laws of the State of Arizona, without giving effect to any choice of law provision or rule (whether of the State of Arizona or any other state) that would cause the laws of any state other than the State of Arizona to govern this Agreement.

34. **BINDING EFFECT.** This Agreement shall apply to, be binding in all respects upon and inure to the benefit of parties and their respective heirs, legal representatives, successors and permitted assigns.

* * *

In Witness Whereof, the Parties, through authorized representatives, hereto affix their signatures and execute this Agreement as of the Effective Date.

"**Seller**"

[IF LLC/INC, ALL OWNERS 5% OR ABOVE TO EXECUTE]

By: _____

Date: _____

"**TJC**"

The Joint Corp., a Delaware corporation

By: _____
Sanjiv Razdan, President and CEO

Date: _____

"Lessee"

By: _____
Its: _____
Print: _____
Date: _____

EXHIBIT A

The Lease

1. _____

[See attached Lease Agreement and all associated addendums for the Subject Franchise, by separate electronic attachment and/or by attachment below.]

EXHIBIT B

Bill of Sale and Assignment

This Bill of Sale and Assignment is made as of the date last set forth below ("Effective Date") by _____, a _____ corporation/limited liability company, to and in favor of The Joint Corp., a Delaware corporation, and is delivered pursuant to §5 of the Asset and Franchise Agreement Purchase Agreement dated as of its Effective Date, by and among The Joint Corp., a Delaware corporation ("TJC"), and _____, a _____ corporation/limited liability company ("Seller" and "Lessee") (the "Asset Purchase Agreement").

Capitalized terms used in this Bill of Sale and Assignment without being defined have the same meanings that they have in the Asset Purchase Agreement.

For value received, the receipt and sufficiency of which is acknowledged, the Seller and Lessee grant, bargain, sell, deliver, transfer, assign and convey to TJC, its successors and assigns, all of their right, title and interest in, to and under the Assets, including, but not limited to, its right, title, interest and estate in, to, and under the following:

(i) the franchise agreement between Seller and TJC for the Subject Franchise, a copy of which is attached to the Asset Purchase Agreement as **Schedule 1(b)(i)**,

(ii) all equipment, machinery, tools, maintenance supplies, office equipment, leasehold improvements, furniture, fixtures, inventories and supplies and other similar items of tangible personal property used by Seller in connection with the Subject Franchise which is more particularly listed and described in **Schedule 1(b)(ii)** attached to the Asset Purchase Agreement;

(iii) all of Seller's interest in any membership agreements, prepaid services packages and other agreements or arrangements Seller has made with patients of the Subject Franchise, together with any deposits or prepayments (for packages or otherwise) made by any patients covered by such agreements or arrangements to the extent related to services to be performed after Closing;

(iv) the trademarks, trade names, copyrights and all other intellectual property rights of Seller associated with the Subject Franchise and all of Seller's goodwill attributable to the Subject Franchise;

(v) all telephone numbers and domain names associated with the Subject Franchise;

(vi) to the extent transferable, all licenses, government approvals and permits and all other approvals and permits relating to the Subject Franchise;

(vii) all of Lessee's interest as tenant (including leasehold improvements) under its lease for the premises occupied by the Subject Franchise, a copy of which is attached to the Asset Purchase Agreement as **Exhibit A**;

(viii) the agreements and contracts which TJC has expressly agreed to assume and which are listed on **Schedule 1(b)(ix)**; and

(ix) all of its other Assets that Seller and/or Lessee uses or holds for use in the operation of the Subject Franchise.

To have and to hold the Assets unto TJC, its successors and assigns forever. This Bill of Sale and Assignment does not convey any right, title or interest in the Excluded Assets.

In witness whereof, the Parties, through authorized representatives, hereto affix their signatures and execute this Bill of Sale and Assignment as of the date last set forth below.

"**TJC**"

THE JOINT CORP., a Delaware corporation

By: _____
Sanjiv Razdan, President and CEO
Date: _____

"**LESSEE**"

_____, a _____

By: _____
Its: _____
Date: _____

"SELLER"

[IF LLC/INC, ALL OWNERS 5% OR ABOVE TO EXECUTE]

By: _____
Its: _____
Print: _____
Date: _____

EXHIBIT C

General Release

The undersigned holds a direct or indirect interest in one or more of the parties to that certain Asset and Franchise Purchase Agreement dated as of its Effective Date, entered into by The Joint Corp., a Delaware corporation ("TJC"), _____, a _____ corporation/limited liability company (collectively, "Seller"), and _____ corporation/limited liability company (the "Lessee"), pursuant to which TJC acquired substantially all of the Assets of Seller and Lessee related to the Subject Franchise of TJC (the "Asset Purchase Agreement"). Capitalized terms used in this General Release without being defined have the same meanings that they have in the Asset Purchase Agreement.

The undersigned is delivering this General Release to TJC pursuant to §9(b) of the Asset Purchase Agreement. The undersigned's release of TJC was and is a material inducement to TJC to enter into and close the Asset Purchase Agreement.

The undersigned waives and releases (i) any written notice required or right of first refusal granted to the undersigned under any operative instrument with respect to the Seller, the Lessee, the Assets, the Subject Franchise or any of them, (ii) any and all right, title and interest of the undersigned in, to and under any of the Asset, or the Subject Franchise. The undersigned specifically acknowledges and agrees that TJC will rely and is entitled to rely upon the effectiveness of this instrument in closing the transactions contemplated by the Asset Purchase Agreement, and that the undersigned will benefit personally (directly or indirectly) from the closing of those transactions.

Effective upon the closing of the transactions described in the Asset Purchase Agreement, and without the necessity of notice or any other additional act, the undersigned releases each of TJC, its officers, directors, attorneys and affiliates ("TJC Parties") and Seller from any and all claims, demands and causes of action of any kind or nature whatsoever, including any claims or causes of action related to any of the following: (a) the Subject Franchise, (b) the Assets; and/or (c) the Franchise Agreement and any other agreements between the Parties, that the undersigned, either alone or with any one or more of the other members of Seller or Assignee, has had or may have, whether now known or unknown, as of Closing Date against the TJC Parties for any event occurring prior to Closing Date.

With respect to the matters hereinabove released, the undersigned knowingly waives all its rights and protection, if any, under §1542 of the Civil Code of the State of California, or any similar law of any state or territory of the United States of America. §1542 provides as follows:

> 1542 General Release; Extent. A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which, if known by him, must have materially affected his settlement with the debtor.

[SIGNATURES FOLLOW BELOW]

In Witness Whereof, the Seller and Lessee, through authorized representatives, hereto affix their signatures and execute this General Release as of the date last set forth below.

"SELLER"

[IF LLC/INC, ALL OWNERS 5% OR ABOVE TO EXECUTE]

_____, a _____

By: _____
Print: _____
Its: _____
Date: _____

"**LESSEE**"

_____, a _____

By: _____
Print: _____
Its: _____
Date: _____

EXHIBIT D

Sellers Certificate

This Sellers' Certificate ("Certificate") is delivered pursuant to §5 of the Asset and Franchise Agreement Purchase Agreement dated as of its Effective Date (the "Asset Purchase Agreement") entered into by The Joint Corp., a Delaware corporation ("TJC"), _____ a _____ corporation/limited liability company (collectively, "Seller"), _____, a _____ corporation/limited liability company (the "Lessee"), pursuant to which TJC acquired substantially all of the Assets of Seller and Lessee related to the Subject Franchise of TJC. Capitalized terms used in this Seller's Certificate without being defined have the same meanings that they have in the Asset Purchase Agreement.

I, _____, certify to TJC, as the Seller and sole shareholder of Lessee, as follows:

1. _____ is the Seller and sole shareholder of Lessee and Seller, and is authorized to execute and deliver this Certificate on Seller's and Lessee's behalf;

2. The representations and warranties in §6, as qualified or limited by any exceptions in the Schedules to §6, were true and correct as of the date of the Asset Purchase Agreement;

3. The representations and warranties in §6, as qualified or limited by any exceptions in the Schedules to §6, as they may have been amended, are true and correct in all material respects on the Closing Date as if made at and as of Closing;

4. Each of Seller and Lessee has performed, complied with or satisfied in all material respects all of the obligations, agreements and conditions under the Asset Purchase Agreement that it is required to perform, comply with or satisfy prior to or at Closing; and

5. Resolutions (and other corporate governance procedures) were duly adopted by us, as the sole shareholders of Lessee, to authorize its execution, delivery and performance of the Asset Purchase Agreement on behalf of Lessee. Lessee and Seller agree, as necessary, to promptly execute any documentation required by TJC to formalize any aspect of the Asset Purchase Agreement.

[SIGNATURES FOLLOW BELOW]

In Witness Whereof, the Seller and Lessee, through authorized representatives, hereto affix their signatures and execute this Seller's Certificate as of the date last set forth below.

"SELLER"

[IF LLC/INC, ALL OWNERS 5% OR ABOVE TO EXECUTE]

_____, a _____

By: _____
Print: _____
Its: _____
Date: _____

"**LESSEE**"

_____, a _____

By: _____
Print: _____
Its: _____
Date: _____

Schedule 1(b)(i)

Franchise Agreement

1. Franchise Agreement _____ dated _____ by and between The Joint Corp. and _____ for *The Joint Chiropractic* _____ Clinic located at _____.

[The Franchise Agreement shall be attached by separate electronic attachment and/or by attachment below.]

Schedule 1(b)(ii)

Personal Property of the Subject Franchise

[Seller and Lessee acknowledge the obligation to provide any detail of the Personal Property above, and that any failure to include may be subject to a holdback of the Purchase Payment by TJC]

Schedule 1(b)(ix) – Assumed Contracts/Insurance Policies/Corporate Documentation

[Copies of each of the above-listed Assumed Contracts attached to be provided by the Seller and Lessee, and incorporated into this Agreement. Seller and Lessee acknowledge its obligation to provide all Assumed Contracts to TJC as a material condition of this Agreement.]

Schedule 2

Other Excluded Assets

Schedule 6(b)

Required Consents or Approvals

[See the Lease Agreement above]

Schedule 6(g)

List of Employees and Wage Information

Schedule 6(h)

Contracts

[See Schedule 1(b)(ix)]

EXHIBIT E

Due Diligence Request

The following information is requested to be provided by _____ (collectively, the "Company"), a(n) _____ corporation/limited liability company, to Jesse McBain, Aaron Gagnon and Jorge Armenteros on behalf of The Joint Corp. To the extent that any request below would be unduly burdensome to produce, please advise us so that we may discuss narrowing this request. For purposes of this request, the "Company" includes all of the Company's respective subsidiaries and any predecessors. If any item on this list is inapplicable to the Company or if no information of the type requested exists, please indicate in writing.

1. Company Records:

1.1 The articles of organization and operating agreement, as amended to date, for the Company. Copies of any organizational charts relating to the organizational structure of the Company.

1.2 The minute books and membership interest ledgers for the Company, together with written consents and minutes of all meetings of the board of managers, any committees of the board of managers, and members of the Company, and all materials furnished to managers and members of the Company related thereto.

1.3 Copies of all certificates or other documentation representing membership interests of the Company. A list of each security holder of the Company and a description (including the number outstanding) of each class of securities issued and outstanding thereto.

1.4 List of all subsidiaries of the Company

1.5 The charter/formation documents and the related by-laws, partnership agreements and operating agreements, as applicable, as amended to date, for all of the subsidiaries of the Company and, to the extent in the possession of the Company, for any member of the Company that is an entity.

1.6 The minute books and stock/membership interest ledgers for all of the subsidiaries of the Company, together with written consents and minutes of all meetings of the board of directors/managers, any committees of the board of directors/managers, and shareholders/members of the subsidiaries of the Company, and all materials furnished to officers/managers and shareholders/members of the subsidiaries of the Company related thereto.

1.7 Copies of all certificates representing shares/membership interests of each of the subsidiaries of the Company. A list of each security holder of each of the subsidiaries of the Company and a description (including the number outstanding) he number of each class of securities issued and outstanding thereto.

1.8 List of all jurisdictions in which the Company and/or any of its subsidiaries does business and/or is/are currently qualified to do business as a foreign entity.

1.9 List of locations of all plants, offices, or other facilities of the Company and/or of its subsidiaries.

1.10 Copies of all certificates of authority or qualification issued by each jurisdiction in which the Company and/or its subsidiaries to do business as a foreign corporation.

1.12 A list of any significant mergers, acquisitions or dispositions entered into by the Company and/or any of its subsidiaries within the last five years.

1.13 The (i) federal tax identification number(s), (ii) the state tax identification number(s), and (iii) state organizational i.d. number for the Company and each of its subsidiaries.

2. Governmental Regulation:

2.1 Copies of any and all governmental permits, licenses, certifications, authorizations, consents or similar items of the Company and/or any of its subsidiaries.

2.2 Copies of the most recent reports of inspections of the Company's and/or any of its subsidiaries' businesses and properties conducted by governmental authorities, insurance companies or consultants,

2.3 Copies of any and all correspondence, information, reports, investigations, filings or other documentation relating to noncompliance by the Company and/or any of its subsidiaries with any laws or regulations during the past five years.

3. Financings:

3.1 A list of all outstanding loans and/or guarantees of the Company and/or any of its subsidiaries, and copies of any and all underlying financing documents related thereto. Including documentation that support current debt to shareholders.

3.2 A list and copy of all UCC filings on file in any jurisdiction with respect to the Company and/or any of its subsidiaries or any of their respective assets.

4. Employment and PC Agreement:

4.1 Copies of any and all PC agreements, employment agreements, consulting agreements, confidentiality agreements, non-compete agreements, severance agreements, change-of-control agreements, option agreements, commission agreements, and indemnification agreements to which the Company and/or any of its subsidiaries is/are a party. Copies of any employee handbooks issued or adopted by the Company and/or any of its subsidiaries.

4.2 A description of any complaints, disputes or grievances by or with employees, requests for arbitration, grievance proceedings, etc. during the past five years for the Company and/or any of its subsidiaries.

4.3 A list of any work stoppages, strikes or other labor actions affecting the Company and/or any of its subsidiaries in the past five years.

4.4 Copies of any and all pension, retirement, severance, profit sharing, medical, disability, hospitalization, insurance, deferred compensation, bonus, incentive, welfare or any other employee benefit plan, policy, agreement or practice currently or previously maintained by the Company and/or any of its subsidiaries for any of their respective personnel. A description of all sick leave, maternity leave, vacation and other paid absence policies for the Company and/or any of its subsidiaries.

4.5 A copy of each employee benefit plan of the Company and/or any of its subsidiaries; the most recent actuarial and financial reports prepared with respect to any employee benefit plan; the most recent annual report, if any, filed with any governmental authority for each employee benefit plan; and all Internal Revenue Service and Department of Labor rulings, and any open requests for rulings, and determination letters that pertain to any employee benefit plan of the Company and/or any of its subsidiaries. A copy of COBRA forms and procedures.

4.6 A list of the current officers, directors, managers, independent contractors and employees of the Company and/or any of its subsidiaries along with a description of their job duties and their jurisdiction of employment.

4.7 A list of all current employees of the Company,

4.8 Clinic rosters – employee name, address, date of birth, pay rate, position etc.

4.9 A copy of the last couple of payrolls for the clinic and Copies of I-9s.

4.10 Amount of vacation owed.

4.11 Information of sponsored visa of key employee

5. Certain Material Agreements:

5.1 Copies of any and all supply or requirements contracts to which the Company and/or any of its subsidiaries is a party.

5.2 Copies of any and all leases of real property and all leases of personal property to which the Company and/or any of its subsidiaries is/are a party. Confirmation that neither the Company nor any of its subsidiaries own any real estate.

5.3 Copies of any and all forms of all standard agreements (e.g., terms of purchase or sale, warranties, guaranties, non-competes, etc.) utilized by the Company and/or any of its subsidiaries in the ordinary course of its business.

5.4 Copies of any and all agreements of the Company and/or any of its subsidiaries with sales agents or other independent representatives.

5.5 Confirmation that there are no contracts, agreements or other documents containing any restrictions on financing, borrowing, the issuance or offering of any security of the Company and/or any of its subsidiaries, or the consummation of any asset or equity sale. Confirmation that there are no agreements relating to restrictions upon competition or restricting or purporting to restrict the ability of the Company and/or any of its subsidiaries to engage in any type of business or to operate in any geographic area.

5.6 Copies of any and all secrecy, confidentiality and nondisclosure agreements and any other contracts or agreements made otherwise than in the ordinary course of business by the Company and/or any of its subsidiaries in the past three years.

5.7 To the extent not already included in any of the above items, copies of each contract, lease or instrument entered into or binding upon the Company and/or any of its subsidiaries which (a) provides for aggregate payments by the Company and/or any of its subsidiaries in excess of $10,000, (b) which is not terminable without penalty by the Company and/or any of its subsidiaries upon the provision of no more than 30 days' written notice, and/or (c) which is material to the operations or business of the Company.

5.8 Copies of any and all contracts containing termination or other provisions triggered by a sale of assets equity or change of control or requiring the consent of the Company and/or any of its subsidiaries.

5.9 Copies of any and all documentation evidencing any patents, patent rights, trademarks, trade names, service marks, brands, copyrights and other intellectual property rights issued in favor of the Company and/or any of its subsidiaries in any jurisdiction and register copies of all pending registrations and applications therefor.

5.10 Copies of any and all documents relating to any technology and/or intellectual property used or otherwise relied upon by the Company and/or any of its subsidiaries in the ordinary course of business, including, without limitation, any and all "work for hire agreements," right to use agreements, agreements relating to source code used by the Company and/or any of its subsidiaries, software development agreements, and license agreements.

6. <u>Operating and Related Party Agreements:</u>

6.1 Copies of any and all contracts relating to the Company's and/or any of its subsidiaries' securities to which the Company and/or any of its subsidiaries or any of their respective shareholders/members is a party, including operating agreements, shareholders' agreements voting trust agreement, option agreements, preemptive rights agreements, warrants, etc.

6.2 Copies of any and all agreements between the Company and any of its subsidiaries which are material to the conduct of the Company's business and/or which require the payment by the Company of any fees, royalties, compensation or other payments to any of the Company's subsidiaries, members, a relative of any member, entities owned by any member and/or relative or any member.

7. <u>Litigation:</u>

7.1 A schedule and description of all suits, actions, litigations, administrative proceedings or other governmental investigations or inquiries, currently pending, pending during the past five years or known to be contemplated, by any private party or governmental authority, affecting the business or operations of the Company and/or any of its subsidiaries, including amounts claimed and whether or not covered by insurance. Detail on workers' comp. experience for the past five years.

7.2 Copies of any and all consent decrees, judgments, other decrees or orders, settlement agreements and other agreements, to which the Company and/or any of its subsidiaries is/are a party or is bound, requiring or prohibiting any future activities or assessing any penalties for violations of laws.

8. Financial and Auditors:

8.1 Copies of any and all letters from the Company and/or any of its subsidiaries to any of the Company's and/or any of its subsidiaries, as applicable, independent public accountants in the past five years regarding certain representations requested by any of the Company's and/or any of its subsidiaries, independent public accountants in connection with their audit of the Company and/or any of its subsidiaries, as applicable.

8.2 Copies of any and all accountants' reports, audited financial statements and auditors letters to management from the Company's and/or any of its subsidiaries' respective auditors to the Company and/or any of its subsidiaries for the past five years and interim periods subsequent to the most recent fiscal year end.

8.3 CAPEX investments for the past year.

8.4 Monthly Income Statements for the most recent 12 months.

8.4 To present:

- Detailed List of Property Plant and Equipment (including its original purchase price, depreciation and book value)
- Detailed list of Accounts Receivable and Accounts Payable
- Detailed list of all prepaid accounts - including schedule of how much collected and what remains outstanding

8.5 List of any off-balance sheet liabilities not appearing in most recent financial statements (including the notes thereto)

8.6 To the extent they exist, current budgets, forecasts and cash projections for five years, including all supporting information

8.7 Allocation of assets and total value of assets for the clinic.

9. Insurance:

9.1 A list and brief description of any claims pending under any policies of insurance during the past five years.

9.2 Copies of any and all correspondence relating to the cancellation or non-renewal any policy of insurance during the last five years.

10. Intellectual Property:

10.1. A list of all software programs owned by the Company and/or any of its subsidiaries and used internally in connection with the Company's and/or any of its subsidiaries', as applicable, business.

10.2 List of all internet domain names owned by the Company and/or any of its subsidiaries or otherwise used by any of them in their business, and a list of all internet domain names owned by third parties or by employees of the Company and/or any of its subsidiaries and used by Company and/or any of its subsidiaries in its business.

11. Tax Information:

11.1 Copies of Federal income tax returns for the years 2014, 2015 and 2016 for the Company and each of its subsidiaries.

11.2 Copies of all state income tax and unemployment tax returns for the years 2014, 2015 and 2016 for the Company and each of its subsidiaries.

11.3 Copies of any and all documents and correspondence relating to any pending tax investigations or inquires by any taxing authority in respect of the Company and/or any of its subsidiaries.

12. Real Property.

12.1 Real Property Leased. With respect to each parcel of real property which is leased by the Company, please provide copies of and/or information pertaining to:

a. lease agreement and any addendums

b. any correspondence from the landlord from the last six months.

c. any information written or otherwise that the Company is or may be in violation of the terms of the lease.

d. any information or notification from the landlord that it is in breach of the lease agreement and/or it may be renewing the lease.

e. title policies.

f. amounts of deposits required.

13. <u>Miscellaneous:</u>

13.1 Copies of all complaints or demands received from any customers and independent contractors within the last twelve months with respect to the Company and/or any of its subsidiaries.

13.2 Copies of any and all other documents, reports, studies or information viewed by the officers and directors of the Company and/or any of its subsidiaries as material to the business, financial condition, prospects or operations of the Company and/or any of its subsidiaries.

13.3 Any marketing agreements with radio stations, TV stations, or other vendors.

13.4 Summary of all local media and marketing relationships and details of those partnerships (including work with charities etc.)

13.5 Digital versions of all artwork that has been created.

EXHIBIT "H"-6

GENERAL RELEASE

[See Attached]

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (this "Agreement") is made as of _____, 202__ (the "Effective Date") by _____, a(n) _____ ("you") and each individual holding a direct or indirect ownership interest in you (collectively "Owner") in favor of The Joint Corp., a Delaware corporation ("us," and together with you and Owner, the "Parties").

Background

A. We signed a Franchise Agreement with you, dated _____, 202____ (the "Franchise Agreement") pursuant to which we granted you the right to own and operate a THE JOINT® clinic.

B. You have notified us of your desire to transfer the Franchise Agreement and all rights related thereto, or an ownership interest in the franchisee entity, to a transferee, [**enter into a successor franchise agreement**] and we have consented to such transfer [**agreed to enter into a successor franchise agreement**].

C. As a condition to our consent to the transfer [**your ability to enter into a successor franchise agreement**], you and Owner have agreed to execute this Agreement upon the terms and conditions stated below.

D. In consideration of our consent to the transfer [**our entering into a successor franchise agreement**], and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, you and Owner hereby agree as set forth below.

Agreement

1. Release. Owner, you, and each of your officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them (the "Franchisee Parties"), hereby release, acquit and forever discharge us, any and all of our past and present affiliates, parents, subsidiaries and related companies, divisions and partnerships, consultants, advisors and franchise sellers and its and their respective past and present officers, directors, shareholders, members, owners, employees, agents, representatives, affiliates, parents, divisions, successors and assigns, and the spouses of such individuals (collectively, the "Franchisor Parties"), from any and all claims, liabilities, damages, expenses, actions or causes of action which any of the Franchisee Parties may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, directly or indirectly arising out of or relating to the execution and performance (or lack thereof) of the Franchise Agreement or the offer, sale or acceptance of the franchise related thereto (including, but not limited to any disclosures and representations made in connection therewith). The foregoing release shall not be construed to apply with respect to any obligations contained within this Agreement.

2. California Law. You and Owner hereby express your intention to release all existing claims, whether known or unknown, against the Franchisor Parties. Accordingly, you and Owner hereby waive §1542 of the California Civil Code, which provides the following:

   "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

   [Section 2 only applies for California franchisees; otherwise it is omitted]

3. Washington Franchise Law. The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, or the rules adopted thereunder.

   [Section 3 only applies for Washington franchisees; otherwise it is omitted]

4. Nondisparagement. Each of the Franchisee Parties expressly covenant and agree not to make any false representation of facts, or to defame, disparage, discredit or deprecate any of the Franchisor Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Franchisor Parties, the business conducted by any of the Franchisor Parties or the reputation of any of the Franchisor

Parties. For purposes of clarity, the obligations in this Section apply to all methods of communications, including the making of statements or representations through direct verbal or written communication as well as the making of statements or representations on the Internet, through social media sites or through any other verbal, digital or electronic method of communication. The obligations in this Section also prohibit the Franchisee Parties from indirectly violating this Section by influencing or encouraging third parties to engage in activities that would constitute a violation of this Section if conducted directly by a Franchisee Party.

5. Representations and Warranties. You and Owner each represent and warrant that: (a) [Insert franchisee entity name] is duly authorized to execute this Agreement and perform its obligations hereunder; (b) neither you nor Owner has assigned, transferred or conveyed, either voluntarily or by operation of law, any of their rights or claims against any of the Franchisor Parties or any of the rights, claims or obligations being terminated or released hereunder; (c) you and Owner have not and shall not (i) institute or cause to be instituted against any of the Franchisor Parties any legal proceeding of any kind, including the filing of any claim or complaint with any state or federal court or regulatory agency, alleging any violation of common law, statute, regulation or public policy premised upon any legal theory or claim whatsoever relating to the matters released in this Agreement or (ii) make any verbal, written or other communication that could reasonably be expected to damage or adversely impact any Franchisor Party's reputation or goodwill; and (d) the individuals identified as Owners on the signature pages hereto together hold 100% of the legal and beneficial ownership interests in [Insert franchisee entity name].

6. Miscellaneous.

   (a) The Parties agree that each has read and fully understands this Agreement and that the opportunity has been afforded to each Party to discuss the terms and contents of said Agreement with legal counsel and/or that such a discussion with legal counsel has occurred.

   (b) This Agreement shall be construed and governed by the laws of the State of Arizona.

   (c) In the event that it shall be necessary for any Party to institute legal action to enforce, or for the breach of, any of the terms and conditions or provisions of this Agreement, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

   (d) All of the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective current and future directors, officers, partners, attorneys, agents, employees, shareholders and the spouses of such individuals, successors, affiliates, and assigns.

   (e) This Agreement contains the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes and is in lieu of all prior and contemporaneous agreements, understandings, inducements and conditions, expressed or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. This Agreement may not be modified except in a writing signed by each of the Parties.

   (f) If one or more of the provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

   (g) The Parties agree to do such further acts and things and to execute and deliver such additional agreements and instruments as any Party may reasonably require to consummate, evidence, or confirm the transactions contemplated hereby.

   (h) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute but one document.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

FRANCHISEE:

[_____]

By:_____
Name:_____
Title:_____

FRANCHISE OWNERS:

_____
Name:_____

_____
Name:_____

_____
Name:_____

EXHIBIT "H"-7

LETTER OF INTENT

[See Attached]

LETTER OF INTENT FOR A THE JOINT CHIROPRACTIC FRANCHISE

(Clinic No: [_____])

Dear Prospective Franchisee:

Thank you for the interest you've expressed in acquiring franchise development rights for a *The Joint Chiropractic*® clinic (a "Clinic"). This Letter of Intent ("LOI") is a binding agreement between "you" (as identified on the signature page to this LOI) and The Joint Corp., a Delaware corporation d/b/a *The Joint Chiropractic* ("we" or "us"). You and we may be individually referred to herein as a "Party" or collectively as the "Parties". Please review this LOI carefully. Keep in mind you may not sign this LOI or send us a check prior to the expiration of the 14-day "cooling off" period described in §3. We will send you the final form of LOI you will sign. **Please do not complete or sign the form of LOI attached to our Franchise Disclosure Document.**

1. **Nature and Purpose of LOI**. You have elected to enter into this LOI in order to obtain our acceptance of the site for your Clinic before you sign a The Joint Franchise Agreement (the "Franchise Agreement") and pay the full initial franchise fee. The site we accept for your Clinic is referred to as your "Site". This LOI is a binding agreement that sets forth the terms and conditions pursuant to which you will seek to obtain our acceptance of your Site. While the terms of this LOI are binding on the Parties, the execution of this LOI does not commit you to sign the Franchise Agreement or acquire franchise rights. This LOI is neither an offer of a franchise nor a contract for the acquisition of a franchise. You will acquire franchise rights for your Clinic only at such time that both Parties sign the Franchise Agreement after we accept your Site.

2. **Term**. The term of this LOI (the "Term") begins on the Effective Date (as set forth on the signature page hereto) and expires 180 days thereafter, unless earlier terminated in accordance with §12. The Term is subject to extension in accordance with §4(d).

3. **Deposit**. At the time you sign this LOI, you will pay us the sum of $10,000 (if you choose not to receive a protected Site Selection Area) or $15,000 (if you choose to receive a protected Site Selection Area (in either case, the "Deposit"). You must pay the Deposit by wire transfer of immediately available funds to an account we designate. The Deposit is nonrefundable and earned in full upon execution of this LOI as a result of the time, energy and expertise devoted to you and which would otherwise be devoted to other prospective or existing franchisees seeking to purchase Clinic franchises. If the Parties sign a Franchise Agreement for the Clinic, the Deposit is fully credited towards the initial franchise fee imposed by the Franchise Agreement. The Deposit is nonrefundable, even if you choose not to sign the Franchise Agreement for any reason. **You must receive our Franchise Disclosure Document at least 14 days before you may sign this LOI or pay the Deposit**.

4. **Site Selection Area**.

   (a) Generally. You must obtain our acceptance of the Site for your Clinic before the Term expires. All sites you propose must be located within the geographic area described in ATTACHMENT "A" (the "Site Selection Area"). You must choose between a non-protected Site Selection Area (in which case you pay us a $10,000 Deposit) or a protected Site Selection Area (in which case you pay us a $15,000 Deposit). You confirmed to us that you have chosen the following (we will check the appropriate box before you sign):

   _____ I have selected a non-protected Site Selection Area and will pay a $10,000 Deposit

   _____ I have selected a protected Site Selection Area and will pay a $15,000 Deposit

(b) Non-Protected Site Selection Area. If you choose a non-protected Site Selection Area, you will receive no territorial rights or protections to the Site Selection Area, and we shall have the unrestricted right to develop and operate, and grant rights to third parties to develop and operate, Clinics located anywhere within the Site Selection Area.

(c) Protected Site Selection Area. If you choose a protected Site Selection Area, then during the Protected Search Period (as defined below) we will not develop or operate, or grant rights to any person (other than you) to develop or operate, a Clinic located anywhere within the Site Selection Area, except as otherwise provided in this Section with respect to Captive Venues and Acquisitions (each defined below). At any time during the Protected Search Period, we reserve the right to: (i) develop and operate, and license third parties to develop and operate, Clinics in Captive Venues that are located within the Site Selection Area; and (ii) engage in Acquisitions, even if as a result of an Acquisition one or more competitive businesses of the acquired or acquiring company begin using our Intellectual Property (including operating under the name THE JOINT® and our other marks) and are located within the Site Selection Area. At such time that the Parties sign a Franchise Agreement for your Clinic: (a) all territorial rights and protections set forth in this LOI shall terminate; and (b) your territorial rights and protections shall be limited to those set forth in the Franchise Agreement. All territorial rights and protections set forth in this Section shall immediately terminate upon the expiration of the Protected Search Period. For purposes of this Section:

"*Acquisition*" means either: (a) a competitive or non-competitive company, franchise system, network or chain directly or indirectly acquiring us, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise; or (b) us directly or indirectly acquiring another competitive or non-competitive company, franchise system, network or chain, whether in whole or in part, including by asset or stock purchase, change of control, merger, affiliation or otherwise.

"*Captive Venue*" means a non-traditional outlet for a Clinic that is located within, or is a part of, another establishment or facility that consumers may visit for a purpose unrelated to the Clinic. Examples of Captive Venues include Clinics that are located within hotels, casinos, college campuses, universities, airports, train stations, bus stations, cruise terminals, stadiums, sporting arenas, shopping malls, military bases, concert venues, amusement parks, grocery stores, urgent care centers, medical spas or similar types of establishments.

"*Protected Search Period*" means the period of time commencing with the Effective Date of this LOI and expiring upon the earlier to occur of: (a) the 180th day after the Effective Date of this LOI; or (b) the date we designate your Territory in the Franchise Agreement signed by the Parties for your Clinic.

(d) Term Extension. If the Parties do not sign a Franchise Agreement before the expiration of the Term, you may send us a written request to extend the Term (an "Extension Request"). You must send the Extension Request at least 30 days before the expiration of the Term. The Extension Request must state: (i) that you anticipate a delay; (ii) the reason or reason(s) for the delay; (iii) the efforts you are making towards finding a Site that we accept; and (iv) a future date by which you expect to sign a lease for the Clinic. We will not unreasonably withhold approval of your request provided that you demonstrate to our satisfaction that you have used diligent and good faith efforts to find an acceptable Site before the expiration of the Term. If we approve your request, we will notify you in writing of the new Term expiration date. If you chose a protected Site Selection Area, we may, but need not, extend the Protected Search Period to coincide with the Term extension.

5. Site Acceptance Process. You must propose sites within the Site Selection Area that conform to our minimum site selection criteria. You must send us a complete site submission package that includes all documents, information, photos and video we require. In evaluating proposed sites, we consider various factors and criteria, including: parking; visibility, size, condition and characteristics of the building; traffic counts; general location; existence and location of competitive businesses; general character of the neighborhood; local demographic information; and various economic indicators. We will not unreasonably

withhold our acceptance of a site that meets our minimum site selection criteria. We will use best efforts to issue our acceptance or rejection of sites you propose within 15 business days after we receive the complete site submission package. Your site is deemed rejected if we fail to issue our written acceptance within the 15 business day period. We will list the address of the accepted Site in the Franchise Agreement signed by the Parties in accordance with §6. Our acceptance or recommendation of a Site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Clinic. It indicates only that we believe the site meets our minimum criteria. We are not responsible if a site we accept or recommend does not meet your expectations.

6. **Execution of Franchise Agreement**. After we accept your Site, you must sign our then-current form of Franchise Agreement and pay us our then-current initial franchise fee (less the Deposit you pay in connection with this LOI). You may not sign a lease or purchase contract for the Clinic's premises prior to execution of the Franchise Agreement and payment of the initial franchise fee. You must comply with the provisions in the Franchise Agreement governing the lease or purchase contract for your Clinic's premises.

7. **Confidential Information**. To enable you to perform your obligations under this LOI, we may share with you certain of our proprietary and confidential training materials ("Confidential Training Materials") prior to execution of the Franchise Agreement. You agree that: (a) you will not use the Confidential Training Materials for any purpose other than the performance of your obligations under this LOI and, if applicable, the Franchise Agreement; (b) you will not disclose any Confidential Training Materials to any other person without obtaining our prior written approval; and (c) if the Parties execute the Franchise Agreement, the Confidential Training Materials shall be deemed "Confidential Information" subject to protection under the terms of the Franchise Agreement. Notwithstanding the foregoing, you may disclose Confidential Training Materials to your co-owners listed in your franchise application, employees who intend to work at the Clinic and legal and business advisors, but only if they agree in writing to maintain the confidentiality of the Confidential Training Materials in accordance with the terms set forth in this Section.

8. **Compliance with Laws**. Each Party agrees to comply with all applicable federal, state and local laws in connection with the performance of their obligations under this Agreement.

9. **No Intellectual Property License**. Except for any Confidential Training Materials we provide to you in accordance with §7, this LOI does not grant you any right or license to use any Intellectual Property. For purposes of this LOI, "Intellectual Property" means any and all intellectual property owned by us or our affiliates, including, without limitation: (a) know-how and other confidential and proprietary information; (b) copyrighted materials for which we secure common law or registered copyright protection; (c) trademarks, service marks, logos, trade dress and other commercial symbols of origin pertaining to a Clinic or the products or services it sells; (d) patents, patent applications and derivatives thereof; and (e) the business format, model and operating system we developed for the operation of a Clinic. The Franchise Agreement is the only agreement that grants you a license to use our Intellectual Property (other than any Confidential Training Materials we provide). You may not promote or publicize any relationship between you and us or use our name or trademarks for any purpose without obtaining the prior written consent from our legal department, although you may present the executed LOI to prospective landlords.

10. **Indemnification**. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses they incur as a result of or in connection with: (a) your breach of this LOI, including the breach of any of your representations, warranties, covenants or obligations set forth herein; or (b) any negligence or intentional misconduct of you or any of your employees, agents, affiliates, assigns, independent contractors, officers, directors or principals. The Indemnified Parties shall have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them with respect to any Claim and (b) control the response thereto and the defense thereof, including the right to enter into an agreement to settle the Claim. You may participate in such defense at your expense. You must fully cooperate and assist the Indemnified Parties with the defense of the Claim. You must, within 30 days of receipt of a written notice, reimburse the Indemnified Parties for all of their costs and expenses in defending the Claim, including, without limitation, mediation, arbitration or court expenses, expert fees and travel expenses incurred by attorneys or expert witnesses to attend mediation, arbitration or legal or administrative proceedings or hearings relating to the matter. This indemnity shall survive the expiration,

termination, transfer or assignment of this LOI. For purposes of this section:

"*Claim*" means any action, allegation, assessment, claim, demand, litigation, proceeding or regulatory procedure, investigation or inquiry.

"*Indemnified Party*" or "*Indemnified Parties*" means us and each of our past, present and future owners, members, officers, directors, employees, agents, attorneys and chiropractors, as well as our subsidiaries, affiliates, insurance carries and chiropractic management companies, and each of their past, present and future owners, members, officers, directors, employees, agents, attorneys and chiropractors.

"*Losses and Expenses*" means and includes any of the following: compensatory, exemplary and punitive damages; fines and penalties; attorneys' fees; experts' fees; court, mediation or arbitration costs; discovery costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to reputation or goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or otherwise incurred by an Indemnified Party.

11. No Transfer or Assignment by You. Your rights under this LOI are personal to you. You are strictly prohibited from assigning this LOI or engaging in any other Transfer. For purposes of this Section, a "Transfer" means any direct or indirect, voluntary or involuntary, assignment, sale, conveyance, encumbrance, subdivision, sublicense or other transfer or disposition of: (a) this LOI (or any interest therein); or (b) any direct or indirect ownership interest in you (if you are a business entity).

12. Termination. We may terminate this LOI, effective upon delivery of a written notice of termination to you, if we learn that you made false, misleading, inaccurate or incomplete statements to us or to any of our representatives, either in your application for franchise rights or any in communications between you and us (or our representatives).

13. Miscellaneous.

(a) Governing Law. This LOI and the rights and obligations of the Parties hereto shall be governed by the laws of the State of Arizona without reference to its principles of conflicts of law.

(b) Relationship Between Parties. Neither Party may make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other Party.

(c) Notices. All notices given under this Agreement must be in writing, delivered by hand, email (to the last email address provided by the recipient) or first class mail, to the following addresses (which may be changed upon 10 business days' prior written notice):

YOU: As set forth on the signature page

US: The Joint Corp.
16767 N. Perimeter Dr., Suite 110
Scottsdale, Arizona 85260
Attention: Eric Simon
Email: Eric.Simon@TheJoint.com

Notice shall be considered given at the time delivered by hand, or one (1) business day after sending by email or comparable electronic system, or three (3) business days after placed in the mail, postage prepaid, by certified mail with a return receipt requested.

(d) Severability. Each Section and Subsection of this LOI is severable. If any Section or Subsection of this LOI is unenforceable, it shall not affect the enforceability of any other Section or Subsection.

(e) Construction. The headings in this LOI are for convenience only and do not define, limit or construe the contents of the Sections or Subsections. All references to days in this Agreement refer to calendar days unless otherwise specified.

(f) Entire Agreement. This LOI constitutes the entire agreement between the Parties and may not be

changed except by a written document signed by both Parties.

(g) Counterparts. This LOI may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

AGREED AND ACCEPTED AS OF THE EFFECTIVE DATE

PROSPECTIVE FRANCHISEE ("YOU")

Signature: _____

Printed Name: _____

Position: _____

Date: _____

Notice Address: _____

_____

_____

Attention: _____

Email: _____

FRANCHISOR

THE JOINT CORP., a Delaware corporation

Signature: _____
Name: Eric Simon
Title: Senior Vice President of Franchise Sales and Development
Date / Effective Date*: _____, 202__

* The "Effective Date" of this LOI is the date we counter-sign this LOI as referenced above.

ATTACHMENT A

TO LETTER OF INTENT

SITE SELECTION AREA

[Insert description]*

* If you select a non-protected Site Selection Area, your Site Selection Area will consist of the state in which you (the principal owner) reside unless a different Site Selection Area is listed above.

EXHIBIT "H"-8

VENDOR AGREEMENTS

[See Attached]

PAYSAFE MERCHANT PAYMENT CARD APPLICATION/AGREEMENT

MERCHANT PAYMENT CARD APPLICATION/AGREEMENT

Paysafe: P.O. Box 8339, The Woodlands, TX 77387, Ph.: (800) 327-0093

Citizens™ Citizens Bank, N.A., One Citizens Plaza, Providence, RI 02903, Ph.: (888) 211-4057

New Account | Additional Location Main Location MID: | Office #:

Ownership Change Previous Owner's MID: | Agent Name: | Agent #:

I. BUSINESS INFORMATION (ALL FIELDS IN THIS SECTION ARE MANDATORY)

Type of Ownership: ☐ Sole Proprietor ☐ Partnership ☐ Corporation ☐ LLC ☐ LLP ☐ Non-Profit ☐ Government

Legal Business Name: (for Sole Proprietorships, enter Principal's name)	DBA:	
Federal Tax ID Number(TIN): (for Sole Proprietorship this may be your SSN#)	Web site:	Email:

Important Notice: Failure to provide accurate Legal Business Name, TIN, EIN and/or SSN may result in a withholding of merchant funding per IRS regulations. See section XII 1a-c IRS Reporting - Backup Withholding Certifications.

CORPORATE ADDRESS AND INFORMATION	PHYSICAL ADDRESS AND INFORMATION ☐ Same as Corporate Address	
Address:	Address: (No P.O. Box)	
City, State, Zip:	City, State, Zip:	
Phone: Fax:	Phone: Fax:	
Customer Service Phone:	Date Business Started (Mo/Yr):	
Contact Name (First/Last):	Number of Locations:	MCC SIC Code: 8041

BUSINESS TYPE

☒ Retail	☐ Restaurant	☐ Petroleum Pay at Pump	☐ Charity	☐ Public Sector	☐ SIIPS/Cable Recurring	☐ Timeshare	
☐ Retail w/Tip	☐ Fast Food	☐ Petroleum Pay Clerk	☐ Utility	☐ Passenger Transport	☐ SIIPS/Telecom Recurring	☐ Cruise Line / Steamships	
☐ Mail/Phone	☐ Lodging	☐ Supermarket	☐ Government	☐ Insurance Bill Pay	☐ Airlines/Carriers		
☐ Internet	☐ Convenience	☐ Car/Truck Rental	☐ Emerging Market	☐ Real Estate Bill Pay	☐ Cash Advance/Banks Only		

Percent of Business (MUST = 100%)	Sales Method (MUST = 100%)	
85 % Card Swiped / EMV	85 % Store Front (Cardholder Present)	% Internet Services (eCommerce)
% Keyed (Card Present)	15 % Mail / Phone Order	% Other, Specify:
15 % Keyed (Card Not Present)	List all 3rd-party agents that have access to cardholder data:	

II. PRODUCT ADVERTISING, SALES, AND DELIVERY - REQUIRED QUESTIONS 1-8 MUST BE ANSWERED FOR ALL MERCHANTS - MOTO/CARD NOT PRESENT: QUESTIONS – 1-12 MUST BE ANSWERED

1. Description of product sold: Chiropractic

2. Do you currently accept Visa/MC/Discover® Network? ☐ Yes ■ No (if yes, attach 3 months statements)

3. When you receive an authorization, how long before the merchandise is shipped?

4. What is your return, cancellation, or refund policy?
☐ Refund w/in 7 days ☐ Refund w/in 30 days ☐ Exchange Only ☐ None ☒ Other (Specify) See the Joint Merchant Contract

5. What percentage of sales transactions are with international cards? 1 %

6. What percentage of your business is Deposits / Future Services? 0 %
Percentage Deposit Required: _____% Incremental Payments (Percentages _____%, _____%, _____%, _____%)

7. How do you advertise?
☐ Catalog ☒ TV or Radio ☒ Direct Mail/Flyers ☒ Internet

8. Is your business seasonal? Yes ✕ No
Months _____ to _____

9. Who owns product? ☒ Merchant | Vendor (Drop Ship Required)

10. Name of fulfillment house, if any: N/A

11. List the name(s) and address(es) of vendor(s) from whom the product is purchased:

12. What is your warranty/guaranty? By Merchant By Manufacturer
Provide description:

III. ASSOCIATION DISCLOSURE (Visa and Mastercard Member Bank: Citizens Bank, N.A., One Citizens Plaza, Providence, RI 02903 (888) 211-4057)

Association Disclosure: Merchant Understands and Agrees to the Following Language Regarding Responsibilities: Member Bank Responsibilities: (1) A VISA member is the only entity approved to extended acceptance of VISA products directly to a merchant. (2) A VISA member must be a principal (signer) to the Merchant Agreement. (3) A VISA member is responsible for and must provide settlement funds to the merchant. (4) A VISA member is responsible for all funds held in reserve that are derived from settlement. (5) A VISA member is responsible for educating merchants on pertinent VISA International Operating Regulations with which merchants must comply. Merchant Responsibilities: (1) Ensure compliance with cardholder data security and storage requirements. (2) Maintain fraud and chargebacks below thresholds. (3) Review and understand the terms of the Merchant Agreement. (4) Comply with VISA International Operating Regulations. (You may download "Visa Regulations" from Visa's website at: https://usa.visa.com/support/merchant.html. You may download "Mastercard Regulations" from Mastercard's website at https://www.mastercard.us/en-us/business/overview/support/rules.html). The responsibilities listed above do not supersede the terms of the Merchant Agreement (including the Terms and Conditions that are a part hereof) and are provided to ensure that the merchant understands some of the most important obligations of each party and that the VISA Member is the ultimate authority should the Merchant have any problems.

Print Name	Title	Signature X	Date

IV. PROCESSING VOLUME (ALL CARD TYPES)

Average Ticket	Maximum High-End Ticket	Monthly Bank Card Volume	Monthly Amex Volume
$ 50.00	$ 550.00	$ 60000	$ 3000

V. MERCHANT SITE SURVEY (TO BE COMPLETED BY SALES REPRESENTATIVE)

Merchant Location: ☒ Store Front ☐ Warehouse ☐ Other ☐ Office Building ☐ Website (DOMAIN REQUIRED) ☐ Residence

Area Zoned: ☒ Commercial ☐ Industrial ☐ Residential

Permanent Signage? ☒ Yes ☐ No

Is Business Legitimate? ☒ Yes ☐ No

Inventory Consistent with Business? Yes ☒ No ☐

Business Location: ☐ Owned ☐ Leased

I hereby certify that I have conducted my review of this merchant to the best of my ability and that, to the best of my knowledge and belief, the information set forth in this Application is true and accurate.

Inspected By (Print name) _____ Signature X_____ Date_____

VI. COMMENTS

VII. OWNERS/OFFICERS (MUST REFLECT OWNERSHIP OF 25% OR MORE)

Ownership: Each individual who directly or indirectly owns 25% or more of equity interest of the within named legal entity.

Owner 1	Name	Title	Ownership %	Social Security #	Date of Birth
	Residence Address, City, State, Zip				
	Driver's License # / State	Cell Phone Number		Email Address	
Owner 2	Name	Title	Ownership %	Social Security #	Date of Birth
	Residence Address, City, State, Zip				
	Driver's License # / State	Cell Phone Number		Email Address	
Owner 3	Name	Title	Ownership %	Social Security #	Date of Birth
	Residence Address, City, State, Zip				
	Driver's License # / State	Cell Phone Number		Email Address	
Owner 4	Name	Title	Ownership %	Social Security #	Date of Birth
	Residence Address, City, State, Zip				
	Driver's License # / State	Cell Phone Number		Email Address	

Controller: Any individual with significant management responsibility (example: CEO, CFO, Treasurer, President, VP, etc.)

Controller	Name	Title	Ownership %	Social Security #	Date of Birth
	Residence Address, City, State, Zip				
	Driver's License # / State	Cell Phone Number		Email Address	

I hereby certify, to the best of my knowledge, that the information provided above is complete and correct.

Print Name	Title	Signature X	Date

VIII. EQUIPMENT INFORMATION

Terminals:

Brand: ☐ VeriFone ☐ PAX ☐ FD ☐ Other:_____ Model:_____

Brand: ☐ VeriFone ☐ PAX ☐ FD ☐ Other:_____ Model:_____

☐ Reprogram

☐ IP Serial #: _____

☐ Wireless Serial #: _____

Wireless SIM #: _____

Wireless ESN #: _____

Wireless HEX #: _____

☐ PIN Pad

Model: _____

☐ Multi-Merchant

Main MID: _____

Gateways:

Gateway Name: _____

Email Address: _____

POS/Softwares:

POS/Software Name: _____

POS/Software Version: _____

Front-end: ☐ Omaha ☐ Nashville ☐ North ☐ Buypass ☐ TSYS

Back-end: ☐ Omaha ☐ TSYS

Download:

☐ Enable Contactless

If Phone Code Needed For Dial Out, Please Enter Below: (i.e. "8", "9", etc...)

Dial Code: _____

Terminal Automatic Close:

☐ Yes ☐ No Time: _____ ☐ AM ☐ PM

Time Zone: ☐ Pacific ☐ Mountain ☐ Central ☐ Eastern

☐ Retail ☐ Retail w/Tip ☐ Restaurant / Tipline

☐ QSR / Small Ticket ☐ MOTO / Full AVS ☐ Hotel Check-In/Out

☐ EBT Food/Cash (FNS Certicate Required) ☐ EBT Cash Only

☐ Wright Express ☐ Voyager

IX. CARD ACCEPTANCE

Accept all Mastercard, Visa, and Discover, and American Express Transactions (presumed, unless any selections below are checked)

Mastercard Acceptance:	Visa Acceptance:	Discover Acceptance:	American Express Acceptance:
☐ MC Credit transactions	☐ Visa Credit transactions	☐ Discover Credit transactions	☐ American Express Credit transactions
☐ MC Non-PIN Debit transactions	☐ Visa Non-PIN Debit transactions	☐ Discover Non-PIN Debit transactions	☐ American Express Opt Out

See Paragraph 1.5 for details regarding limited acceptance.

X. RATES & FEES (FOR VISA, MASTERCARD, DISCOVER AND AMERICAN EXPRESS UNLESS OTHERWISE NOTED)

Pricing Structure (Visa, MC, Disc)

☒ Interchange Plus (Plus Dues and Assessments)
☐ Flat Rate Fee

	Discount	Rate	Non-Qualified Surcharge
Credit		0.40 %	+ %
Debit		0.40 %	+ %

☐ Tiered Pricing
☐ ERR Pricing

	Discount	Qualified	Mid-Qualified	Non-Qualified
Credit		%	+ % + $ 0.00	+ % + $ 0.00
Debit		%	+ % + $ 0.00	+ % + $ 0.00

Plus Dues and Assesments	Credit	Debit
ERR Rate	%	%

Transaction Fee (includes returns):	$ 0.10 (per transaction)
Other Item Fee – Credit:	$
Other Item Fee – Signature Debit:	$
Other Discount Rate – Credit:	%
Other Discount Rate – Signature Debit:	%

Discover Direct
Discover Direct #:
Transaction Fee: $ (per transaction)

American Express OptBlue

Pricing Structure:
☒ Cost Plus Pricing
☐ Tiered Pricing
☐ ERR Pricing
☐ Flat Rate Fee

	Qualified	Mid-Qualified	Non-Qualified
	0.40 %	+ % + $ 0.00	+ % + $ 0.00
ERR Rate:		%	
Transaction Fee:		$ 0.10	
Card Network Fees:		Pass Through	
System Processing Fee:			0.00 %

☒ Opt out of American Express Card Marketing Materials

American Express Direct Amex Direct SE #: Transaction Fee: $ (per transaction)

Address Verification Fee:	$ 0.06	(per inquiry)	ACH Reject Fee:	$ 35.00	(each)	☐ EBT Cash ☐ EBT Food Stamp	
Voice Authorization Fee:	$ 0.65	(per inquiry)	ACH Change Fee:	$ 10.00	(each)	FNS #:	Per Trans $
Batch Header Fee:	$ 0.07	(per batch)	Security Research Fee (Divert):	$ 25.00	(per month)		
Touch Tone Transaction Fee:	$ 1.75	(per inquiry)	Online Access Fee:	$	(per month)	☐ Wright Express Rate:	3.5 % + $ (per transaction)
Monthly Minimum Discount Fee:	$ 0.00		Regulatory Product Fee:	$	(per month)		
Monthly Service Fee:	$ 99.00		Invalid TIN / Mismatch Fee:	$	(per month)	☐ Voyager Rate:	3.5 % + $ (per transaction)
Chargeback Fee:	$ 25.00	(each)	PCI Protection Plan:	$ 0.00	(per month)		
Retrieval Fee:	$ 10.00	(each)	PCI Compliance Non-Validation Fee:	$ 16.95	(per month)	Annual Fee:	$ 35.00
Initial One Time Setup Fee:	$		Interchange Clearing Fee:	0.00 %		MasterCard Location Fee:	$ 1.25 (per month)

☒ Gateway	Monthly Fee:	$ 49.00	+ Update Card Fee:	$7.50	Gateway Setup Fee:	$ 50.00	
☐ PIN Based Debit	Discount Rate:	%	+ Transaction Fee:	$	Monthly PIN Debit Access Fee:	$	(Plus pass through network fees)
☐ Wireless	Monthly Fee:	$	+ Transaction Fee:	$	Wireless Setup Fee:	$	

In addition, the Card Brands (Visa, Mastercard, American Express, Discover, Etc.) may charge various additional fees under certain circumstances, which are referred to as "pass through fees" because, if charged, are passed through by us to the Merchant. Pass through fees may include, by way of example only, verification fees, authorization fees, international transaction fees, return fees, and data usage fees, among others.

XI. BANKING INFORMATION

Banking Information for Deposits:	Banking Information for Withdrawals: ☐ Same as Bank Account #1
Bank Account #1 (DDA): (attach copy of voided check)	Bank Account #2 (DDA): (attach copy of voided check)
Bank Routing #1 (ABA):	Bank Routing #2 (ABA):
Bank Name:	Bank Name:
☐ Checking ☐ Savings ☐ General Ledger	☐ Checking ☐ Savings ☐ General Ledger
Discount Method: ☐ Daily ☒ Monthly	Deposit Time Frame: ☐ Standard (1 Day Hold) ☒ Alternate Funding *(Subject to approval)* ☐ Same Day Funding *(Subject to approval)* *(Separate addendum required)*

XII. MERCHANT ACCEPTANCE – IRS REPORTING – CORPORATE RESOLUTION – ASSOCIATION DISCLOSURE – AMERICAN EXPRESS MERCHANT ACCEPTANCE

BY SIGNING BELOW, MERCHANT AGREES TO ALL OF THE FOLLOWING AND CERTIFIES UNDER THE PENALTIES OF PERJURY THAT THE STATEMENTS BELOW ARE TRUE AND ACCURATE:

1.IRS Reporting – *Backup Withholding Certifications*

a.TAXPAYER I.D. NUMBER- The Tax Payer Identification Number as shown above (TIN) is my correct taxpayer identification number.
b. BACKUP WITHHOLDING- I am not subject to backup withholding, either because I have not been notified that I am subject to withholding as a result of a failure to report all interest or dividends, or the IRS has notified me that I am no longer subject to backup withholding.
c. The above named payee is a U.S. citizen or other U.S. person (including, a partnership, corporation, company or association created or organized in the United States or under the laws of the United States.

2. Merchant Payment Card Agreement Acceptance:
Each person signing below certifies that all information provided in this application is true, correct, and complete, and each person agrees to be bound by all provisions set forth in this document, including, but not limited to the Terms and Conditions, which is hereby incorporated by reference for all purposes (Terms and Conditions can be obtained by visiting https://www.paysafe.com/fileadmin/content/agreements/Paysafe_Citizens_T_Cs_0422.pdf). Each person authorizes the Bank or any credit reporting agency employed by the Bank or any agent of the Bank, to make whatever inquiries the Bank deems appropriate to investigate, verify or research references, statements or data obtained from the Merchant for the purpose of this application. An additional copy of the Terms and Conditions will be sent to the business entity indicated above along with the welcome letter upon approval of such business entity to accept payment cards by Citizens Bank, N.A. Pursuant to Section 8.1 of the Terms and Conditions, the initial term is for a length of three (3) years and the Merchant Agreement will automatically renew for additional three (3) year periods, unless terminated by any party upon written notice at least thirty (30) days prior to the end of the then existing term. **In the event MERCHANT terminates this Agreement prior to the maturity date of the initial term, MERCHANT SHALL be liable to SERVICE PROVIDERS for an early termination fee equal to (i) $350.00 per location if terminated before completion of the first year of the Term; or (ii) $250.00 per location if terminated after completion of the first year of the Term but prior to the end of the third year of the Term ("Early Termination Fee").** For detailed information related to the termination rights and obligations set forth in this Merchant Agreement, see Sections 2.14, 2.15, 2.17, 2.24, 2.27, 2.30, 2.34, 7.2, 7.3, Section 8 in its entirety 10.12 and 10.16, of the Terms and Conditions, which are a part of this Merchant Agreement.

3. Merchant Acknowledgements and Consents:
MERCHANT and each individual person signing below acknowledges and consents as follows:
a. The Terms and Conditions, which can be obtained at https://www.paysafe.com/fileadmin/content/agreements/Paysafe_Citizens_T_Cs_0422.pdf, together with this Merchant Payment Card Application, constitute the AGREEMENT among the parties. MERCHANT is responsible for reading and understanding the Terms and Conditions and agrees to be bound by all of their terms.
b. MERCHANT may be enrolled in Additional Services as defined and described in the Terms and Conditions, for which applicable fees will be incurred. MERCHANT acknowledges and agrees that Additional Services are subject to the Merchant Agreement, including the Terms and Conditions and documents referenced therein. The provisions of the Merchant Agreement regarding Additional Services constitute an agreement solely between MERCHANT and PAYSAFE PAYMENT PROCESSING SOLUTIONS, LLC, a Delaware limited liability company ("COMPANY"). MERCHANT specifically authorizes COMPANY and its affiliates to collect fees and other charges applicable to Additional Services from MERCHANT's ACH Account (as described below) in accordance with their respective fee schedules as amended from time to time by COMPANY pursuant to the ACH Account. The undersigned agree that the signature page of this Application shall also serve as the signature for the Merchant Agreement as applicable to Additional Services, including fees and charges. MERCHANT may cancel Additional Services and avoid further fees for such Additional Services by following the procedures explained in the applicable notice for Additional Services.
c. MERCHANT acknowledges and agrees that COMPANY and its affiliates and their third party subcontractors and/or agents may use automatic telephone dialing systems to contact MERCHANT at the telephone number(s) MERCHANT has provided in this Application, or as may be updated by MERCHANT from time to time, and/or may leave a detailed voice message in the event that MERCHANT is unable to be reached, even if the number provided is a cellular or wireless number or if MERCHANT has previously registered on a Do Not Call list or requested not to be contacted for solicitation purposes. MERCHANT hereby consents to receiving commercial electronic messages (including but not limited to text messages) from COMPANY and its affiliates and their third party subcontractors and/or agents from time to time. MERCHANT may withdraw its consent to receive automated calls and/or commercial electronic messages by calling toll free 800-327-0093.

TO MERCHANT: A fully countersigned copy of this Merchant Agreement shall be made available to MERCHANT upon request. However, MERCHANT and the undersigned hereby acknowledge and agree that submission of an Application does not constitute approval and that this Merchant Agreement, whether or not signed by COMPANY or SERVICE PROVIDERS, will become fully effective and shall be fully binding upon the parties hereto upon SERVICE PROVIDERS assignment and issuance of a Merchant Account Number to MERCHANT.

4. Resolution:
FOR ALL MERCHANTS WHO ARE LLCS, PARTNERSHIPS AND/OR CORPORATIONS – RESOLUTION - The indicated officer/partner identified signing below has the authorization to execute the Merchant Payment Card Agreement with Paysafe Payment Processing Solutions, LLC on behalf of the herewithin named LLC, partnership or corporation.

MERCHANT AGREES TO ITEMS 1-4 ABOVE BY SIGNING HERE:
The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Print Authorized Signer #1 Name	**Title**	**Authorized Signer #1 Signature** **X**	**Date**
Print Authorized Signer #2 Name	**Title**	**Authorized Signer #2 Signature** **X**	**Date**
Print Authorized Signer #3 Name	**Title**	**Authorized Signer #3 Signature** **X**	**Date**
Print Authorized Signer #4 Name	**Title**	**Authorized Signer #4 Signature** **X**	**Date**
Print Authorized Signer #5 Name	**Title**	**Authorized Signer #5 Signature** **X**	**Date**

XIII. PERSONAL GUARANTY

Personal Guaranty: The undersigned Guarantor(s) hereby, individually, agree to the terms set forth in section 2.36 of this Merchant Agreement. The undersigned Guarantors further agree to pay to the SERVICE PROVIDERS all expenses (including attorney fees and court costs) paid or incurred by the SERVICE PROVIDERS in collecting such obligations and in enforcing this Guaranty.

Guarantor #1 Name	**Guarantor #1 Signature** **X**	**Date**
Guarantor #2 Name	**Guarantor #2 Signature** **X**	**Date**

XIV. COMPANY ACCEPTANCE – INTERNAL USE ONLY PAYSAFE PAYMENT PROCESSING SOLUTIONS, LLC AUTHORIZED REPRESENTATIVE

Paysafe Payment Processing Solutions, LLC Representative Signature: **X**	**Date**

MERCHANT PAYMENT CARD APPLICATION - TERMS & CONDITIONS

This AGREEMENT is made by and among CITIZENS BANK, N.A., a national banking association ("BANK"), and PAYSAFE PAYMENT PROCESSING SOLUTIONS, LLC, a Delaware corporation ("Paysafe", and together with BANK, the "SERVICE PROVIDERS"), on the one hand, and the undersigned, "MERCHANT", on the other hand and is subject to the approval of SERVICE PROVIDERS. The parties hereto agree as follows:

1.0 AGREEMENT:

1.1 This document, as well as other documents executed by MERCHANT, pursuant to the acceptance of SERVICE PROVIDERS, shall be incorporated herein and made a part hereof and shall constitute the entire agreement between SERVICE PROVIDERS and MERCHANT.

1.2 MERCHANT agrees that throughout the term of this Agreement, it will not use the services of any bank, corporation, entity or any person other than SERVICE PROVIDERS for the processing of payment card transactions with the following exception:

1.3 MERCHANT may designate a third party that does not have a direct agreement with SERVICE PROVIDERS as its agent for the direct delivery of data-captured Visa transactions to VisaNet for clearing and settlement. MERCHANT must:

(a) Advise SERVICE PROVIDERS that it will use a third party agent.

(b) Agree that SERVICE PROVIDERS must reimburse MERCHANT only for the amount of Visa transactions delivered by SERVICE PROVIDERS to VisaNet, less the appropriate discount fee.

(c) Assume responsibility for any failure by its agent to comply with the Visa International Operating Regulations, including but not limited to, any violation resulting in a chargeback.

1.4 MERCHANT acknowledges that SERVICE PROVIDERS may provide financial transaction processing hereunder through contracts or subcontracts with third parties engaged in the business of transaction processing and authorization.

1.5 SERVICE PROVIDERS hereby notifies MERCHANT that the following options are available hereunder: (i) MERCHANT may elect to accept ONLY consumer credit and commercial cards; (ii) MERCHANT may elect to accept ONLY consumer debit cards; OR (iii) MERCHANT may elect to accept consumer credit and commercial cards and consumer debit cards.

2.0 Rights, Duties, and Responsibilities of Merchant:

2.1 MERCHANT shall honor all cards provided:

(a) The card is valid and is presented to MERCHANT at the time of the sale by the authorized cardholder or an authorized user of the card account. A card is valid only if it is presented on or after the valid date, if any, and before the expiration date shown on its face.

(b) The card is used as payment for products which are sold or rendered by MERCHANT under this Agreement.

(c) The MERCHANT has followed procedures as established by SERVICE PROVIDERS for completion of sales drafts.

2.2 MERCHANT agrees to complete sales drafts in conformity with the terms of this Agreement, American Express Rules and Regulations, the Visa and Mastercard's ("Card Association") Rules and Regulations, Discover® Network Operating Regulations, and additionally must comply with the following:

(a) For transactions that are not mail, phone orders or internet orders, unless electronically swiped, the imprint of the card, including the name of the cardholder, the cardholder account number and the card's expiration date;

(b) MERCHANT is not authorized to accept mail or phone order transactions unless specifically authorized by SERVICE PROVIDERS and that acceptance of such transactions without written authorization from SERVICE PROVIDERS will constitute a breach of the Agreement. If MERCHANT is authorized to accept mail or phone order transactions, the name of the cardholder, the cardholder account number and the expiration date;

(c) The signature of the cardholder or authorized card user. In the case of mail or phone orders, the letters MO or TO, as the case may be, shall be clearly indicated on the sales draft;

(d) The date of the sale;

(e) A short description of the products sold or rendered;

(f) The total cash price of the sale or the words "deposit" or "balance" if full payment is to be made in this manner at different times on different sales drafts; and

(g) The city and state wherein such transaction occurred.

(h) Type of fuel sold and odometer reading (if permitted by POS device) in the case of fleet card transactions

(i) MERCHANT shall deliver a completed copy of the sales draft to the cardholder.

2.3 MERCHANT'S policy for the exchange or return of goods sold and the adjustment for services rendered shall be (i) established and posted in accordance with operating regulations of the applicable Card Associations', or American Express' Rules and Regulations, and/or Discover Network Operating Regulations; (ii) such refund policy shall not treat any payment card more favorably than any other payment card; and (iii). MERCHANT agrees to disclose, if applicable, to a cardholder before a card sale is made, that if merchandise is returned:

(a) No refund, or less than full refund, will be given;

(b) Returned merchandise will only be exchanged for similar merchandise of comparable value;

(c) Only a credit toward purchases will be given; or

(d) Special conditions or circumstances apply to the sale (e.g., late delivery, delivery charges, or other noncredit terms).

If MERCHANT does not make these disclosures, a full refund in the form of a credit to the cardholder's card account must be given. MERCHANT shall under no circumstances issue cash for returns of products where products were originally purchased in a card transaction. Disclosures must be made on all copies of sales drafts or invoices in letters approximately 1/4 inch high in close proximity to the space provided for the cardholder's signature or on an invoice issued at the time of the sale or on an invoice being presented for the cardholder's signature. SERVICE PROVIDERS will not reimburse the MERCHANT for interchange, dues, fees and assessments on returns and refunds. SERVICE PROVIDERS will bill MERCHANT on gross processing volume.

2.4 MERCHANT may not process for payment any transaction(s) representing the refinancing of an existing obligation of a cardholder including, but not limited to, obligations (i) previously owed to MERCHANT, (ii) arising from the dishonor of a cardholder's personal check, and/or (iii) representing the collection of any other pre-existing indebtedness.

2.5 MERCHANT must not disclose a cardholder account number, personal information, or other transaction information to third parties other than to MERCHANT'S agent, SERVICE PROVIDERS, or SERVICE PROVIDERS' agent for the sole purpose of assisting MERCHANT in completing the transaction or as required by law. MERCHANT must store all material containing cardholder account numbers or imprints in an area limited to selected personnel and render all data unreadable prior to discarding. MERCHANT must not retain or store magnetic-stripe data verification data subsequent to authorization of a transaction.

2.6 MERCHANT agrees it will not require, unless specifically allowed by law, any cardholder to pay any part of any discount or charge imposed upon MERCHANT by this Agreement, whether through any increase in price or otherwise. Further, unless specifically allowed by law MERCHANT will not require a customer presenting a card for payment to pay any charge not also required from a person paying cash. These terms shall not, however, be construed as prohibiting discounts to customers for payments in cash.

2.7 MERCHANT agrees to obtain an authorization on all transactions. Any transaction which cannot be authorized electronically through a terminal is subject to a voice authorization charge. MERCHANT will obtain an authorization prior to completing a keyed transaction. Any transaction which is not properly authorized is made with full recourse and may be charged back to MERCHANT; furthermore, any keyed transaction will be subject to additional charges for a non-qualifying transaction. MERCHANT understands that an authorization does not constitute a guarantee of payment, only available credit and may be subject to dispute or chargeback. By signing this Agreement, Merchant agrees that the use of a "store & forward" terminal means that Merchant has the ability to store a swiped transaction at the terminal level when there is no phone line available. When a phone line becomes available, Merchant would then upload the transaction for a possible approval. Merchant understands and agrees that if Merchant uses this type of terminal, there is no guaranty whatsoever that once the transactions are uploaded Merchant will receive an approval. If Merchant allows the release of merchandise/service to the cardholder before receiving approval, Merchant agrees that this is to be done at Merchant's sole risk.

2.8 MERCHANT shall not complete any card sale for which an authorization has been declined. Any unauthorized card transaction is made with full recourse to MERCHANT, and SERVICE PROVIDERS may charge back the amount of such card sale to MERCHANT.

2.9 MERCHANT acknowledges that SERVICE PROVIDERS shall have full recourse to charge back the amount of a card sale for which (i) the imprint of the card is not obtained or (ii) the signature of the cardholder is not obtained and the cardholder disputes that he/she authorized the charge.

2.10 MERCHANT agrees to electronically deposit sales drafts and credit vouchers no later than the business day following the transaction date.

2.11 (a) MERCHANT shall, at all times, maintain an account at a bank that is a member of the Federal Reserve ACH System ("the Account"). All credits for collected funds and debits for fees, payments and chargebacks under the terms of this Agreement shall be made to the Account. MERCHANT may not close or change the Account without written notice to SERVICE PROVIDERS. MERCHANT will be solely liable for all fees and costs associated with the Account and for all overdrafts. MERCHANT will maintain sufficient funds in the Account to accommodate all transactions, including fees, contemplated by this Agreement.

(b) MERCHANT shall promptly upon receipt, examine, balance, and reconcile all statements relating to the Account. Additionally, MERCHANT shall daily balance and reconcile all DAILY deposit and debit totals to confirm accuracy. MERCHANT is required to notify SERVICE PROVIDERS IN WRITING of any and all errors on MERCHANT'S statements and/or DAILY totals. Each such written notice shall contain the following information: (i) MERCHANT name and account number, (ii) the specific dollar amount of the asserted error, (iii) a detailed description of the asserted error, and (iv) a detailed explanation of why MERCHANT believes an error exists and the cause of the error, if known. The written notice MUST be RECEIVED by SERVICE PROVIDERS within ninety (90) days after MERCHANT receives the statement (regarding an asserted error on a statement) or within ninety (90) days from the date the alleged error on a DAILY total was made. **FAILURE TO TIMELY SEND THE NOTICE REFERRED TO HEREIN CONSTITUTES A WAIVER OF ANY AND ALL RIGHTS MERCHANT MAY HAVE AGAINST SERVICE PROVIDERS RELATED TO THE ASSERTED ERROR.**

(c) MERCHANT agrees to fees for maintenance activities including but not limited to Account changes and returned mail as disclosed in the Rates and Fees section of the Agreement.

2.12 MERCHANT assumes the responsibility for storage of all sales drafts and credit vouchers. Failure to provide SERVICE PROVIDERS with requested documentation within five (5) business days after receipt of such request may result in the transaction being charged back to MERCHANT, and SERVICE PROVIDERS shall have the right to debit the Account for full amount of the transaction in question.

2.13 MERCHANT shall pay any fees charged to MERCHANT by the telephone company for the preparation of the site(s) prior to installation of electronic data capture terminals and/or peripheral equipment.

2.14 MERCHANT shall not deposit any transaction for the purpose of obtaining or providing a cash advance. MERCHANT agrees that any such deposit shall be grounds for immediate termination.

2.15 MERCHANT must notify SERVICE PROVIDERS in writing of any changes to the information in this Application, including but not limited to:

(a) Transfer or sale of any substantial part of its total assets, or liquidate;

(b) Change the basic nature of its business, including selling any products or services not related to its current business;

(c) Change ownership or transfer control of its business; or

(d) Enter into any joint venture, partnership or similar business arrangement whereby any person or entity not a party to this Agreement assumes any interest in MERCHANT'S business.

The notice must be received by SERVICE PROVIDERS within ten (10) business days of the change. MERCHANT will provide updated information to SERVICE PROVIDERS within a reasonable time upon request. Failure to provide notice as required above may be deemed as material breach and shall be sufficient grounds for immediate termination of MERCHANT. In the event any of the changes listed above should occur, SERVICE PROVIDERS shall have the option to renegotiate the terms of this Agreement or provide thirty (30) days' notice of termination. MERCHANT is liable to SERVICE PROVIDERS for all losses and expenses incurred by SERVICE PROVIDERS arising out of a failure to report changes to SERVICE PROVIDERS.

2.16 MERCHANT is liable for repayment to SERVICE PROVIDERS for all valid chargebacks. SERVICE PROVIDERS will comply with American Express' Operating Regulations, Card Associations' prevailing Rules and Regulations, and/or Discover Network Operating Regulations in processing any chargebacks which result from cardholder disputes. However, all disputes which are not or cannot be resolved through established chargeback procedures shall be settled between MERCHANT and the cardholder, and MERCHANT will indemnify SERVICE PROVIDERS and will provide reimbursement for all expenses, including reasonable attorney's costs, which it may incur as the result of any cardholder claim which is pursued outside the American Express', or Card Association's Rules and Regulations, and/or Discover Network Operating Regulations. In the event of a chargeback loss to SERVICE PROVIDERS, MERCHANT hereby transfers and assigns to SERVICE PROVIDERS any lien rights that it has or may have on the merchandise sold to the cardholder. Additionally, MERCHANT is prohibited against billing or collecting from any cardholder for any purchase or payment on a payment card unless a chargeback has been initiated, MERCHANT has fully paid for the chargeback, and it has the right to collect on such chargeback.

2.17 MERCHANT shall not accept or deposit any fraudulent transactions and may not under any circumstances present for processing or credit, directly or indirectly, a transaction which originated with any other merchant or any other source. MERCHANT shall be prohibited from making a deposit of a credit transaction without a preceding debit. MERCHANT shall not, under any circumstances, deposit telemarketing transactions under this Agreement unless authorized by SERVICE PROVIDERS in advance of processing any telemarketing transactions. If MERCHANT deposits any such transaction, MERCHANT may be immediately terminated and SERVICE PROVIDERS may hold funds and/or demand an escrow pursuant to Sections 4 and 8; further, MERCHANT may be subject to VISA, Mastercard, and Discover Network reporting requirements set forth in Section 8.8.

2.18 MERCHANT will not deposit duplicate transactions. MERCHANT shall be debited for any adjustments for duplicate transactions and shall be liable for any chargebacks which may result therefrom. Merchant will be liable for any fees assessed by the Card Associations' Rules and Regulations, American Express Operating Regulations, and/or Discover Network Operating Regulations to the SERVICE PROVIDERS.

2.19 MERCHANT shall not initiate a sales transaction in an attempt to collect a chargeback.

2.20 Discount/Fee Schedule:

(a) MERCHANT'S Account will be debited daily and/or monthly, through ACH for amounts set forth in the pricing schedule which is part of this Agreement, and

for any other fees or charges incurred by MERCHANT and associated with processing services. MERCHANT is obligated to pay all taxes and other charges imposed by any governmental authority on the services provided under this Agreement. SERVICE PROVIDERS reserves the right, in its sole discretion, to change, amend, add, or adjust any discount rates or fees set forth herein, in accordance with Section 10.6 of this Agreement.

(b) The "Qualified Retail Discount Rate" will be charged on all magnetic stripe or chip read ("Swiped") customer present retail payment card transactions that are electronically authorized, closed in a daily batch, and where the customer's signature is obtained. Additionally, for the Qualified Discount Rate to apply, payment cards have to be either U.S. bank issued consumer credit card (excluding rewards cards) or payment cards have to be signature debit cards or prepaid debit cards issued by a "Regulated U.S. Bank". ("Regulated U.S. Bank", meaning any issuer that together with its affiliates, has assets equal to or greater than ten billion ($10,000,000,000); "Non-Regulated U.S. Bank", meaning any issuer that together with its affiliates has assets less than ten billion ($10,000,000,000).) The "Mid-Qualified Retail Discount Rate" will be charged on all manually keyed or electronic commerce transactions, that have address verification (also known as "AVS" and is available only for Visa cards), and closed in a daily batch, or any traditional rewards card, signature debit card or prepaid debit card issued by a Non-Regulated U.S. Bank that would otherwise qualify for the Qualified Retail Discount Rate. The "Non-Qualified Retail Discount Rate" will be charged on all commercial, commercial rewards, international issued, or signature rewards card transactions, which include but are not limited to Visa Signature and Signature Preferred, Mastercard World Elite and High Value, Discover Premium and Premium Plus. All other transactions that do not meet the criteria for Qualified Retail Discount Rate or Mid-Qualified Retail Discount Rates will be downgraded to the Non-Qualified Retail Discount Rate.

(c) The Enhanced Recover Reduced ("ERR") pricing will be charged if selected in the Rates and Fees section of this Agreement. Under ERR pricing only, any transaction that does not meet the criteria for the Qualified Retail Discount Rate will be charged the sum of the following: (i) Qualified Retail Discount Rate, (ii) the Non-Qualified Retail Discount Rate and fees, and (iii) the difference between the actual interchange cost as assessed by the Card Associations and the interchange cost assessed on a transaction that qualifies for a Qualified Retail Discount Rate.

(d) Increase in long-distance communications costs and processing charges from third-party vendors may be reflected in increased discount rates.

(e) MERCHANT'S pricing is partially based upon the annual volume, average ticket and method of doing business stated in this MERCHANT Application. If the actual volume and average ticket are not as warranted or if MERCHANT significantly alters its method of doing business, SERVICE PROVIDERS may adjust MERCHANT'S discount and/or transaction fees without prior notice. Merchants using AVS (Address Verification System) will be charged for each address verification request. This is in addition to the transaction fee. In the event of multiple locations, each location shall be considered to have a separate MERCHANT PAYMENT CARD AGREEMENT for all fee purposes. For the purposes of charging Transaction Fees under this Agreement, "transaction" is defined as any action by a merchant that results in activity to a cardholder or merchant account, including authorizations, batch closings, sales, or returns.

2.21 MERCHANT understands that there shall be fees, chargebacks, assessments, and/or amounts which shall arise as a result of the Agreement, both during and after termination of the Agreement. MERCHANT authorizes SERVICE PROVIDERS to debit via ACH from any account held by MERCHANT at any financial institution in the amount of any amount owed by MERCHANT under this Agreement, including but not limited to any amounts owed for fees, chargebacks and or assessments which shall arise after termination of this Agreement. This ACH authorization will remain in effect after termination of this Agreement or until SERVICE PROVIDERS has received written notice terminating this authorization. MERCHANT will indemnify and hold SERVICE PROVIDERS harmless for any action they take pursuant to this Section. MERCHANT will also indemnify and hold harmless any other financial institution for acting in accordance with any instructions from SERVICE PROVIDERS pursuant to this Section.

2.22 MERCHANT will be assessed a fee for each return ACH debit as disclosed in the Rates and Fees section of the Agreement.

2.23 MERCHANT will be assessed a merchant investigation fee for suspicious activity and/or Agreement deviations up to a maximum of ten percent (10%) of the dollar amount investigated.

2.24 A divert fee, as disclosed in the Rates and Fees section of the Agreement, will be charged per month for a special account maintained at SERVICE PROVIDERS to house diverted funds for MERCHANT.

2.25 MERCHANT agrees that Excessive Activity during any monthly period will be a breach of this Agreement and cause of immediate termination. Excessive Activities include i) chargebacks in excess of one percent (1%) of the sales transactions processed, ii) sales activity that exceeds by 25% the dollar volume indicated on the Application, iii) the dollar amount of returns exceeds 20% of the average monthly dollar amount of MERCHANT'S card transactions, iv) other ratios required by VISA, Mastercard, Discover Network, or SERVICE PROVIDERS. SERVICE PROVIDERS will provide MERCHANT with any information possessed by SERVICE PROVIDERS which may enable MERCHANT to recover from others the amount of any sale charged back to MERCHANT. MERCHANT understands that SERVICE PROVIDERS will assess a fee per chargeback per presentment and a fee for each retrieval and each representment request.

2.26 Any transaction that has not received an authorization, or that is deposited (transmitted) more than two (2), but not greater than thirty (30), business days following the transaction date, or that is made with a foreign card will be subject to a non-qualified increase. NOTE: Days allowed for settlements are calculated by excluding the transaction date, Sundays and holidays; and including the processing (settlement) date.

2.27 MERCHANT will use its reasonable, best efforts to recover any card: (i) on VISA cards, if the printed four digits above the embossed account number do not match the first four digits of the embossed account number, (ii) if MERCHANT is advised by SERVICE PROVIDERS (or its designee), the issuer of the card or the designated voice authorization center to retain it, (iii) if MERCHANT has reasonable grounds to believe the card is counterfeit, fraudulent or stolen, or not authorized by the cardholder, (iv) on Discover Network cards, if the printed four digits on the signature panel do not match the last four digits of the embossed account number, or if the card does not have the Discover Network acceptance mark in the lower right corner on both sides of the card, or (v) for Mastercard, the embossed account number, indent printed account number and/or encoded account number do not agree, or the card does not have a Mastercard hologram on the lower right corner of the card face.

2.28 ELECTRONIC COMMERCE

(a) MERCHANT may process electronic commerce ("EC") transactions only if it has so indicated in this Agreement and only if MERCHANT has obtained SERVICE PROVIDERS' consent, and only if the transactions have been encrypted by a third party vendor acceptable to SERVICE PROVIDERS. If MERCHANT submits EC transaction(s) without SERVICE PROVIDERS' consent, SERVICE PROVIDERS may immediately terminate this Agreement. All transactions must comply with data security requirements as described in the Data Security Section of the Merchant Payment Card Application. MERCHANT understands that transactions processed via EC are high risk and subject to a higher incidence of chargebacks. MERCHANT is liable for all chargebacks and losses related to EC transactions, whether or not: i) EC transactions have been encrypted; and ii) MERCHANT has obtained SERVICE PROVIDERS' consent to engage in such transactions. Encryption is not a guarantee of payment and will not waive any provision of this Agreement or otherwise validate a fraudulent transaction. All communication costs related to EC transactions are MERCHANT'S responsibility. MERCHANT understands that SERVICE PROVIDERS will not manage the EC telecommunications link and that it is MERCHANT'S responsibility to manage that link. All EC transactions will be settled by SERVICE PROVIDERS into a depository institution in the United States in U.S. currency.

(b) Whereas, MERCHANT desires to honor at its business location(s) Card Numbers presented in connection with the Mail/Telephone/Internet sale of products/services to customers the parties hereto agree to the following: i) MERCHANT agrees to use and retain proof of a traceable delivery system as means of shipment of product to customer. ii) MERCHANT agrees that transactions will not be processed until products are shipped to the cardholder. For goods to be shipped on EC

transactions, MERCHANT may obtain authorization up to seven (7) calendar days prior to shipment date. MERCHANT need not obtain a second authorization if the sales draft amount is within fifteen percent (15%) of the authorized amount, provided that the additional amount represents shipping costs. Further, MERCHANT'S website must contain all of the following information: i) complete description of the goods or services offered, ii) returned merchandise and refund policy, iii) customer service contact, including electronic mail address and/or telephone number, iv) transaction currency (such as U.S. or Canadian dollars), v) export or legal restrictions, if known, and vi) delivery policy.

(c) MERCHANTS engaging in EC agree to provide a detailed business description to SERVICE PROVIDERS.

2.29 MERCHANT warrants and agrees that MERCHANT shall fully comply with all federal, state, and local laws, rules and regulations, as amended from time to time, including the Federal Truth-in-Lending Act, Regulation E, and Regulation Z of the Board of Governors of the Federal Reserve System.

2.30 This Agreement shall be effective only upon acceptance by SERVICE PROVIDERS.

2.31 MERCHANT agrees to pay, in addition to any and all other fees referred to herein, a non-refundable annual customer service fee per year per location. This fee shall be generated and charged any time within one year from the date of this Agreement. The actual date of the initial charge (within said first year) shall be at the sole discretion of SERVICE PROVIDERS. The fee shall be debited from the Account for the initial year and on the anniversary date (of the initial charge) for each year thereafter that the Account is in force. In the event this Agreement is terminated, for any reason, no portion of a charged annual customer service fee shall be rebated to MERCHANT.

2.32 MERCHANT agrees that in the event MERCHANT fails to pay SERVICE PROVIDERS on a chargeback loss, MERCHANT hereby assigns any rights it may have against the cardholder (related to said chargeback loss) to SERVICE PROVIDERS.

2.33 MERCHANT must not deposit a transaction receipt until it does one of the following:

(a) Completes the transaction,

(b) Ships or provides the goods, except as specified in the Delayed Delivery Transactions section of the Visa International Operating Regulations,

(c) Performs the purchase service, or obtains the cardholder's consent for a recurring transaction.

2.34 MERCHANT will not present any sales draft or other memorandum to SERVICE PROVIDERS for processing (whether by electronic means or otherwise) which relate to the sale of goods or services for future delivery without SERVICE PROVIDERS' prior written authorization. If SERVICE PROVIDERS has previously given such consent, MERCHANT represents and warrants to SERVICE PROVIDERS that you will not rely on any proceeds or credit resulting from such transactions to purchase or furnish goods or services. MERCHANT will maintain sufficient working capital to provide for the delivery of goods or services at the agreed upon future date, independent of any credit or proceeds resulting from sales drafts or other memoranda taken in connection with future delivery transactions.

2.35 All disputes between MERCHANT and any cardholder relating to any card transaction will be settled between MERCHANT and the cardholder. SERVICE PROVIDERS bears no responsibility for such transactions.

2.36 As a primary inducement to SERVICE PROVIDERS to enter into this Agreement, the Guarantor(s) indicated on this Application, by signing this Application, jointly and severally, unconditionally and irrevocably, guarantee the continuing full and faithful performance and payment by MERCHANT of each of its duties and obligations to SERVICE PROVIDERS pursuant to this Agreement, as it now exists or amended from time to time, with or without notice. Guarantor(s) understands further that SERVICE PROVIDERS may proceed directly against Guarantor(s) without first exhausting its remedies against any other person or entity responsible therefore to it or any security held by SERVICE PROVIDERS or MERCHANT. Guarantor(s) authorizes SERVICE PROVIDERS to debit via ACH from any account singly or jointly held by Guarantor(s) at any financial institution in the amount of any amount owed by Guarantor(s) under this Agreement. This ACH authorization will remain in effect after termination of this Agreement, and until SERVICE PROVIDERS has received written notice terminating this authorization and all Guarantor(s) obligations to SERVICE PROVIDERS have been paid in full. Guarantor(s) will indemnify and hold SERVICE PROVIDERS harmless for any action they take pursuant to this Section. Guarantor(s) will also indemnify and hold harmless any other financial institution for acting in accordance with any instructions from SERVICE PROVIDERS pursuant to this Section. This guarantee will not be discharged or affected by the death of the Guarantors, will bind all heirs, administrators, representatives and assigns and may be enforced by or for the benefit of any successor of SERVICE PROVIDERS. Guarantor(s) understand that the inducement to SERVICE PROVIDERS to enter into this Agreement is consideration for the guaranty, and that this guaranty remains in full force and effect even if the Guarantor(s) receives no additional benefit from the guaranty.

2.37 MERCHANT must not establish a minimum or maximum dollar amount as a condition of honoring a debit card transaction.

2.38 Legislation has passed ("Truncation Laws") requiring terminals to suppress all but the last few digits from the cardholder's account number, as well as the expiration date. MERCHANT is responsible for compliance. Although federal law is in place regarding this issue, specific state laws may have more strict deadlines and requirements. MERCHANT is required to check its specific state law to be sure that MERCHANT is in compliance.

2.39 In accordance with the requirements of the Unlawful Internet Gambling Enforcement Act of 2006 and Regulation GG, MERCHANT understands that restricted transactions are prohibited from being processed through the Merchant Account or relationship with SERVICE PROVIDERS. Restricted transactions are transactions in which a person accepts credits, funds, instruments, or other proceeds from another person in connection with unlawful Internet gambling. By signing this agreement, MERCHANT certifies that its business does not engage in Internet gambling. MERCHANT understands transactions related to the sale of cannabis are restricted. MERCHANT agrees that it will notify SERVICE PROVIDERS in the event of any change in circumstance.

2.40 MERCHANT agrees to identify all third party agents involved in the payment process that may have access to cardholder data.

2.41 MERCHANT agrees to provide SERVICE PROVIDERS with previous processor statements as requested.

2.42 MERCHANT agrees not to deposit a transaction receipt that it knows or should have known to be either fraudulent or not authorized by the cardholder.

2.43 MERCHANT agrees that MERCHANT shall be solely responsible for its employees' actions while in MERCHANT'S employ.

2.44 MERCHANT agrees that it shall not require a cardholder to complete a postcard or similar device that includes the cardholder's account number, card expiration date, signature, or any other card account data in plain view when mailed.

2.45 MERCHANT agrees that it shall not request or use an account number for any purpose other than as payment for its goods or services.

2.46 MERCHANT agrees that it shall not add any tax to transactions, unless applicable law expressly requires that a MERCHANT be permitted to impose a tax.

2.47 MERCHANT agrees that it shall not disburse funds in the form of travelers cheques if the sole purpose is to allow the cardholder to make a cash purchase of goods or services from MERCHANT.

2.48 MERCHANT agrees that it shall not disburse funds in the form of cash, unless:

(a) MERCHANT is a Lodging or Cruise Line merchant disbursing cash to a Premium Visa Product cardholder, as specified in Visa International Operating Regulations

(b) MERCHANT is dispensing funds in the form of travelers cheques, Visa Travel Money Cards, or foreign currency. In this case, the transaction amount is limited to the values of the travelers cheques, Visa Travel Money Card, or foreign currency, plus any commission or fee charged by the merchant, or MERCHANT is participating in the Visa Cash Back Service, as specified in Visa International Operating Regulations

2.49 MERCHANT agrees that it shall not accept a range of Visa cards for various purposes (e.g., Scrip, Manual Cash Disbursement).

2.50 Any MERCHANT who relies on fulfillment houses must submit information to SERVICE PROVIDERS about the fulfillment house, and steps for the underwriter to contact the fulfillment house to determine its financial capacity to support the MERCHANT.

2.51 SERVICE PROVIDERS may immediately terminate MERCHANT for any significant circumstances that create harm or loss to the goodwill of the Visa system.
2.52 MERCHANT agrees, if undergoing a forensic investigation at the time the Merchant Agreement is signed, to fully cooperate with the investigation until completed.
2.53 MERCHANT agrees to abide by transaction deposit restrictions, as specified in the Visa International Operating Regulations.
2.54 MERCHANT agrees to abide by transaction processing prohibitions, as specified in the Merchant Prohibitions section of the Visa International Operating Regulations.
2.55 MERCHANT agrees that it shall not deposit a transaction receipt that does not result from an act between the cardholder and the merchant or the cardholder and its sponsored merchant (laundering).
2.56 MERCHANT agrees that it shall not violate disclosure of account and Visa transaction information prohibitions, as specified in the Visa International Operating Regulations.
2.57 MERCHANT agrees that during the Initial Term and any Renewal Term it shall achieve and maintain compliance with the Payment Card Industry ("PCI") Data Security Standard ("DSS") that it shall be liable for a PCI Compliance Non-Validation Fee per month in the amount stated in the section titled "Rates and Fees" of the Application if it fails to complete the PCI Protection Plan Self-Assessment Questionnaire (SAQ) and all other PCI requirements according to required timelines. Notwithstanding any payments of the PCI Compliance Non-Validation Fee, Merchant agrees that it shall still be liable for any and all fees, fines, assessments or reimbursements related directly or indirectly to the MERCHANT suffering a data security breach.
2.58 PCI Protection Plan. In the event MERCHANT chooses to participate in the PCI Protection Plan, MERCHANT must enroll in the PCI Protection Plan by completing, and validating PCI compliance through the PCI Self-Assessment Questionnaire and submitting such questionnaire to SERVICE PROVIDERS. Additionally, a PCI scan may be required annually or quarterly (if applicable). Merchant agrees that it shall be liable for the PCI Protection Plan monthly fee in the amount set forth in Rates and Fees section of the Application. MERCHANT agrees to be bound by the terms and conditions of the PCI Protection Plan. In the event MERCHANT does not participate in the PCI Protection Plan by properly validating PCI compliance and completing the PCI SAQ, MERCHANT agrees to pay the PCI Compliance Non-Validation Fee as set forth in section 2.57 above.

3.0 Rights, Duties and Responsibilities of SERVICE PROVIDERS.

3.1 SERVICE PROVIDERS will accept for purchase all sales drafts deposited by MERCHANT that comply with the terms of this Agreement. The electronic submission of sales transactions to SERVICE PROVIDERS through services provided by SERVICE PROVIDERS shall constitute an endorsement by MERCHANT to SERVICE PROVIDERS of the sales drafts representing such transactions. Unless otherwise informed by SERVICE PROVIDERS and provided MERCHANT completes batch operation prior to 6:59pm EST, SERVICE PROVIDERS will pay MERCHANT up to three (3) business days after the date the SERVICE PROVIDERS receives the transaction, the total face amount of each sales draft, less any credit vouchers, discounts, fees or adjustments determined daily or monthly. All payments, credits and charges are subject to audit and final checking by SERVICE PROVIDERS, and prompt adjustments shall be made for inaccuracies discovered.
3.2 Notwithstanding any other provisions of this Agreement, SERVICE PROVIDERS may refuse to accept any sales draft, or revoke its prior acceptance, in any of the following circumstances:
(a) the sale giving rise to such sales draft was not made in compliance with all the terms and conditions of this Agreement including Card Associations' Rules and Regulations, Discover Network Operating Regulations, as well as applicable laws and regulations of any governmental authority; or
(b) The cardholder disputes his/her liability on any of the following grounds: (i) that the products covered by such sales drafts were returned, rejected or defective in some respect or MERCHANT failed to perform any obligation on its part in connection with such products, and MERCHANT has refused to issue a credit voucher in the proper amount; (ii) MERCHANT has failed to obtain a signature on the sales draft and the cardholder claims he/she did not authorize the transaction. In the event of a revocation of a prior acceptance of a sales draft, SERVICE PROVIDERS may withdraw from the Account any amount previously paid to MERCHANT for such sales draft.
3.3 SERVICE PROVIDERS will provide electronic data capture, monthly activity statement, and will assign customer service phone numbers which will accept all customer service calls and other communications from MERCHANT relating to the services provided under this Agreement including, but not limited to, disbursement of funds, account charges, monthly statements and chargebacks.
3.4 SERVICE PROVIDERS will process all requests for drafts and chargebacks from card issuers and will provide MERCHANT with timely notice of requests and chargebacks for documentation.
3.5 SERVICE PROVIDERS will provide, at MERCHANT'S option, a 24 hour toll-free help line for servicing of peripheral equipment which shall include repair and reprogramming of equipment leased, rented or purchased from other vendors.
3.6 Use of Independent Sales Offices: MERCHANT acknowledges that SERVICE PROVIDERS may have been referred to MERCHANT through an independent sales office operating under applicable VISA, Mastercard, and Discover Network rules and regulations. The independent sales office is only an independent contractor, is not an employee or agent of SERVICE PROVIDERS, and has no authority to alter the terms of this Agreement without SERVICE PROVIDERS' prior written approval.
3.7 MERCHANT authorizes SERVICE PROVIDERS to control and disburse all appropriate settlement funds to the MERCHANT including funds from the Card Association's, American Express and Discover cards.

4.0 Account Monitoring.

4.1 MERCHANT acknowledges that SERVICE PROVIDERS will monitor MERCHANT'S daily deposit activity. MERCHANT agrees that SERVICE PROVIDERS may, upon reasonable grounds, divert the disbursement of MERCHANT'S funds from any account MERCHANT has in ANY financial institution for any reasonable period of time required to investigate suspicious or unusual deposit activity. SERVICE PROVIDERS will make good faith efforts to notify MERCHANT immediately. SERVICE PROVIDERS shall have no liability for any losses, either direct or indirect, which MERCHANT may attribute to any diversion of funds disbursement. Any funds diverted shall be deposited immediately into a non-interest bearing account at SERVICE PROVIDERS, and not be released until such time that questionable/suspect/fraudulent transactions have been resolved to the SERVICE PROVIDERS' satisfaction.
4.2 Agents of SERVICE PROVIDERS are not permitted to directly access or hold merchant funds whether from settlement or reserves.

5.0 Warranties; Disclaimer of Warranties.

5.1 MERCHANT unconditionally represents and warrants to SERVICE PROVIDERS that all sales drafts submitted to SERVICE PROVIDERS hereunder will represent the indebtedness of cardholder with whom MERCHANT has completed a sales transaction in amounts set forth therein for products only, shall not involve any element of credit for any other purposes and shall not be subject to any defense, dispute, offset or counterclaim which may be raised by a cardholder under the Card Associations' Rules and Regulations, Discover Network Operating Regulations, or the Consumer Credit Protection Act (15 USC 1601) or other relevant state or federal statutes or regulations. Further, MERCHANT warrants that any credit voucher which it issues represents a bona fide refund or adjustment on a card sale by MERCHANT with respect to which a sales draft has been accepted by the SERVICE PROVIDERS.

6.0 Limitations of Liability; Indemnification; Due Care.

6.1 SERVICE PROVIDERS shall have no liability for any negligent design or manufacture of any point-of-sale terminal, printer, or other equipment used by MERCHANT for the acceptance of credit card transactions. SERVICE PROVIDERS MAKES NO WARRANTIES WHATSOEVER, EXPRESSED OR IMPLIED, CONCERNING ANY EQUIPMENT, OR OTHER SERVICE PROVIDED BY OTHERS AND, IN PARTICULAR, MAKES NO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURCHASE. Should MERCHANT fail to pay for any amounts due to their ISO, MERCHANT grants to SERVICE PROVIDERS the right to set-off against MERCHANT'S deposit account in order to allow SERVICE PROVIDERS to collect any and all equipment payments not made by MERCHANT.

6.2 MERCHANT shall indemnify and hold SERVICE PROVIDERS harmless from all liability, loss and damage, including reasonable attorney's fee and costs which may arise as a result, whether direct or indirect, of any act or failure to act or the breach of any warranty by MERCHANT pursuant to the terms of this Agreement, the Card Associations' Rules and Regulations, and Discover Network Operating Regulations. In the event any Card Association, Discover Network, or other entity assesses a fine or assessment to SERVICE PROVIDERS or request reimbursement from SERVICE PROVIDERS due to the direct or indirect actions of MERCHANT, MERCHANT shall reimburse SERVICE PROVIDERS the amount of the fine, assessment or requested reimbursement.

6.3 SERVICE PROVIDERS WILL USE DUE CARE IN PROVIDING SERVICES COVERED BY THIS AGREEMENT AND THE PERFORMANCE OF ALL SERVICES CALLED FOR IN THIS AGREEMENT SHALL BE CONSISTENT WITH INDUSTRY STANDARDS. THE LIABILITY, IF ANY, OF SERVICE PROVIDERS UNDER THIS AGREEMENT FOR ANY CLAIMS, COSTS, DAMAGES, LOSSES AND EXPENSES FOR WHICH IT IS OR MAY BE LEGALLY LIABLE, WHETHER ARISING IN NEGLIGENCE OR OTHER TORT, CONTRACT, OR OTHERWISE, WILL NOT EXCEED IN THE AGGREGATE THE AMOUNT OF FEES PAID BY MERCHANT, LESS INTERCHANGE AND ASSESSMENTS, OVER THE PREVIOUS TWELVE (12) MONTH PERIOD, CALCULATED FROM THE DATE THE LIABILITY ACCRUED. IN NO EVENT WILL SERVICE PROVIDERS OR ITS AGENTS, OFFICERS, DIRECTORS OR EMPLOYEES BE LIABLE FOR INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES.

7.0 Display of Materials; Trademarks.

7.1 MERCHANT agrees to prominently display the promotional materials provided by SERVICE PROVIDERS in its place(s) of business. Use of promotional materials and use of any trade name, trademark, service mark or logo type ("Mark") associated with card(s) shall be limited to informing the public that card(s) will be accepted at MERCHANT'S place(s) of business. MERCHANT'S use of promotional materials and marks is subject to the direction of SERVICE PROVIDERS.

7.2 MERCHANT may use promotional materials and marks during the term of the Agreement and shall immediately cease use and return any inventory to SERVICE PROVIDERS upon any termination thereof.

7.3 MERCHANT shall not use any promotional material or marks associated with VISA, Mastercard or Discover Network in any way which suggests or implies that either endorses any goods or services other than payment card services. Further, MERCHANT may be subject to immediate termination if deemed to be creating harm or loss to the goodwill of VISA, Mastercard, Discover Network, or SERVICE PROVIDERS.

7.4 Discover Network Program Marks. MERCHANT is prohibited from using the Program Marks, as defined below, other than as expressly authorized in writing by SERVICE PROVIDERS. Program Marks mean the brands, emblems, trademarks, and/or logos that identify the Discover Network Cards. Additionally, MERCHANT shall not use the Program Marks other than to display decals, signage, advertising, and other forms depicting the Program Marks that are provided to MERCHANT by SERVICE PROVIDERS or otherwise approved in advance in writing by SERVICE PROVIDERS. MERCHANT may use the Program Marks only to promote the services covered by the Program Marks by using them on decals, indoor and outdoor signs, websites, advertising materials and marketing materials; provided that all such uses by MERCHANT are approved in advance by SERVICE PROVIDERS in writing. MERCHANT shall not use the Program Marks in such a way that customers could believe that the products or services offered by MERCHANT are sponsored or guaranteed by the owners of the Program Marks. MERCHANT recognizes that it has no ownership rights in the Program Marks. MERCHANT shall not assign to any third party any of the rights to use the Program Marks.

8.0 Term; Termination.

8.1 This Agreement shall become effective upon acceptance by SERVICE PROVIDERS and shall continue in full force and effect for a term disclosed in the Merchant Payment Card Application/Agreement ("Initial Term" or "Term"). At the end of the Initial Term and at the end of every renewal term thereafter ("Renewal Term" or "Term"), the Agreement will automatically renew for additional periods as disclosed in the Merchant Payment Card Application/Agreement, unless terminated by any party upon written notice at least thirty (30) days prior to the end of the then existing Term or twenty (20) days as per the Voyager Merchant Agreement. In the event MERCHANT terminates this Agreement prior to the maturity date of the Initial term, MERCHANT SHALL be liable to SERVICE PROVIDERS for an early termination fee described in the Merchant Payment Card Application/Agreement ("Early Termination Fee"). Notwithstanding the foregoing, no Early Termination Fee shall be applicable if: (a) MERCHANT terminates this Agreement within ninety (90) days of a change or increase to a Non-Pass-Through Fee; or (b) MERCHANT receives a valid "Bid" (hereinafter defined) for processing services from another merchant services provider during the Term of this Agreement and presents said Bid to SERVICE PROVIDERS and SERVICE PROVIDERS chooses not to match said Bid. For purpose of this Section 8.1, (x) "Non-Pass-Through Fee" means any fees or portions of fees that are assessed by SERVICE PROVIDERS for payment card processing services pursuant to this Agreement that are retained by SERVICE PROVIDERS and are not amounts assessed by the Card Associations or other third parties that are simply "passed through" to merchants; and (y) "Bid" means a written proposal from a third party processor for the processing of payment card transactions.

8.2 This Agreement may be immediately terminated by SERVICE PROVIDERS for the following reasons:

(a) Reasonable belief that MERCHANT is employed in practices that involve elements of fraud or conduct deemed to be injurious to cardholders;
(b) Reasonable belief that MERCHANT will constitute a risk to SERVICE PROVIDERS by failing to meet the terms of this Agreement;
(c) Issuing cash advances as set forth in Section 2.14; or
(d) MERCHANT appears on any Card Association's, Discover Network's, and/or American Express' security reporting.
(e) MERCHANT fails to comply with Payment Card Industry Security Standards as outlined in the Data Security Section of Merchant Payment Card Application.
(f) MERCHANT has breached any term, provision, condition, representation or warranty of this Agreement.

8.3 In the event this Agreement is terminated prior to the expiration date for any of the reasons set forth in Section 8.2 and when permitted by state law, MERCHANT shall be liable to SERVICE PROVIDERS for the Early Termination Fee as defined in section 8.1 of this Agreement.

8.4 SERVICE PROVIDERS may terminate this Agreement immediately and without cause upon providing MERCHANT with written notice of such termination.

8.5 In the event of termination whether with or without cause, MERCHANT expressly authorizes SERVICE PROVIDERS to withhold and discontinue the disbursement of all cards and other payment transactions of MERCHANT in process of being collected and deposited. Collected funds may be placed in an escrow account at SERVICE PROVIDERS until MERCHANT pays any outstanding charges or losses. Further, SERVICE PROVIDERS reserves the right to require MERCHANT to deposit additional amounts, based upon MERCHANT'S processing history and /or anticipated risk of loss to SERVICE PROVIDERS, into an escrow account. SERVICE PROVIDERS shall be granted a continuing security interest in funds held pursuant to this Section. Said escrow account shall be maintained for a minimum of one hundred eighty (180) days after the termination date and for any reasonable period thereafter, during which cardholder disputes may remain

valid under the card plans. Any balance remaining after chargeback rights have expired will be disbursed to MERCHANT.

8.6 Security Interests. This Agreement will constitute a Security Agreement under the Uniform Commercial Code. MERCHANT grants to SERVICE PROVIDERS a security interest in and lien upon: (i) all funds at any time in the Account (ii) all funds in diverted account (see Section 4.0), (iii) the Reserve Account (as defined below), (iv) future sales drafts, (v) all rights relating to this Agreement including, without limitation, all rights to receive any payments or credits under this Agreement and (vi) any other account MERCHANT has in any financial institution, (collectively, the "Secured Assets"). Upon request of SERVICE PROVIDERS, MERCHANT will execute one or more financing statements or other documents to evidence and perfect this security interest. MERCHANT represents and warrants that no other party has a security interest in the Secured Assets. These security interest and liens will secure all of MERCHANT'S obligations under this Agreement and any other agreements between MERCHANT and SERVICE PROVIDERS including, but not limited to, MERCHANT'S obligation to pay any amounts due and owing to SERVICE PROVIDERS. With respect to such security interests and liens, SERVICE PROVIDERS will have all rights afforded under the Uniform Commercial Code, any other applicable law and in equity. MERCHANT will obtain from SERVICE PROVIDERS written consent prior to granting a security interest of any kind in the Secured Assets to a third party. In the event MERCHANT grants a security interest in the Secured Assets to a third party with SERVICE PROVIDERS' consent, MERCHANT agrees that any indebtedness arising from the bona fide sale of goods and/or services are free of liens, claims, and encumbrances other than ordinary sales taxes. Merchant represents and warrants that no other person or entity has a security interest in any property in which you have granted SERVICE PROVIDERS a security interest hereunder. MERCHANT agrees that this is a contract of recoupment and SERVICE PROVIDERS is not required to file a motion for relief from a bankruptcy action automatic stay to realize on any of the Secured Assets. Nevertheless, MERCHANT agrees not to contest or object to any motion for relief from the automatic stay filed by SERVICE PROVIDERS. MERCHANT hereby grants SERVICE PROVIDERS the right to offset by ACH any account MERCHANT has in ANY financial institution in order to collect any amount due from MERCHANT to SERVICE PROVIDERS pursuant to this Agreement.

8.7 Reserve Account. (i) Establishment: Upon termination of this Agreement or upon SERVICE PROVIDERS' request and within SERVICE PROVIDERS' sole discretion, MERCHANT will establish and maintain a deposit ("Reserve Account") at SERVICE PROVIDERS in an amount reasonably determined by SERVICE PROVIDERS necessary to protect SERVICE PROVIDERS' interests under this Agreement. (ii) Funding: SERVICE PROVIDERS has the right to debit the Account to establish or maintain funds in the Reserve Account. SERVICE PROVIDERS may deposit into the Reserve Account funds it would otherwise be obligated to pay MERCHANT, for the purpose of establishing or maintaining the Reserve Account in accordance with this Section, if it determines such action is reasonably necessary to protect its interests. (iii) Funds: in no event will MERCHANT be entitled to return of Reserve Account funds before two-hundred seventy (270) days following the effective date of termination of this Agreement, provided however, that MERCHANT will remain liable to SERVICE PROVIDERS for all liabilities occurring beyond such two-hundred seventy (270) day period. SERVICE PROVIDERS will have sole control of the Reserve Account. In the event of a bankruptcy proceeding and the determination by the court that this Agreement is assumable under Bankruptcy Code Section 365, as amended from time to time, MERCHANT must establish or maintain a Reserve Account in an amount satisfactory to SERVICE PROVIDERS.

8.8 Recoupment and Set-Off. SERVICE PROVIDERS has the right of recoupment and set-off from the Reserve Account or the Account. This means that it may offset any outstanding uncollected amounts owed from: (i) any amounts it would otherwise be obligated to deposit into the MERCHANT Account, and (ii) any other amounts MERCHANT may owe SERVICE PROVIDERS under this Agreement or any other agreement. MERCHANT acknowledges that in the event of a bankruptcy proceeding, in order for MERCHANT to provide adequate protection under Bankruptcy Code Section 362 to SERVICE PROVIDERS, MERCHANT must create or maintain the Reserve Account as required by SERVICE PROVIDERS, and SERVICE PROVIDERS will have the right of offset against the Reserve Account for any and all obligations which MERCHANT may owe to SERVICE PROVIDERS, without regard to whether the obligations relate to sales drafts initiated or created before or after the filing of the bankruptcy petition.

8.9 If MERCHANT is terminated for cause, MERCHANT acknowledges that SERVICE PROVIDERS may be required to report MERCHANT'S business name and the names and other identification of its principals to the Member Alert to Control High-Risk (M.A.T.C.H.) maintained by Mastercard. MERCHANT expressly agrees and consents to such reporting in the event MERCHANT is terminated for any of the reasons specified as cause by VISA, Mastercard, and Discover Network. Furthermore, MERCHANT shall hold harmless SERVICE PROVIDERS for claims which MERCHANT may raise as a result of such reporting.

8.10 Bankruptcy. MERCHANT will immediately notify SERVICE PROVIDERS of any bankruptcy, receivership, insolvency or similar action or proceeding initiated by or against MERCHANT or any of its principals. MERCHANT will include SERVICE PROVIDERS on the list and matrix of creditors as filed with the Bankruptcy Court, whether or not a claim may exist at the time of filing, and failure to do so will be cause for immediate termination or any other action available to SERVICE PROVIDERS under applicable rules or law. MERCHANT acknowledges that this Agreement constitutes an executory contract to make a loan, or extend other debt financing or financial accommodations to or for the benefit of MERCHANT, and, as such, cannot be assumed or assigned in the event of MERCHANT'S bankruptcy.

8.11 In the event SERVICE PROVIDERS and MERCHANT agree to any reduction of a rate or a fee set forth in this Agreement, merchant hereby agrees that said reduction shall result in an extension of the Term of this Agreement by three (3) years from the date said rate or fee reduction takes effect.

9.0 Notices.

9.1 All notices and other communications required or permitted under this Agreement shall be deemed delivered when mailed first class, postage prepaid, addressed as follows:

(a) If to SERVICE PROVIDERS: Paysafe Payment Processing Solutions, LLC., P.O. Box 8339, The Woodlands, TX 77387-8339

(b) If to MERCHANT, at the MERCHANT'S place of business as also stated on this Merchant Application or current mailing address on file with SERVICE PROVIDERS.

10.0 Additional Terms.

10.1 Card Plans. This Agreement is subject to the bylaws and rules promulgated by VISA, Mastercard, Discover Network, or any other card plan. The parties hereto are bound by and shall fully comply with these bylaws and rules and by such amendments or additions as may be made hereto. The parties hereto shall further comply with all Debit/ATM Network rules and regulations.

10.2 Inspection of Books and Records. Representatives of SERVICE PROVIDERS may, during normal business hours, inspect, audit and make records of MERCHANT'S books, accounts, records and files pertaining to any card transactions. During the Term hereof, at the request of SERVICE PROVIDERS, MERCHANT shall provide up to two (2) years of current financial statements and other related information that is requested by SERVICE PROVIDERS. MERCHANT will preserve its records of any card sale and any refund or credit adjustment thereon for at least seven (7) years from the date of such sale, credit, refund or adjustment. MERCHANT agrees that SERVICE PROVIDERS may obtain information from credit reporting agencies for the MERCHANT and its principals once a year during the Initial Term and any Renewal Term of this Agreement.

10.3 Confidentiality. MERCHANT will not use for its own purposes, will not disclose to any third party, and will retain in strictest confidence all information and data belonging to or relating to the business of SERVICE PROVIDERS (including without limitation the terms of this Agreement), and will safeguard such information and data by using the same degree of care that MERCHANT uses to protect its own confidential information.

10.4 Privacy. SERVICE PROVIDERS complies with the Bank Secrecy Act and the USA Patriot Act to help the government fight the funding of terrorism and money laundering activities. Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account or becomes a new customer of the financial institution. Our Customer Identification Program is designed to comply with all federal mandates. When MERCHANT

opens an account or obtains a service from the bank, SERVICE PROVIDERS will ask for owner/officer name, address, date of birth, and other information that will allow SERVICE PROVIDERS to identify MERCHANT. SERVICE PROVIDERS will also be asking MERCHANT to provide identifying documentation, such as driver's license or other forms of identification. SERVICE PROVIDERS can and will refuse to open an account or provide services if adequate identification is not provided, or SERVICE PROVIDERS is dissatisfied with the identification provided. SERVICE PROVIDERS collects non-public personal information about MERCHANT from the following sources: Information received from on applications or other forms; Information about transactions with SERVICE PROVIDERS, our affiliates, or others; and Information received from consumer reporting agencies. As required by the USA PATRIOT Act, SERVICE PROVIDERS also collects information and takes actions necessary to verify MERCHANT identity. SERVICE PROVIDERS may disclose all the information collected, as described above, to companies that perform marketing services on SERVICE PROVIDERS' behalf, to American Express, or to other financial institutions with which SERVICE PROVIDERS has joint marketing agreements. SERVICE PROVIDERS does not disclose any non-public personal information about our MERCHANTS to anyone, including our affiliates, except as permitted by law. Internally, SERVICE PROVIDERS restricts access to non-public personal information about MERCHANTS to associates who need to know that information to provide customer support and or to maintain records. SERVICE PROVIDERS' internal conduct clearly defines the manner in which an associate may access, use, or disseminate non-public information. SERVICE PROVIDERS maintains physical, electronic, and procedural safeguards that comply with federal standards to guard MERCHANT'S non-public personal information. If MERCHANT decides to close account(s) or become an inactive merchant, SERVICE PROVIDERS will adhere to the policies and practices as described in this notice. 10.4(i) PRIVACY POLICY. MERCHANT represents, warrants and covenants that it has obtained all required consents from cardholders in respect of their personal information to be accessed, collected, used or transferred by SERVICE PROVIDERS in providing the services under this Agreement, and it has read, understood and hereby accepts Paysafe's privacy policy on behalf of itself and the Cardholders at https://www.paysafe.com/privacy-policy/.

10.5 Force Majeure. SERVICE PROVIDERS shall not be liable for any damages resulting from any delay in performance or non-performance caused by circumstances beyond SERVICE PROVIDERS' control including, but not limited to acts of God, fire, flood, war, governmental action, accident, labor trouble or shortage, or other events of similar effect in connection with SERVICE PROVIDERS' obligation herein.

10.6 Amendment. MERCHANT acknowledges that the terms set forth herein including but not limited to fees, rates, and charges may be changed by SERVICE PROVIDERS. MERCHANT agrees that any such changes shall be considered accurate and final unless MERCHANT disputes them in writing within 30 days of receipt of documentation showing said changes.

10.7 Section Headings. All section headings contained herein are for descriptive purposes only, and the language of such section shall control.

10.8 Assignability. This Agreement may not be assigned, directly or by operation of law, without the prior written consent of SERVICE PROVIDERS.

10.9 Attorney's Fees and Costs. MERCHANT shall be liable for and indemnify SERVICE PROVIDERS for any and all attorney's fees and other costs and expenses paid or incurred by the SERVICE PROVIDERS in the enforcement hereof, or in collecting any amounts due from MERCHANT to SERVICE PROVIDERS hereunder or resulting from any breach by MERCHANT of any of the terms or conditions of this Agreement.

10.10 Dispute Resolution; Arbitration and Class Action Waiver. Any claims or controversies between the parties arising out of or relating to this Agreement or the breach thereof, including disputes over the enforceability, validity or scope of this Section 10.10, shall be resolved through arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, as then may be in effect (which rules are available at www.adr.org), except that (i) temporary equitable judicial relief may be sought in a federal or state court located in Montgomery County, Texas, until an arbitrator can be empaneled and has determined whether that relief should be continued, modified or ended, and the parties hereby expressly consent to the exclusive jurisdiction of such courts for such purpose, and (ii) judicial relief may be sought in such court or any other court of competent jurisdiction to compel arbitration or to enforce an award issued pursuant to this section. THE PARTIES ALSO AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN ITS INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING. Further, unless both Parties agree otherwise, the arbitrator may not consolidate more than one person's claims, and may not otherwise preside over any form of a representative or class proceeding. In the event the foregoing prohibition on representative or class proceedings is invalidated or otherwise held unenforceable, the Parties agree that the remainder of this Section 10.10 similarly shall be deemed void and unenforceable.

10.11 Binding Effect: Governing Law; jurisdiction and Venue. This Agreement shall be construed and governed by the laws of the State of Texas and the Federal Arbitration Act. Except where otherwise expressly stated, if any provision of this Agreement shall be held to be invalid, illegal, or unenforceable, the remaining provisions shall remain in effect. In the event Section 10.10 is deemed void or unenforceable, all claims or controversies between the parties arising out or relating to this Agreement or the breach thereof, shall be brought in a federal or state court located in Montgomery County, Texas, and the parties hereby expressly consent to the exclusive jurisdiction of such courts for such purpose.

10.12 Survivability. The following sections shall survive the termination of this Agreement and shall remain enforceable after such termination: 2.11, 2.12, 2.16, 2.20, 2.21, 2.22, 2.25, 2.28, 2.32, 2.35, 2.36, 2.43, 2.52, 3.2, 3.4, 4.1, 6.1, 6.2, 6.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 9.1, 10.3, 10.5, 10.9, 10.10, 10.11 and 10.14.

10.13 The rights conferred upon SERVICE PROVIDERS in this Agreement are not intended to be exclusive of each other or of any other rights and remedies. Rather, each and every right of SERVICE PROVIDERS at law or in equity will be cumulative and concurrent and in addition to every other right.

10.14 In the event MERCHANT chooses to participate in the Optional Merchant Club, the following Terms and Conditions shall apply: The term of enrollment is for one (1) year. The term shall be automatically and continually renewed for consecutive one-year terms unless the Merchant or Bank provides a written notice of non-renewal at least sixty (60) days prior to end of the then existing term. The fee for membership shall be charged per unit of equipment per month (terminal, printer, pin pad or any combination thereof). MERCHANT understands membership fee is in addition to fees charged by SERVICE PROVIDERS in MERCHANT'S Merchant Payment Card Agreement. In the event MERCHANT'S Merchant Payment Card Agreement is terminated during the existence of any term of membership, the fee shall be paid for the remainder of the then existing term. Example: In the event a MERCHANT becomes a member and is terminated after seven (7) months, the remaining five (5) months of fees shall still be paid by MERCHANT to SERVICE PROVIDERS. For all members in good standing, and subject to the terms herein, SERVICE PROVIDERS shall provide equipment support or repair during the membership term. If the equipment cannot be repaired, it shall be replaced with refurbished equipment of comparable quality. MERCHANT agrees to pay any and all encryption fees. For any equipment shipped by SERVICE PROVIDERS to MERCHANT hereunder, MERCHANT shall pay SERVICE PROVIDERS the sum of $29.95 per item to cover shipping and handling. MERCHANT agrees to pay SERVICE PROVIDERS additional fees for Saturday or priority delivery. In the event SERVICE PROVIDERS replaces any item of equipment for MERCHANT'S faulty equipment, MERCHANT is required to send SERVICE PROVIDERS the faulty equipment within thirty (30) days from the date MERCHANT receives the replacement equipment. In the event MERCHANT fails to comply with this Section, MERCHANT shall be required to pay SERVICE PROVIDERS the full retail price for the replacement equipment immediately upon the expiration of said thirty (30) day period. Full membership benefits do not take effect for thirty (30) days following the Date of Enrollment. In the event SERVICE PROVIDERS provides replacement equipment during the first thirty (30) days of membership, MERCHANT shall pay SERVICE PROVIDERS the sum of $75.00 per unit replaced. The following items are NOT covered under the membership and MERCHANT shall receive NO benefits for said items: wireless terminals, power packs, pin pad cables, check reader cables, printer cables, printer ribbons, or any other cable that would connect a peripheral device to the terminal, equipment which in the sole discretion of SERVICE PROVIDERS has been subject to abuse, accidental damage, alteration, modification, tampering, negligence, misuse, faulty installation, lack of reasonable care, repair or service which in any way is

not contemplated in the documentation for the equipment, equipment with alteration, tampering or defacing of the serial number or model number, any damage that occurs in shipment, any damage due to an act of God, failures due to power surges, cosmetic damage.

10.15 MERCHANT is liable for repayment to SERVICE PROVIDERS for all valid chargebacks related to Debit and/or ATM Transactions. SERVICE PROVIDERS will comply with Debit/ATM Networks' prevailing Rules and Regulations in processing any chargebacks which result from cardholder disputes. However, all disputes which are not or cannot be resolved through established chargeback procedures shall be settled between MERCHANT and the cardholder, and MERCHANT will indemnify SERVICE PROVIDERS and will provide reimbursement for all expenses, including reasonable attorney's costs, which it may incur as the result of any cardholder claim which is pursued outside the Debit/ATM Network Rules and Regulations.

10.16 MERCHANT agrees to $25 per hour, with one (1) hour minimum, research fee to be charged by SERVICE PROVIDERS for research it performs at MERCHANT'S request.

10.17 For purposes of compliance with Payment Card Industry Security Standards, MERCHANT is required to notify SERVICE PROVIDERS in writing of any changes to the software type and version number from that originally stated within this Agreement. MERCHANT is liable to SERVICE PROVIDERS for all losses and expenses incurred by SERVICE PROVIDERS arising out of a failure to report changes to SERVICE PROVIDERS.

10.18 MERCHANT must report to SERVICE PROVIDERS its participation in any cash advance program outside of that offered by SERVICE PROVIDERS. Failure to report participation in such a program shall result in immediate termination of MERCHANT account.

11.0 Fleet Card Acceptance.

11.1 If MERCHANT executes a Wright Express ("WEX") Merchant Agreement, MERCHANT understands that SERVICE PROVIDERS will provide such agreement to WEX, but that neither SERVICE PROVIDERS nor WEX shall have any obligation whatsoever to MERCHANT with respect to processing WEX Cards unless and until WEX executes WEX Merchant Agreement. If WEX executes WEX Merchant Agreement and MERCHANT accepts WEX Cards, MERCHANT understands that WEX transactions are processed, authorized, and funded by WEX. MERCHANT understands that WEX is solely responsible for all agreements that govern WEX transactions and that SERVICE PROVIDERS is not responsible and assumes absolutely no liability with regard to any such agreement or WEX transactions, including, but not limited to, the funding and settlement of WEX transactions. MERCHANT understands that WEX will charge additional fees for the services that it provides.

11.2 If MERCHANT accepts Voyager Cards, MERCHANT should adhere to the following Voyager Regulations:

(a) MERCHANT should check Fleet Cards for any printer restrictions at the point of sale,

(b) If an increase in the number of Voyager transaction authorization calls from MERCHANT, not due to Voyager system outages, are in excess of 15% for a given month as compared to the previous month, Voyager may, in their sole discretion, deduct telephone charges not to exceed $.25 per call for the increased calls from MERCHANT settlement of MERCHANT'S Voyager transactions,

(c) Settlement of Voyager transactions will generally occur by the fourth banking day after the applicable card transaction is processed. Voyager shall reimburse MERCHANT for the dollar amount of sales submitted for a given day by MERCHANT, reduced by the amount of chargebacks, tax exemptions, discounts, credits, and other fees,

(d) For daily transmission of data, MERCHANT shall maintain true and complete records for not less than thirty-six (36) months from the date of generation of the data, and MERCHANT is responsible for the expense of retaining such sales data records and sales drafts,

(e) In addition to the information provided in Section 6.3, in no event shall SERVICE PROVIDERS' cumulative liability to MERCHANT for losses, claims, suits, controversies, breaches or damages for any cause whatsoever in connection with Voyager transactions, exceed the lesser of $10,000.00 or the Voyager transaction fees paid by MERCHANT for the two months prior to the action giving arise to the claim.

12.0 Data Security.

12.1 MERCHANT hereby warrants and represents that the POS Software, as listed on this Agreement is 100% accurate and that the POS Software used by the Merchant during the Initial Term or any Renewal Term of this Agreement is PCI-DSS Compliant as listed at https://www.pcisecuritystandards.org/security_standards/vpa/. If MERCHANT conducts any business over the Internet or over a VOIP terminal, MERCHANT must: install and maintain a working network firewall to protect data accessible via the Internet; keep security patches up-to-date; encrypt stored data sent over open networks; use and update anti-virus software; restrict access to data by business "need-to-know"; assign a unique ID to each person with computer access to data by unique ID; regularly test security systems and processes; maintain a policy that addresses information security for employees and contractors; and restrict physical access to cardholder information. When outsourcing administration of information assets, networks, or data, MERCHANT must retain legal control of proprietary information and use limited "need-to-know" access to such assets, network, or data. Further, MERCHANT must reference the protection of cardholder information and compliance with the PCI Security Standards Council in contract with other service providers. If MERCHANT stores cardholder account numbers, expiration dates, and other personal cardholder data in a database, MERCHANT must follow VISA, Mastercard, and Discover Network guidelines on securing such data as outlined by the Visa Cardholder Information Security Procedures (CISP), Mastercard Site Data Protection (SDP), and Discover Information Security and Compliance Program (DISC). MERCHANT understands that failure to comply with this Section may result in fines, fees, assessments or requests for reimbursement by VISA, Mastercard, and/or Discover Network, and MERCHANT agrees to indemnify and reimburse SERVICE PROVIDERS immediately for any fine imposed due to MERCHANT'S breach of this Section. For more information on the Payment Card Industry Security Standards, including each of the specific security programs, see www.pcisecuritystandards.org.

13.0 American Express Card Acceptance

13.1 **American Express Definitions.**

(ii) "Establishment" means any or all of a MERCHANT'S locations, outlets, websites, online networks, and all other methods for selling goods and services, including methods that the MERCHANT adopts in the future.

(iv) "Participant" means SERVICE PROVIDERS' merchant services provider Paysafe Payment Processing Solutions, LLC.

13.2 Card Acceptance. MERCHANT agrees to accept American Express Cards in accordance with the terms of this Agreement and agrees to adhere to the American Express Operating Regulations and the American Express OptBlue Program Merchant Requirements, which are both incorporated herein by reference and made a part hereof for all purposes, and are also available at www.americanexpress.com/merchantguide. **MERCHANT ACKNOWLEDGES THAT IT MAY CHOOSE NOT TO ACCEPT AMERICAN EXPRESS CARDS AT ANY TIME DURING THE TERM OF THIS AGREEMENT AND SUCH ACTION DOES NOT DIRECTLY NOR INDIRECTLY AFFECT MERCHANT'S RIGHTS TO ACCEPT ANY OTHER PAYMENT CARD. MERCHANT acknowledges that it is the MERCHANT's sole obligation to ensure that it possesses the most current version of the American Express Operating Regulations and the American Express OptBlue Program Merchant Requirements as they are amended from time to time.**

13.3 **Prohibited Goods and Services.** MERCHANT must accept the Card as payment for goods and services sold (other than those goods and services prohibited under the subsection below), or (if applicable) for charitable contributions made, at all of its Establishments, except as expressly permitted by state statute. MERCHANT is jointly and severally liable for the obligations of MERCHANT'S Establishments under the Agreement. MERCHANT must not accept the Card to verify a cardholder's age or for any of the following:

(i) adult digital content sold via Internet Electronic Delivery;

(ii) amounts that do not represent bona fide sales of goods or services (or, if applicable, amounts that do not represent bona fide charitable contributions made) at MERCHANT'S Establishments; for example, purchases at MERCHANT'S Establishments by MERCHANT'S owners (or their family members) or employees contrived for cash flow purposes, or payments that MERCHANT have accepted in order to advance cash to cardholders in connection with the transaction;
(iii) amounts that do not represent bona fide, direct sales by MERCHANT'S Establishment to Card Members made in the ordinary course of MERCHANT'S business;
(iv) cash or cash equivalent (e.g., gold, silver, platinum, and palladium bullion and/or bars), but collectible coins and jewelry are not prohibited;
(v) charges that the cardholder has not specifically approved;
(vi) costs or fees over the normal price of the goods or services (plus applicable taxes) that the cardholder has not specifically approved;
(vii) damages, losses, penalties, or fines of any kind;
(viii) gambling services (including online gambling), gambling chips, gambling credits, or lottery tickets;
(ix) unlawful/illegal activities, fraudulent business transactions or when providing the goods or services is unlawful/illegal (e.g., unlawful/illegal online internet sales of prescription medications or controlled substances; sales of any goods that infringe the rights of a rights-holder under laws applicable to us, MERCHANT, or the cardholder; online child pornography);
(x) overdue amounts or amounts covering returned, previously dishonored or stop-payment checks (e.g., where the Card is used as a payment of last resort); or
(xi) sales made by third parties or Entities conducting business in industries other than Merchant's.

13.4 **High Volume.** MERCHANT agrees that in the event its annual charge volume for American Express Cards is greater than $1,000,000, then American Express may initiate the process of converting MERCHANT to an AXP Direct Merchant. Upon conversion MERCHANT shall be bound by American Express' then-current Card Acceptance agreement and American Express will set pricing and other fees payable by the MERCHANT for American Express card acceptance.

13.5 **ARBITRATION AGREEMENT** (as to Claims involving American Express). In the event that MERCHANT or Participant is not able to resolve a Claim against American Express, or a claim against Participant or any other entity that American Express has a right to join, this section explains how Claims may be resolved through arbitration. Merchant or American Express may elect to resolve any Claim by binding individual arbitration. Claims will be decided by a neutral arbitrator. If arbitration is elected by any party, MERCHANT nor Participant nor American Express will have the right to litigate or have a jury trial on that Claim in court. Further, MERCHANT, Participant, and American Express will not have the right to participate in a class action or in a representative capacity or in a group of persons alleged to be similarly situated pertaining to any Claim subject to arbitration under this Agreement. Arbitration procedures are generally simpler than the rules in court. An arbitrator's decisions are final and binding, and the arbitrator's final decision on a Claim generally is enforceable as a court order with very limited review by a court. Other rights MERCHANT, Participant, or American Express would have in court may also not be available in arbitration.

(i) Initiation of Arbitration. Claims may be referred to either JAMS or AAA, as selected by the party electing arbitration. Claims will be resolved pursuant to this Arbitration Agreement and the selected organization's rules in effect when the Claim is filed, except where those rules conflict with this Agreement. Contact JAMS or AAA to begin an arbitration or for other information. Claims may be referred to another arbitration organization if all parties agree in writing, if American Express selects the organization and MERCHANT selects the other within 30 days thereafter or if an arbitrator is appointed pursuant to section 5 of the Federal Arbitration Act, 9 U.S.C. §§ 1-16 (FAA). Any arbitration hearing will take place in the federal judicial district where MERCHANT'S headquarters is located or New York, NY, at MERCHANT'S election.

(ii) Limitations on Arbitration. **If any party elects to resolve a Claim by arbitration, that Claim will be arbitrated on an individual basis. No Claim is to be arbitrated on a class or purported representative basis or on behalf of the general public or other persons allegedly similarly situated.** The arbitrator's authority is limited to Claims between MERCHANT, Participant, and American Express. An arbitration award and any judgment confirming it will apply only to the specific case brought by MERCHANT, Participant or American Express and cannot be used in any other case except to enforce the award as between MERCHANT, Participant and American Express. This prohibition is intended to, and does, preclude MERCHANT from participating in any action by any trade association or other organization against American Express. Notwithstanding any other provision in this Agreement, if any portion of these Limitations on Arbitration is found invalid or unenforceable, then the entire Arbitration Agreement (other than this sentence) will not apply, except that MERCHANT, Participant, and American Express do not waive the right to appeal that decision.

(iii) Previously Filed Claims/No Waiver. MERCHANT, Participant, or American Express may elect to arbitrate any Claim that has been filed in court at any time before trial has begun or final judgment has been entered on the Claim. MERCHANT, Participant, or American Express may choose to delay enforcing or to not exercise rights under this Arbitration Agreement, including the right to elect to arbitrate a claim, without waiving the right to exercise or enforce those rights on any other occasion. For the avoidance of any confusion, and not to limit its scope, this section applies to any class-action lawsuit relating to the "Honor All Cards," "non-discrimination," or "no steering" provisions of the American Express Merchant Regulations, or any similar provisions of any prior American Express Card acceptance agreement, that was filed against American Express prior to the Effective Date of the Agreement to the extent that such claims are not already subject to arbitration pursuant to a prior agreement between MERCHANT and American Express.

(iv) Arbitrator's Authority. The arbitrator will have the power and authority to award any relief that would have been available in court and that is authorized under this Agreement. The arbitrator has no power or authority to alter the Agreement or any of its separate provisions, including this arbitration agreement.

(v) Split Proceedings for Equitable Relief. MERCHANT, Participant, or American Express may seek equitable relief in aid of arbitration prior to arbitration on the merits if necessary to preserve the status quo pending completion of the arbitration. This section shall be enforced by any court of competent jurisdiction, and the party seeking enforcement is entitled to seek an award of reasonable attorneys' fees and costs to be paid by the party against whom enforcement is ordered.

(vi) Small Claims. American Express will not elect arbitration for any Claim MERCHANT properly files in a small claims court so long as the Claim seeks individual relief only and is pending only in that court.

(vii) Governing Law/Arbitration Procedures/Entry of Judgment. This Arbitration Agreement is made pursuant to a transaction involving interstate commerce and is governed by the FAA. The arbitrator shall apply New York law and applicable statutes of limitations and honor claims of privilege recognized by law. The arbitrator shall apply the rules of the arbitration organization selected, as applicable to matters relating to evidence and discovery, not federal or any state rules of procedure or evidence, provided that any party may ask the arbitrator to expand discovery by making a written request, to which the other parties will have 15 days to respond before the arbitrator rules on the request. If MERCHANT'S Claim is for $10,000 or less, MERCHANT may choose whether the arbitration will be conducted solely based on documents submitted to the arbitrator, through a telephonic hearing, or by an in-person hearing under the rules of the selected arbitration organization. At the timely request of a party, the arbitrator will provide a written opinion explaining his/her award. The arbitrator's decision will be final and binding, except for any rights of appeal provided by the FAA. Judgment on an award rendered by the arbitrator may be entered in any state or federal court in the federal judicial district where MERCHANT'S headquarters or MERCHANT'S assets are located.

(viii) Confidentiality. The arbitration proceeding and all information submitted, relating to or presented in connection with or during the proceeding, shall be deemed confidential information not to be disclosed to any person not a party to the arbitration. All communications, whether written or oral, made in the course of or in connection with the Claim and its resolution, by or on behalf of any party or by the arbitrator or a mediator, including any arbitration award or judgment related

thereto, are confidential and inadmissible for any purpose, including impeachment or estoppel, in any other litigation or proceeding; provided, however, that evidence shall not be rendered inadmissible or non-discoverable solely as a result of its use in the arbitration.

(ix) Costs of Arbitration Proceedings. Merchant will be responsible for paying MERCHANT'S share of any arbitration fees (including filing, administrative, hearing or other fees), but only up to the amount of the filing fees MERCHANT would have incurred if MERCHANT had brought a claim in court. American Express will be responsible for any additional arbitration fees. At MERCHANT'S written request, American Express will consider in good faith making a temporary advance of MERCHANT'S share of any arbitration fees, or paying for the reasonable fees of an expert appointed by the arbitrator for good cause.

(x) Additional Arbitration Awards. If the arbitrator rules in MERCHANT'S favor against American Express for an amount greater than any final settlement offer American Express made before arbitration, the arbitrator's award will include: (1) any money to which MERCHANT is entitled as determined by the arbitrator, but in no case less than $5,000; and (2) any reasonable attorneys' fees, costs and expert and other witness fees incurred by MERCHANT.

(xi) Definitions. For purposes of this section 13.4 only, (i) "American Express" includes its Affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables, and all agents, directors, and representatives of any of the foregoing, (ii) "MERCHANT" includes Merchant's Affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables and all agents, directors, and representatives of any of the foregoing, and (iii) "Claim" means any allegation of an entitlement to relief, whether damages, injunctive or any other form of relief, against American Express or against Participant or any other entity that American Express has the right to join, including, a transaction using an American Express product or network or regarding an American Express policy or procedure.

13.6 **Treatment of the American Express Brand**. Except as expressly permitted by Applicable Law, Merchant must not:

(i) indicate or imply that it prefers, directly or indirectly, any Other Payment Products over the Card,

(ii) try to dissuade Card Members from using the Card,

(iii) criticize or mischaracterize the Card or any of American Express' services or programs,

(iv) try to persuade or prompt Card Members to use any Other Payment Products or any other method of payment (e.g., payment by check),

(v) impose any restrictions, conditions, disadvantages or fees when the Card is accepted that are not imposed equally on all Other Payment Products, except for electronic funds transfer, or cash and check,

(vi) suggest or require Card Members to waive their right to dispute any Transaction,

(vii) engage in activities that harm the American Express business or the American Express Brand (or both),

(viii) promote any Other Payment Products (except Merchant's own private label card that Merchant issues for use solely at Merchant's Establishments) more actively than Merchant promote the Card, or

(ix) convert the currency of the original sale Transaction to another currency when requesting Authorization or submitting Transactions (or both).

MERCHANT may offer discounts or in-kind incentives from MERCHANT'S regular prices for payments in cash, ACH funds transfer, check, debit card or credit/charge card, provided that (to the extent required by Applicable Law): (i) MERCHANT clearly and conspicuously disclose the terms of the discount or in-kind incentive to MERCHANT'S customers, (ii) the discount or in-kind incentive is offered to all of MERCHANT'S prospective customers, and (iii) the discount or in-kind incentive does not differentiate on the basis of the issuer or, except as expressly permitted by applicable state statute, payment card network (e.g., Visa, Mastercard, Discover, JCB, American Express). The offering of discounts or in-kind incentives in compliance with the terms of this paragraph will not constitute a violation of the provisions set forth above in this Section **13.5**, "Treatment of the American Express Brand".

13.7 **Treatment of the American Express Marks**. Whenever payment methods are communicated to customers, or when customers ask what payments are accepted, MERCHANT must indicate MERCHANT'S acceptance of the Card and display our Marks (including any Card application forms provided to MERCHANT) as prominently and in the same manner as any Other Payment Products. MERCHANT must not use the American Express Marks in any way that injures or diminishes the goodwill associated with the Mark, nor (without prior written consent from Participant) indicate that American Express endorse MERCHANT'S goods or services. MERCHANT shall only use the American Express Marks as permitted by the Agreement and shall cease using our Marks upon termination of the Agreement. For additional guidelines on the use of the American Express Marks, contact Merchant's payment processing company.

13.8 **Treatment of American Express Card Member Information.** Any and all Card Member Information is confidential and the sole property of the Issuer, American Express or its Affiliates. Except as otherwise specified, MERCHANT must not disclose Card Member Information, nor use nor store it, other than to facilitate Transactions at MERCHANT'S Establishments in accordance with the Agreement.

13.9 **Disclosure to American Express.** MERCHANT agrees that Bank and its merchant service providers may disclose Transactions Data, Merchant Data, and other information about the MERCHANT to American Express. MERCHANT agrees that American Express may use such information to perform its responsibilities in connection with the Program, promote the American Express Network, perform analytics and create reports, and for any other lawful business purposes, including marketing purposes within the parameters of the Agreement. Additionally, any information obtained in the Merchant Payment Card Application may be used by American Express to screen and/or monitor MERCHANT in connection with American Express Card marketing and administrative purposes.

13.10 **Marketing Opt-Out**. In order to opt-out of American Express newsletters or messages about products, services and resources for different forms of communications, MERCHANT must inform Bank of its request to opt-out via the Merchant Payment Card Application, via telephone or by providing written notice as provided for in this Agreement.

13.11 **Third Party Beneficiary**. MERCHANT agrees that American Express is a third party beneficiary to this Agreement, but American Express does not have obligations to the Merchant, and American Express may enforce the terms of this Agreement against the MERCHANT.

EXHIBIT "I"

TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that 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	Exempt
Hawaii	July 31, 2024 (amended _____, 2024)
Illinois	Exempt
Indiana	Exempt
Maryland	Exemption effective June 10, 2024 (amended _____, 2024)
Michigan	May 14, 2024 (amended _____, 2024)
Minnesota	
New York	Exempt
North Dakota	
Rhode Island	Exemption effective June 6, 2024 (amended _____, 2024)
South Dakota	
Virginia	Exemption effective May 10, 2024 (amended _____, 2024)
Washington	Exempt
Wisconsin	May 1, 2024 (amended _____, 2024)

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT "J"

TO DISCLOSURE DOCUMENT

RECEIPTS

[See Attached]

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If The Joint Corp. offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If The Joint Corp. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

____ Eric Simon; 16767 N. Perimeter Dr., Suite 110, Scottsdale, Arizona 85260; (480) 245-5960

____ _____

____ _____

Issuance Date: May 1, 2024 (amended October 24, 2024)

The Joint Corp.'s agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

I received a Franchise Disclosure Document that included the following Exhibits:

EXHIBIT "A"	List of State Administrators and Agents for Service of Process
EXHIBIT "B"	Agent for Service of Process
EXHIBIT "C"	Franchise Agreement
EXHIBIT "D"	Area Development Agreement
EXHIBIT "E"	Table of Contents of the confidential Operations Manual
EXHIBIT "F"	List of Franchisees
EXHIBIT "G"	Financial Statements of The Joint Corp.
EXHIBIT "H"	Other Agreements
EXHIBIT "H"-1	State Addenda
EXHIBIT "H"-2	Managed Clinic Addendum
EXHIBIT "H"-3	Waiver Agreement
EXHIBIT "H"-4	Sample Management Agreement
EXHIBIT "H"-5	Asset Purchase Agreement
EXHIBIT "H"-6	General Release
EXHIBIT "H"-7	Letter of Intent
EXHIBIT "H"-8	Vendor Agreements
EXHIBIT "I"	State Effective Dates
EXHIBIT "J"	Receipts

_____
Print Name

_____ _____
Date (Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to The Joint Corp.)

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If The Joint Corp. offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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Print Name

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Date (Signature) Prospective Franchise Owner

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner's copy. The other Receipt must be signed and returned to The Joint Corp.)